NOT FOR GENERAL CIRCULATION IN THE UNITED STATES

Novem Group S.A.

Prospectus

for the admission to trading

of

3,030,303 newly issued ordinary shares in dematerialized form with no nominal value from a capital increase against contributions in cash resolved by the management board of Novem Group S.A., a public company limited by shares (*société anonyme*) organized under the laws of the Grand Duchy of Luxembourg having its registered office at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg and registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B162537 (the "**Company**" or the "**Issuer**", and together with its consolidated subsidiaries, "**we**", "**our**", "**Novem**", the "**Group**" or the "**Novem Group**"), and full dividend rights as from April 1, 2021,

and of

40,000,000 existing ordinary shares in dematerialized form with no nominal value and full dividend rights as from April 1, 2021,

representing the entire share capital,

on the

regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard)

of

Novem Group S.A.
Société anonyme

19, rue Edmond Reuter, L-5326 Contern

Grand Duchy of Luxembourg

RCS Luxembourg: B162537

International Securities Identification Number (ISIN): LU2356314745

German Securities Code (*Wertpapierkennnummer*, WKN): A3CSWZ

Common Code: 235631474

Trading Symbol: NVM

Joint Global Coordinators and Joint Bookrunners

J.P. Morgan **Berenberg** **COMMERZBANK**

Joint Bookrunners

Jefferies **UniCredit Bank AG**

The date of this prospectus is July 15, 2021.

The Company intends to apply for admission of its entire share capital to trading on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) as well as on the sub-segment thereof with additional post-admission obligations (Prime Standard) under the trading symbol NVM (the "**Listing**"). Prior to the Listing, there has been no public market for the shares of the Company (the "**Shares**"). We expect that trading in the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) will commence on or about July 19, 2021.

Prospective investors should read the entire document and, in particular, the section headed "Risk Factors", when considering an investment in the Company.

The Underwriters and their registered broker-dealer affiliates are severally offering the Shares, subject to receipt and acceptance by them of orders and subject to their right to reject any order in whole or in part. The Shares will be in the form of dematerialized shares and will be registered in a single securities issuance account (*compte d'émission*) maintained by LuxCSD S.A. ("**LuxCSD**") as single settlement organization in accordance with the Luxembourg law of April 6, 2013 on dematerialized securities as amended ("**Luxembourg Law on Dematerialized Securities**"). Delivery of the Shares is expected to take place on or about July 20, 2021 through the book-entry facilities of LuxCSD, Clearstream Banking S.A. or Clearstream Banking Aktiengesellschaft (Frankfurt am Main).

This prospectus (the "**Prospectus**") has been drafted in the form of a single document within the meaning of Article 6(3) of Regulation (EU) 2017/1129 of the European Parliament and of the Council of June 14, 2017 (the "**Prospectus Regulation**") and in accordance with the Prospectus Regulation and Commission Delegated Regulation (EU) 2019/980 of March 14, 2019, (the "**Commission Delegated Regulation**"). This Prospectus has been approved by the *Commission de Surveillance du Secteur Financier* (the "**CSSF**"), in its capacity as competent authority under the Prospectus Regulation and the Luxembourg law on prospectuses for securities of July 16, 2019 ("**Luxembourg Prospectus Law**") for the sole purposes of the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The CSSF will neither scrutinize nor approve the private placement as described in this Prospectus. This Prospectus has been notified to the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht* - "**BaFin**") in accordance with the European passport mechanism set forth in Article 25(1) of the Prospectus Regulation and will be published in electronic form on the website of the Luxembourg Stock Exchange (http://www.bourse.lu) and on the website of the Company (http://www.novem.com). By approving this Prospectus for the sole purposes of the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), the CSSF gives no undertaking as to the economic or financial soundness of the transaction or the quality and solvency of the Issuer in line with the provisions of Article 6(4) of the Luxembourg Prospectus Law.

IN CONNECTION WITH THE LISTING, THE STABILIZATION MANAGER AND ITS AFFILIATES MAY OVER–ALLOT OR EFFECT TRANSACTIONS THAT STABILIZE OR MAINTAIN THE MARKET PRICES OF THE SHARES AT LEVELS ABOVE THOSE WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH TRANSACTIONS MAY INCLUDE SHORT SALES, STABILIZING TRANSACTIONS AND PURCHASES TO COVER POSITIONS CREATED BY SHORT SALES. SHORT SALES INVOLVE THE SALE BY THE STABILIZATION MANAGER OF A GREATER NUMBER OF SHARES THAN THE UNDERWRITERS ARE REQUIRED TO PURCHASE IN THE CONTEXT OF THE LISTING. SUCH TRANSACTIONS SHALL BE CARRIED OUT IN ACCORDANCE WITH APPLICABLE RULES AND REGULATIONS. IF THESE ACTIVITIES ARE COMMENCED, THEY MAY BE DISCONTINUED BY THE STABILIZATION MANAGER AT ANY TIME WITHOUT PRIOR NOTICE AND MUST IN ANY EVENT BE DISCONTINUED 30 CALENDAR DAYS AFTER THE FIRST DAY OF TRADING OF THE SHARES ON THE FRANKFURT STOCK EXCHANGE. THESE TRANSACTIONS MAY BE EFFECTED ON THE FRANKFURT STOCK EXCHANGE, IN THE OVER–THE–COUNTER MARKET OR OTHERWISE.

The distribution of this Prospectus in certain jurisdictions is restricted by law. Persons into whose possession this Prospectus comes are required to inform themselves about and to observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws in any such jurisdictions. This Prospectus does not constitute an offer of, or an invitation to purchase, any of the Shares in any jurisdiction in which such offer or invitation would be unlawful. Neither the Company nor any of the Underwriters (as defined herein) or any of their respective affiliates, directors, officers or employees accepts any legal responsibility for any violation by any person, whether or not a prospective investor, of any such restrictions.

No action has been or will be taken in any jurisdiction that would permit an offer to the public of Shares or the possession, circulation or distribution of this Prospectus or any other material relating to us or the Shares in any jurisdiction where action for that purpose is required. Accordingly, the Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Shares may be distributed or published in or from any country or jurisdiction, except under circumstances that would result in compliance with any applicable rules and regulations of any such country or jurisdiction.

Neither the delivery of the Prospectus, nor any sale made hereunder shall under any circumstances imply that there has been no change in the Company's affairs or that the information set forth in this Prospectus is correct as of any date subsequent to the date hereof.

Responsibility Statement

The "**Company**" or "**Issuer**" in this Prospectus refers to Novem Group S.A., a public company limited by shares (*société anonyme*) having its registered office at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B162537 (together with its direct and indirect consolidated subsidiaries "**Novem**", the "**Group**", the "**Novem Group**", "**we**", "**us**" and "**ours**") at the date of this Prospectus. Where the term the "Group", "we", "us" and "ours" is used in a context that relates to the events prior to the change in legal form of the Company from of a private limited liability company (*société à responsabilité limitée*) to a public company limited by shares (*société anonyme*), the respective term refers to Car Interior Design (Luxembourg) S.à r.l. ("**CID SARL**"), together with its direct and indirect subsidiaries, which are direct and indirect subsidiaries of Automotive Investments (Luxembourg) S.à r.l., a private limited liability company (*société à responsabilité limitée*) having its registered office at 19-21, Route d'Arlon, L-8009 Strassen, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B162536 ("**Automotive Investments**") and Rokoko Automotive Holdings (Jersey) Limited, a limited company, with registered office at 2nd Floor Windward House, La Route de la Liberation, St Helier, JE2 3BQ, Jersey, Channel Islands, registered with the Jersey Financial Services Commission with number 80592 at the date of this Prospectus.

The Company and the Underwriters assume responsibility for the content of this Prospectus and hereby declare that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and that no material circumstances are omitted, and that they have taken all reasonable care to ensure that the information contained in this Prospectus is, to the best of their knowledge, in accordance with the facts and contains no omission likely to affect its import.

J.P. Morgan AG ("**J.P. Morgan**"), Joh. Berenberg, Gossler & Co. KG ("**Berenberg**"), COMMERZBANK Aktiengesellschaft ("**Commerzbank**") (together, the "**Joint Global Coordinators**"), Jefferies GmbH ("**Jefferies**") and UniCredit Bank AG ("**UniCredit**") and together with the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Underwriters**"), make no representation or warranty as to the accuracy or completeness or verification of the information contained in the Prospectus. Nothing contained in this Prospectus is, or shall be relied upon as, a promise or representation in this respect, whether as to the past or the future. The Underwriters assume no responsibility for its accuracy, completeness or verification and accordingly disclaim, to the fullest extent permitted by applicable law, any and all liability whether arising in tort, contract or otherwise which they might be found to have in respect of this document.

Table of Contents

Summary of the Prospectus

A. Introduction Containing Warnings

This prospectus (the "**Prospectus**") relates to the ordinary shares in dematerialized form with no nominal value, International Securities Identification Number ("**ISIN**") LU2356314745 (the "**Shares**"), of Novem Group S.A., Legal Entity Identifier ("**LEI**") 222100KIY63U7PV8N251, with business address at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg ("**Luxembourg**") (telephone +352 44 30 64; website: http://www.novem.com/) (the "**Issuer**" or the "**Company**", the terms the Issuer or the Company also refer to Car Interior Design (Luxembourg) S.à r.l before it's legal form was changed to a Luxembourg public limited liability company (*société anonyme*) under the legal name Novem Group S.A.).

The Issuer and COMMERZBANK Aktiengesellschaft, Kaiserstr. 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, LEI 851WYGNLUQLFZBSYGB56 will ask for admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Listing**").

The Luxembourg Financial Supervisory Authority (*Commission de Surveillance du Secteur Financier* or "**CSSF**"), 283, Route d'Arlon, L-1150 Luxembourg, Luxembourg (telephone +352 26 25 1-1; Website: http://www.cssf.lu/), has approved this Prospectus for the sole purposes of the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) as competent authority under Regulation (EU) 2017/1129 on July 15, 2021.

This summary should be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on a consideration of this Prospectus as a whole by an investor. Investors in the Shares could lose all or part of their invested capital. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national law, have to bear the costs of translating this Prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled this summary, including any translation thereof, but only where this summary is misleading, inaccurate or inconsistent, when read together with the other parts of this Prospectus, or where it does not provide, when read together with the other parts of this Prospectus, key information in order to aid investors when considering whether to invest in the Shares.

B. Key information on the Issuer

Who is the Issuer of the Securities?

Issuer information	The Company's legal name is Novem Group S.A. and it operates under the commercial name Novem. The Company, with LEI 222100KIY63U7PV8N251, has its registered seat in the Grand Duchy of Luxembourg, and its business address at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg and is registered with the Luxembourg Trade and Companies' Register (*Registre de Commerce et des Sociétés*, *Luxembourg*) under number B162537. The Company is a public company limited by shares (*société anonyme* or *S.A.*) governed by and operating under Luxembourg law.
Principal activities	The Company and its subsidiaries (the "**Novem**", the "**Group**", the "**Novem Group**", "**we**", "**us**" and "**ours**") believe themselves to be a leading supplier of premium decorative interior trim elements, especially for, among others, the premium vehicle segment of the automotive industry. Our product portfolio includes door trims, trim elements for the center console and dashboard as well as trim elements for driver and passenger instrument panels. Our products combine high-quality raw materials with advanced technology and high-quality craftsmanship and are predominantly used in the premium and SUV segments of the automotive industry. We have a global presence with eight manufacturing facilities in seven countries across Europe, the Americas and Asia that are strategically located in all major vehicle producing regions close to our Original Equipment Manufacturers ("**OEM**") customers' production hubs. We work closely with our OEM customers to design and engineer interior trim elements that meet their high quality standards and offer innovative surfaces and looks. Due to our manufacturing and product expertise, we are embedded in our customers' pre-development and product

development processes and are often engaged by OEMs to work on innovation projects, design concepts and new engineering solutions.

Major shareholders	As of the date of this Prospectus, Rokoko Automotive Holdings (Jersey) Limited, a limited company, with registered office at 2nd Floor Windward House, La Route de la Liberation, St Helier, JE2 3BQ, Jersey, Channel Islands, registered with the Jersey Financial Services Commission with number 80592 (the "**Selling Shareholder**") and Automotive Investments (Luxembourg) S.à r.l., a private limited liability company (*société à responsabilité limitée*) having its registered office at 19-21, Route d'Arlon, L-8009 Strassen, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des sociétés, Luxembourg*) under number B162536 ("**Automotive Investments**") are the shareholders (the "**Shareholders**") directly holding an interest in the Company's share capital and voting rights. Except the Shareholders mentioned above, there are no other persons that have major holdings in the Issuer within the meaning of Article 8 or Article 9 of the Luxembourg law of January 11, 2008 on transparency requirements for issuers of securities, as amended.
Control	As of the date of this Prospectus, the Shareholders control the Company due to their combined ownership of 100% of the Company's share capital and voting rights. The Selling Shareholder holds 100% of Automotive Investments' share capital and voting rights. COHV AG, a stock corporation (*Aktiengesellschaft*) having its registered office at Grafenauweg 10, 6300 Zug, registered with the commercial register (*Handelsregisteramt*) of the Kanton Zug under number CHE-252.352.068 ultimately controls the Selling Shareholder through various holding entities, including funds advised by Bregal Capital LLP, sub-advised by Bregal Unternehmerkapital GmbH ("**Bregal**").
Key Managing Directors	The members of the Company's management board are Günter Brenner (CEO), Dr. Johannes Burtscher (CFO), Christine Hollmann and Frank Schmitt.
Statutory auditors	The Company's approved statutory group auditor (*réviseur d'entreprises agréé*) is Ernst & Young S.A., a public company limited by shares (*société anonyme*), organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 35E, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B88019 ("**EY Luxembourg**")

What is the key financial information regarding the Issuer?

The Company was formed as a private limited liability company (*société à responsabilité limitée*) for an unlimited period of time under the laws of Luxembourg pursuant to a deed of incorporation on July 12, 2011. The financial information contained in the following tables has been taken or derived from the audited consolidated financial statements of the Company, as of and for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019 (the "**Audited Consolidated Financial Statements**"), or from our internal reporting system. The Audited Consolidated Financial Statements were prepared in accordance with international financial reporting standards as adopted by the European Union ("**EU**") ("**IFRS**"). With regards to historical financial information as of and for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, references to the Group or Novem are to the Company together with its subsidiaries, unless otherwise indicated.

Where financial data in tables in this Prospectus is labelled "audited", it has been taken from the Audited Consolidated Financial Statements. The label "unaudited" is used in tables in this Prospectus to indicate financial data that has not been taken from those Audited Consolidated Financial Statements but was taken from our internal reporting system or has been calculated based on financial data from the above-mentioned sources.

Summary consolidated statements of comprehensive income data

	Fiscal Year		
	2018/19	2019/20	2020/21
	(audited, € in thousands)		
Total operating performance	701,172	654,252	590,002
Operating Result (EBIT)	115,074	82,499	72,285
Financial result	(88,758)	(56,161)	(43,070)
Income tax result	23,667	22,382	19,480
Profit for the year	2,649	3,955	9,735

Summary consolidated statements of financial position data

	Fiscal Year		
	2018/19	2019/20	2020/21
	(audited € in thousands)		
Total non-current assets	273,335	280,615	263,543
Total current assets	312,400	387,425	366,404
Total assets	585,735	668,041	629,947
Total equity	70,246	(511,166)	(505,091)
Total non-current liabilities	169,224	912,600	933,934
Total current liabilities	346,265	266,607	201,104
Equity and liabilities	585,735	668,041	629,947

Summary consolidated statements of cash flows data

	Fiscal Year		
	2018/19	2019/20	2020/21
	(audited, € in thousands)		
Cash flow from operating activities	112,736	104,451	105,506
Cash flow from / (used in) investing activities	(37,644)	(19,944)	(15,765)
Cash flow from / (used in) financing activities	(146,730)	15,827	(110,702)
Cash and cash equivalents at the beginning of the reporting period	168,025	97,057	196,166
Cash and cash equivalents at the end of the reporting period	97,057	196,166	175,299

What are the Key Risks That are Specific to the Issuer?

Our markets and industry are subject to the following risks, among others:

- We are exposed to substantial risks associated with the performance of the global economy, including the uncertainties resulting from the COVID-19 pandemic, political uncertainty and the performance of the economy in the jurisdictions in which we operate.

- We operate in a cyclical industry. Our operations and performance are directly related to the levels of global vehicle production, particularly the market for premium vehicles.

- We operate in a competitive industry. OEMs have in the past awarded, and may continue in the future to award, certain platforms to one of our competitors in order to diversify their supplier portfolio, which has resulted, any may in the future result, in a loss of nominations for us and which may limit the potential for future growth of our market share.

- A decline in the financial condition of OEMs or other customers or suppliers, caused by the COVID-19 pandemic or due to other reasons, could have a material adverse impact on our business, financial condition and results of operations.

- Our future success is dependent upon our ability to correctly anticipate and develop new products that are responsive to market trends and developments.

Our business operations face the following risks, among others:

- Our operations and financial results have been negatively impacted by the COVID-19 pandemic and the continued COVID-19 pandemic, or the outbreak of other contagious diseases, may have a material adverse effect on our business, financial conditions and results of operations.

- We generate a significant amount of our revenues from a limited number of large customers. The loss of all or a substantial portion of our revenue with any of our large volume customers could have a material adverse impact on our business, financial condition and results of operations. This risk could also materialize if the content per vehicle awarded to us were to decrease or if we were awarded with a lower amount of content per vehicle than expected. While we have generally benefitted from an increasing content per vehicle in the past, there have been also been platforms with a decreasing content per platform.

- A disruption in our or our customers' supply or delivery chain could cause one or more of our suppliers or customers to halt production. Any supply chain disruption could cause the complete shutdown of an assembly line of one of our customers, which could expose us to material claims for compensation.

- We are exposed to fluctuations in prices of raw materials and energy and we may not be able to absorb such cost increases through cost saving measures, increasing selling prices or additional sales.

- We operate worldwide and are therefore exposed to financial risks that arise from changes in exchange rates.

C. Key Information on the Securities

What are the Main Features of the Securities?

Type, class, par value	This summary relates to ordinary shares in dematerialized form with no nominal value in the Company; ISIN: LU2356314745; Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés*, *Luxembourg*) under number: B162537; Trading Symbol: NVM.
Number of securities	On July 14, 2021, 3,030,303 new ordinary shares in a dematerialized form with no nominal value have been issued from the Company's authorized share capital against contributions in cash by resolution of the management board of the Company of the same day. Therefore, as of the date of this Prospectus, the share capital of the Company amounts to EUR 430,303.03 and is divided into 43,030,303 ordinary shares in a dematerialized from with no nominal value. Each share of the Company represents a par value of EUR 0.01 in the Company's share capital. All Shares are fully paid up. The Company will apply for admission of all such Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).
Currency	The Shares are denominated in EUR.
Rights attached	Each share of the Company carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights. The Shares carry full dividend rights as of April 1, 2021.
Seniority	The Shares are subordinated to all other securities and claims in case of an insolvency of the Company.
Free transferability	The Shares are freely transferable in accordance with the legal requirements for ordinary shares in dematerialized form. There are no restrictions on the transferability of the Shares other than certain lock-up agreements entered into between the Company, the Shareholders, the Joint Bookrunners (as defined below) and the members of the management board.

Dividend policy	The Company expects to begin paying dividends for the current financial year and is targeting a dividend payout representing approximately 35% of its net income, subject to market conditions. Any future determination to pay dividends will be made in accordance with applicable laws, and will depend upon, among other factors, the Company's results of operations, financial condition, contractual restrictions and capital requirements. The Company's future ability to pay dividends may be limited by the terms of any existing and future debt or preferred securities.

Where will the Securities be Traded?

The Company will apply for admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

What are the Key Risks Specific to the Securities?

The following risks are key risks specific to the Shares:

- The Shares have not been publicly traded, and there can be no assurance that a liquid trading market for the Shares will develop.
- The Company's share price and trading volume of its Shares could fluctuate significantly, and investors could lose all or part of their investment.
- Future capitalization measures could lead to a dilution (i.e., a reduction in the value of the Shares and the control rights of existing shareholders' interests in the Company).
- Future sales of the Shares by existing shareholders or investors acquiring Shares in the Private Placement (as defined below) or the perception that such sales may occur could depress the price of the Shares

D. Key Information on the Offer of the Securities and the Admission to Trading

Under which Conditions and Timetable Can I Invest in this Security?

Listing and Closing	Listing approval is expected to be granted on July 16, 2021 and trading is expected to commence on July 19, 2021
Private Placement	On July 8, 2021, in anticipation of the expected admission to trading of the Shares on the regulated market segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), the Issuer, J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Germany, LEI 549300ZK53CNGEEI6A29 ("**J.P. Morgan**"), Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667 ("**Berenberg**"), COMMERZBANK Aktiengesellschaft, Kaiserstr. 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, LEI 851WYGNLUQLFZBSYGB56 ("**Commerzbank**" and together with J.P. Morgan and Berenberg, the "**Joint Global Coordinators**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt, Germany, LEI 5493004I3LZM39BWHQ75 ("**Jefferies**"), UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany, LEI 2ZCNRR8UK83OBTEK2170 ("**UniCredit**" and together with Jefferies and the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Underwriters**") initiated a private placement for up to 17,284,848 ordinary shares in dematerialized form, each such share with no nominal value and with full dividend rights from April 1, 2021 (the "**Private Placement**") to certain institutional and other investors, consisting of

	(i) up to 3,030,303 newly issued ordinary shares in dematerialized form with no nominal value from a capital increase out of the authorised share capital of the Company against contribution in cash (the "**Capital Increase**") resolved by the management board of the Company and issued on July 14, 2021 (the "**New Shares**"); (ii) up tp 10,000,000 ordinary shares in dematerialized form with no nominal value from the holdings of the Selling Shareholder (the "**Base Shareholder Shares**" and together with the New Shares, the "**Base Shares**") in a base deal; (iii) up to 2,000,000 ordinary shares in dematerialized form with no nominal value from the holdings of the Selling Shareholder, subject to the exercise of an upsize option (the "**Upsize Option**") upon decision of the Selling Shareholder (the "**Additional Shares**"), and (iv) up to 2,254,545 ordinary shares in dematerialized form with no nominal value from the holdings of the Selling Shareholder to cover a potential over-allotment (the "**Over-Allotment Shares**" and, together with the Base Shares and the Additional Shares, the "**Offer Shares**").
Stabilization Measures, Over-Allotment and Greenshoe Option	In connection with the Private Placement and Listing, J.P. Morgan, acting for the account of the Joint Bookrunners, acts as the stabilization manager ("**Stabilization Manager**") and may, acting in accordance with legal requirements, take stabilization measures to support the market price of the Shares and thereby counteract any selling pressure. The Stabilization Manager is under no obligation to take any stabilization measures. Under the possible stabilization measures, investors may, in addition to the Base Shares, be allocated the Over-Allotment Shares as part of the allocation of the Offer Shares. For the purpose of a potential over-allotment, the Stabilization Manager for the account of the Joint Bookrunners, has been provided with 1,954,545 Over-Allotment Shares in the form of a securities loan; the number of Over-Allotment Shares will not exceed 15% of the sum of the placed Base Shares and Additional Shares. In addition, the Selling Shareholder has granted the Joint Bookrunners an option to acquire a number of the Shares equal to the borrowed shares at the price per share placed in the Private Placement less agreed commissions (the "**Greenshoe Option**").
Total expenses and expenses charged to Investors	The costs of the Issuer and the Selling Shareholder in regards to the Listing are expected to total approximately EUR 48.2 thousand. Of the total costs, the Selling Shareholder will bear approximately EUR 38.5 thousand and the Issuer will bear the remaining approximately EUR 9.7 thousand. Investors will not be charged expenses by the Issuer, the Shareholders or the Joint Bookrunners. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

Who is the Offeror and/or the Person Asking for Admission to Trading?

Admission to trading	The Company will apply for admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). Commerzbank is acting as listing agent. Listing approval is expected to be granted on July 16, 2021 and trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) is expected to commence on or about July 19, 2021.

Why is this Prospectus being Produced?

Reasons for the Listing	The Company intends to have the Shares admitted to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment thereof with additional post-admission obligations (Prime Standard) to achieve better access to the capital markets.

Material Conflicts of Interest in connection with the Listing	The Joint Bookrunners are acting exclusively for the Company and the Selling Shareholder in connection with the Private Placement and the Listing and the coordination, structuring and execution of the Private Placement and the Listing. In addition, J.P. Morgan and Berenberg have been mandated to act as designated sponsors for the Shares and Banque Internationale à Luxembourg ("**BIL**") has been appointed to act as paying agent. Upon successful implementation of the Private Placement and the Listing, the Joint Bookrunners will receive a commission. As a result of these contractual relationships, the Joint Bookrunners have a financial interest in the success of the Private Placement and the Listing. The Selling Shareholder will receive the proceeds from the sale of the Base Shares, the Additional Shares and the Over-Allotment Shares (if any) in the Private Placement (after deduction of fees and commissions). Accordingly, the Selling Shareholder has an interest in the success of the Private Placement and Listing at the best possible terms. The funds advised by Bregal Capital LLP, sub-advised by Bregal Unternehmerkapital GmbH and invested in the Company (the "**Bregal Funds**") and funds affiliated with those funds have investment activities that are independent of and may from time to time conflict with the Company's interests. Certain employees of Bregal Unternehmerkapital GmbH serve or may serve as members of the supervisory board of the Company. They may also serve as management or supervisory board members of or in a similar function for other companies directly or indirectly owned by the Bregal Funds or affiliated Bregal funds, including companies that operate in the same sectors as, and may compete with, Novem. At the date of this Prospectus, the following members of the Company's supervisory board are affiliated with Bregal: Florian Schick is Managing Director of Bregal Unternehmerkapital GmbH and investment committee member of Bregal Funds III LP and Philipp Struth is an employee of Bregal Unternehmerkapital GmbH with the title Partner.

Zusammenfassung des Prospekts

A. Einleitung mit Warnhinweisen

Dieser Prospekt (der „**Prospekt**“) bezieht sich auf die nennwertlosen Stammaktien in dematerialisierter Form, internationale Wertpapier-Identifikationsnummer („**ISIN**“) LU2356314745 (die „**Aktien**“) der Novem Group S.A., Rechtsträgerkennung („**LEI**“) 222100KIY63U7PV8N251, Geschäftsanschrift 19, rue Edmond Reuter, L-5326 Contern, Großherzogtum Luxemburg („**Luxemburg**“) (Telefon +352 44 30 64; Website: http://www.novem.com/) (der „**Emittent**“ oder die „**Gesellschaft**“; die Bezeichnungen Emittent oder Gesellschaft beziehen sich auch auf die Car Interior Design (Luxembourg) S.à r.l. vor deren Rechtsformwechsel in eine luxemburgische Aktiengesellschaft (*société anonyme*) mit der juristischen Bezeichnung Novem Group S.A.).

Die Emittentin und die COMMERZBANK Aktiengesellschaft, Kaiserstr. 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland, LEI 851WYGNLUQLFZBSYGB56 werden die Zulassung zum Handel der Aktien der Gesellschaft am regulierten Markt der Frankfurter Wertpapierbörse und zugleich zum Teilbereich des regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten (*Prime Standard*) beantragen (die „**Börsennotierung**“).

Die Luxemburger Finanzaufsichtsbehörde (*Commission de Surveillance du Secteur Financier* oder *„***CSSF**“), 283, Route d’Arlon, L-1150 Luxemburg, Luxemburg (Telefon +352 26 25 1-1; Website: http://www.cssf.lu/), hat diesen Prospekt als zuständige Behörde gemäß der Verordnung (EU) 2017/1129 am 15. Juli 2021 ausschließlich zum Zwecke der Zulassung zum Handel der Aktien der Gesellschaft am regulierten Markt der Frankfurter Wertpapierbörse und zugleich zum Teilbereich des regulierten Marktes mit zusätzlichen Zulassungsfolgepflichten (*Prime Standard*) gebilligt.

Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Anleger sollten sich bei der Entscheidung, in die Aktien der Gesellschaft zu investieren, auf diesen Prospekt als Ganzes stützen. Anleger, die in die Aktien der Gesellschaft investieren, könnten das gesamte angelegte Kapital oder einen Teil davon verlieren. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger nach nationalem Recht die Kosten für die Übersetzung dieses Prospekts vor Prozessbeginn zu tragen haben. Nur diejenigen Personen haften zivilrechtlich, die diese Zusammenfassung samt etwaiger Übersetzungen vorgelegt und übermittelt haben, und dies auch nur für den Fall, dass diese Zusammenfassung, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, irreführend, unrichtig oder widersprüchlich ist oder dass sie, wenn sie zusammen mit den anderen Teilen dieses Prospekts gelesen wird, nicht die Basisinformationen vermittelt, die in Bezug auf Anlagen in die Aktien der Gesellschaft für die Anleger eine Entscheidungshilfe darstellen würden.

B. Basisinformationen über den Emittenten

Wer ist der Emittent der Wertpapiere?

Informationen über den Emittenten	Die juristische Bezeichnung der Gesellschaft ist Novem Group S.A. und die Gesellschaft ist unter der kommerziellen Bezeichnung Novem tätig. Die Gesellschaft, mit der Rechtsträgerkennung LEI 222100KIY63U7PV8N251, hat ihren Sitz im Großherzogtum Luxemburg und ihre Geschäftsanschrift ist 19, rue Edmond Reuter, L-5326 Contern, Großherzogtum Luxemburg. Sie ist im Luxemburger Handels- und Gesellschaftsregister (*Registre de Commerce et des Sociétés, Luxembourg*) unter der Nummer B162537 eingetragen. Die Gesellschaft ist eine Aktiengesellschaft (*société anonyme* oder *S.A.*), die dem Recht des Großherzogtums Luxemburg unterliegt und nach diesem tätig ist.
Haupttätigkeiten	Die Gesellschaft und ihre Tochterunternehmen („**Novem**“, die „**Gruppe**“, die „**Novem-Gruppe**“, „**wir**“, „**uns**“ und „**unsere**“) sehen sich als einen der führenden Anbieter von dekorativen Zierelementen für den Innenbereich, insbesondere für das Premiumsegment der Automobilindustrie. Unser Produktportfolio umfasst Türverkleidungen, Verkleidungselemente für die Mittelkonsole und das Armaturenbrett sowie Verkleidungselemente für Fahrer- und Beifahrerinstrumententafeln. Unsere Produkte kombinieren hochwertige Rohstoffe mit fortschrittlicher Technologie und hochwertiger Handwerkskunst und werden vorwiegend in den Premium- und SUV-Segmenten der Automobilindustrie eingesetzt. Wir sind weltweit mit acht Produktionsstätten in sieben Ländern in Europa, Amerika und Asien vertreten, die strategisch günstig in allen wichtigen Fahrzeugproduktionsregionen in der Nähe der Produktionszentren unserer Orginal Equipment Manufacturer („**OEM**“ - Fahrzeughersteller) Kunden angesiedelt

sind. Wir arbeiten eng mit unseren OEM-Kunden zusammen, um Innenverkleidungselemente zu entwerfen und zu konstruieren, die deren hohen Qualitätsstandards entsprechen und innovative Oberflächen und Design bieten. Aufgrund unserer Fertigungs- und Produktkompetenz sind wir in die Vorentwicklungs- und Produktentwicklungsprozesse unserer Kunden einbezogen und werden häufig von OEMs beauftragt, an Innovationsprojekten, Designkonzepten und neuen technischen Lösungen zu arbeiten.

Haupt-anteilseigner	Zum Datum dieses Prospekts sind Rokoko Automotive Holdings (Jersey) Limited, eine Gesellschaft mit beschränkter Haftung mit Sitz in Windward House im 2. Stock, La Route de la Liberation, St. Helier, JE2 3BQ, Jersey, Kanalinseln, registriert bei der Jersey Financial Services Commission unter der Nummer 80592 (der „**Verkaufende Aktionär**“) und Automotive Investments (Luxemburg) S.à r.l., eine Gesellschaft mit beschränkter Haftung (*société à responsabilité limitée*) mit Sitz in 19-21, Route d’Arlon, L-8009 Strassen, Großherzogtum Luxemburg, eingetragen im luxemburgischen Handelsregister (*Registre de Commerce et des Sociétés, Luxembourg*) unter der Nummer B162536 („**Automotive Investments**“) die alleinigen Gesellschafter (die „**Gesellschafter**“), die direkt am Grundkapital der Gesellschaft beteiligt sind und Stimmrechte halten. Abgesehen von den oben genannten Gesellschaftern gibt es keine Personen, die eine wesentliche Beteiligung im Sinne des Artikel 8 oder Artikel 9 des luxemburgischen Gesetzes vom 11. Januar 2018 über die Transparenzanforderungen für Emittenten von Wertpapieren in der jetzigen Fassung, an dem Emittenten haben.
Beherrschung	Zum Datum dieses Prospekts kontrollieren die Gesellschafter die Gesellschaft aufgrund ihres kombinierten Anteils von 100% des Grundkapitals und der Stimmrechte der Gesellschaft. Der Verkaufende Aktionär hält 100% des Grundkapital und der Stimmrechte von Automotive Investments. Die COHV AG, eine Aktiengesellschaft schweizerischen Rechts mit Sitz in Grafenauweg 10, 6300 Zug, eingetragen im Handelsregisteramt des Kantons Zug unter der Nummer CHE-252.352.068, kontrolliert letztendlich den Verkaufenden Gesellschafter über verschiedene Beteiligungsunternehmen, wozu auch Fonds gehören, die von Bregal Capital LLP, für die Bregal Unternehmerkapital GmbH als Sub-Advisor fungiert („**Bregal**“), beraten werden.
Haupt-geschäftsführer	Die Mitglieder des Vorstands der Gesellschaft sind Günter Brenner (CEO), Dr. Johannes Burtscher (CFO) sowie Christine Hollmann und Frank Schmitt.
Abschluss-prüfer	Der gesetzliche Konzernabschlussprüfer der Gesellschaft (*réviseur d'entreprises agréé*) ist Ernst & Young S.A., eine Gesellschaft mit beschränkter Haftung (*société anonyme*), nach dem Recht des Großherzogtums Luxemburg mit Sitz in 35E, Avenue John F. Kennedy, L-1855 Luxemburg, Großherzogtum Luxemburg, eingetragen im luxemburgischen Handelsregister (*Registre de Commerce et des sociétés, Luxembourg*) unter der Nummer B88019 („**EY Luxemburg**“).

Welches sind die wesentlichen Finanzinformationen über den Emittenten?

Die Gesellschaft wurde gemäß Gründungsurkunde vom 12. Juli 2011 für eine unbegrenzte Zeit als Gesellschaft mit beschränkter Haftung (*société à responsabilité limitée*) nach Luxemburger Recht gegründet. Die in den folgenden Tabellen enthaltenen Finanzinformationen wurden aus dem geprüften Konzernabschluss der Gesellschaft zum und für die am 31. März 2021, 31. März 2020 und 31. März 2019 endenden Geschäftsjahre (der „**geprüfte Konzernabschluss**“) oder aus unserem internen Berichtssystem entnommen. Der geprüfte Konzernabschluss wurde nach den von der Europäischen Union („**EU**“) übernommenen International Financial Reporting Standards („**IFRS**“) erstellt. In Bezug auf historische Finanzinformationen zum und für das am 31. März 2021, 31. März 2020 und 31. März 2019 endende Geschäftsjahr beziehen sich Verweise auf die Gruppe oder Novem auf die Gesellschaft zusammen mit ihren Tochtergesellschaften, sofern nicht anders angegeben.

Wenn Finanzinformationen in Tabellen in diesem Prospekt als „geprüft“ gekennzeichnet sind, wurden sie dem geprüften Konzernabschluss entnommen. Die Bezeichnung „ungeprüft“ wird in Tabellen in diesem Prospekt verwendet, um Finanzinformationen zu kennzeichnen, die nicht aus dem geprüften Konzernabschluss stammen, sondern aus unserem internen Berichtssystem stammen oder auf der Grundlage von Finanzdaten aus den genannten Quellen berechnet wurden.

Zusammenfassung von Daten aus der Konzern- Gesamtergebnisrechnung

	Geschäftsjahr		
	2018/19	**2019/20**	**2020/21**
	(geprüft, in € tausend)		
Gesamtleistung	701.172	654.252	590.002
Operatives Ergebnis (EBIT)	115.074	82.499	72.285
Finanzergebnis	(88.758)	(56.161)	(43.070)
Ertragsteuerergebnis	23.667	22.382	19.480
Konzernjahresergebnis	2.649	3.955	9.735

Zusammenfassung von Daten aus der Konzernbilanz

	Geschäftsjahr		
	2018/19	**2019/20**	**2020/21**
	(geprüft, in € tausend)		
Summe langfristige Vermögenswerte	273.335	280.615	263.543
Summe kurzfristige Vermögenswerte	312.400	387.425	366.404
Bilanzsumme	585.735	668.041	629.947
Summe Eigenkapital	70.246	(511.166)	(505.091)
Summe langfristige Verbindlichkeiten	169.224	912.600	933.934
Summe kurzfristige Verbindlichkeiten	346.265	266.607	201.104
Bilanzsumme	585.735	668.041	629.947

Zusammenfassung von Daten aus der Kapitalflussrechnung

	Geschäftsjahr		
	2018/19	**2019/20**	**2020/21**
	(geprüft, in € tausend)		
Cashflow aus laufender Geschäftstätigkeit	112.736	104.451	105.506
Cashflow / (Mittelabfluss) aus Investitionstätigkeit	(37.644)	(19.944)	(15.765)
Cashflow / (Mittelabfluss) aus Finanzierungstätigkeit	(146.730)	15.827	(110.702)
Zahlungsmittel und Zahlungsmitteläquivalente zu Beginn der Berichtsperiode	168.025	97.057	196.166
Zahlungsmittel und Zahlungsmitteläquivalente zum Ende der Berichtsperiode	97.057	196.166	175.299

Welches sind die zentralen Risiken, die für den Emittenten spezifisch sind?

Unsere Märkte und unsere Branche sind unter anderem folgenden Risiken ausgesetzt:

- Wir sind erheblichen Risiken im Zusammenhang mit der Konjunktur der Weltwirtschaft ausgesetzt, einschließlich der Unsicherheiten, die sich aus der COVID-19-Pandemie, der politischen Unsicherheit und der Konjunktur in den Ländern ergeben, in denen wir tätig sind.

- Wir sind in einer zyklischen Branche tätig. Unsere Geschäftstätigkeit und Leistung stehen in direktem Zusammenhang mit der weltweiten Fahrzeugproduktion, insbesondere dem Markt für Premiumfahrzeuge.

- Wir sind in einer wettbewerbsintensiven Branche tätig. OEMs haben in der Vergangenheit bestimmte Aufträge für bestimmte Plattformen an unsere Wettbewerber vergeben, um ihr Lieferantenportfolio zu diversifizieren, was zu einem Verlust an Aufträgen geführt hat und möglicherweise auch in Zukunft führen kann, was unser zukünftiges Wachstum und den Ausbau unserer Marktstellung gegebenenfalls einschränken kann.

- Eine Verschlechterung der Finanzlage von OEMs oder anderen Kunden oder Lieferanten, die durch die COVID-19-Pandemie oder aus anderen Gründen verursacht wurde, kann sich erheblich nachteilig auf unsere Geschäfts-, Finanz- und Ertragslage auswirken.

- Unser zukünftiger Erfolg hängt von unserer Fähigkeit ab, neue Produkte richtig zu antizipieren und zu entwickeln und auf Markttrends und -entwicklungen frühzeitig und richtig zu reagieren.

Unser Geschäft ist unter anderem folgenden Risiken ausgesetzt:

- Unser Betriebs- und Finanzergebnis wird durch die COVID-19-Pandemie negativ beeinflusst und die anhaltende COVID-19-Pandemie oder der Ausbruch anderer Infektionskrankheiten können sich erheblich nachteilig auf unsere Geschäfts-, Finanz- und Ertragslage auswirken.

- Wir erwirtschaften einen erheblichen Teil unseres Umsatzes mit einer begrenzten Anzahl von Großkunden. Der Verlust unseres gesamten oder eines wesentlichen Teils unseres Umsatzes mit einem unserer Großkunden könnte sich erheblich nachteilig auf unsere Geschäfts-, Finanz- und Ertragslage auswirken. Dieses Risiko könnte auch eintreten, wenn der Produktumfang pro Fahrzeug (*content per verhicle*), mit dem wir beauftragt werden, abnimmt oder wenn wir weniger Produktumfang pro Fahrzeug als erwartet generieren. Während wir in der Vergangenheit im Allgemeinen von einem zunehmenden Produktumfang pro Fahrzeug profitiert haben, gab es auch Plattformen mit einem abnehmenden Produktumfang pro Fahrzeug bzw. Fahrzeugplattform.

- Eine Unterbrechung unserer oder der Lieferkette unserer Kunden, kann dazu führen, dass einer oder mehrere unserer Lieferanten oder Kunden die Produktion einstellen. Jede Unterbrechung der Lieferketten könnte zum vollständigen Stillstand einer Montagelinie eines unserer Kunden führen, wodurch wir wesentlichen Schadensersatzansprüchen ausgesetzt sein könnten.

- Wir sind Schwankungen bei den Rohstoff- und Energiepreisen ausgesetzt und es könnte sein, dass wir nicht in der Lage sind, solche Kostensteigerungen durch Kostensenkungsmaßnahmen, steigende Verkaufspreise oder zusätzliche Umsätze aufzufangen.

- Wir sind weltweit tätig und daher finanziellen Risiken ausgesetzt, die sich aus Wechselkursänderungen ergeben.

C. Basisinformationen über die Wertpapiere

Welches sind die wichtigsten Merkmale der Wertpapiere?

Art, Gattung, Nennwert	Diese Zusammenfassung bezieht sich auf nennwertlose Stammaktien der Gesellschaft in dematerialisierter Form; ISIN: LU2356314745; Luxemburger Handels- und Gesellschaftsregisternummer (*Registre de Commerce et des Sociétés, Luxembourg*): B162537; Handelskürzel: NVM.
Anzahl der Wertpapiere	Am 14. Juli 2021 wurden von der Gesellschaft 3.030.303 neue nennwertlose Stammaktien in dematerialisierter Form aus dem autorisierten Kapital der Gesellschaft gegen Bareinlage aufgrund eines Beschlusses des Vorstands der Gesellschaft vom gleichen Tag ausgegeben. Daher beträgt das Grundkapital der Gesellschaft zum Datum des Prospekts EUR 430.303,03 und ist eingeteilt in 43.030.303 nennwertlose Stammaktien in dematerialisierter Form. Jede Aktie der Gesellschaft entspricht einem anteiligen Betrag am Grundkapital der Gesellschaft von EUR 0,01. Alle Aktien der Gesellschaft sind vollständig eingezahlt. Die Gesellschaft wird die Zulassung dieser Aktien der Gesellschaft zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) beantragen.
Währung	Die Aktien der Gesellschaft sind in EUR denominiert.
Verbundene Rechte	Jede Aktie der Gesellschaft berechtigt zu einer Stimme in der Hauptversammlung der Gesellschaft. Es bestehen keine Stimmrechtsbeschränkungen. Die Aktien der Gesellschaft sind ab dem 1. April 2021 in voller Höhe gewinnanteilsberechtigt.

Rang	Die Aktien der Gesellschaft sind im Fall einer Insolvenz der Gesellschaft gegenüber allen anderen Wertpapieren und Forderungen nachrangig.
Freie Handelbarkeit	Die Aktien der Gesellschaft sind in Übereinstimmung mit den gesetzlichen Anforderungen für Stammaktien in dematerialisierter Form frei übertragbar. Es bestehen keine Beschränkungen für die Übertragbarkeit der Aktien der Gesellschaft mit Ausnahme bestimmter Lock-up-Vereinbarungen zwischen der Gesellschaft, dem Verkaufenden Aktionär, den Konsortialbanken (wie nachstehend definiert) und dem Vorstand.
Dividendenpolitik	Die Gesellschaft rechnet für das laufende Geschäftsjahr mit der Ausschüttung einer Dividende und strebt eine Dividendenausschüttung an, die, abhängig von Marktbedingungen, 35% des Nettogewinns entspricht. Jeder künftige Beschluss zur Ausschüttung von Dividenden wird in Übereinstimmung mit geltendem Recht gefasst werden und wird unter anderem von der Vermögens-, Finanz- und Ertragslage der Gesellschaft, von vertraglichen Beschränkungen und vom Kapitalbedarf der Gesellschaft abhängen. Die künftige Fähigkeit der Gesellschaft zur Zahlung von Dividenden kann durch die Bedingungen bestehender und zukünftiger Schuld- oder Vorzugstitel beschränkt sein.

Wo werden die Wertpapiere gehandelt?

Die Gesellschaft wird die Zulassung der Aktien der Gesellschaft zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) beantragen.

Welches sind die zentralen Risiken, die für die Wertpapiere spezifisch sind?

Die folgenden Risiken sind die zentralen Risiken, die für die Aktien spezifisch sind:

- Die Aktien wurden bisher nicht an der Börse gehandelt, und es gibt keine Garantie dafür, dass sich ein liquider Markt für die Aktien entwickeln wird.
- Der Kurs und das Handelsvolumen der Aktien der Gesellschaft könnten erheblich schwanken und Anleger könnten ihre Anlage insgesamt oder teilweise verlieren.
- Zukünftige Kapitalmaßnahmen könnten zu einer Verwässerung führen (d.h. zu einer Wertminderung der Anteile und den Kontrollrechten der bestehenden Anteilseigner der Gesellschaft).
- Zukünftige Verkäufe von Aktien durch bestehende Aktionäre oder Investoren, die Anteile im Rahmen der Privatplatzierung (wie unten definiert) erwerben, oder die Annahme, dass solche Verkäufe stattfinden könnten, könnte sich negativ auf den Kurs der Aktien auswirken.

D. Basisinformationen über das Angebot der Wertpapiere und die Zulassung zum Handel

Zu welchen Konditionen und nach welchem Zeitplan kann ich in dieses Wertpapier investieren?

Börsennotierung und Vollzug	Die Zulassung zur Börsennotierung wird voraussichtlich am 16. Juli 2021 erteilt und der Handel wird voraussichtlich am 19. Juli 2021 aufgenommen.

Privatplatzierung	In Erwartung der Zulassung zum Handel am Regulierten Markt der Frankfurter Wertpapierbörse und der gleichzeitigen Zulassung zum Teilbereich des Regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) der Frankfurter Wertpapierbörse, hat die Emittentin zusammen mit J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Deutschland, LEI 549300ZK53CNGEEI6A29 (“**J.P. Morgan**”), Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Deutschland, LEI 529900UC2OD7II24Z667 (“**Berenberg**”), COMMERZBANK Aktiengesellschaft, Kaiserstr. 16 (Kaiserplatz), 60311 Frankfurt am Main, Deutschland, LEI 851WYGNLUQLFZBSYGB56 (“**Commerzbank**” und zusammen mit J.P. Morgan und Berenberg, die “**Joint Global Coordinators**”), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt, Deutschland, LEI 5493004I3LZM39BWHQ75 (“**Jefferies**”), UniCredit Bank AG, Arabellastraße 12, 81925 München, Deutschland, LEI 2ZCNRR8UK83OBTEK2170 (“**UniCredit**” und zusammen mit Jefferies und den Joint Global Coordinators, die “**Joint Bookrunners**” oder die “**Konsortialbanken**”) am 8. Juli 2021 eine Privatplatzierung von bis zu 17.284.848 nennwertlose Stammaktien in dematerialisierter Form mit voller Höhe Gewinnanteilsberechtigung seit dem 1. April 2021 an bestimmte institutionelle und andere Investoren (die „**Privatplatzierung**“), bestehend aus: (i) bis zu 3.030.303 neu ausgegebenen nennwertlose Stammaktien in dematerialisierter Form aus einer Kapitalerhöhung gegen Bareinlagen (die „**Kapitalerhöhung**“) beschlossen durch den Vorstand der Gesellschaft am 14. Juli 2021 (die „**Neuen Aktien**“); (ii) bis zu 10.000.000 nennwertlosen Stammaktien in dematerialisierter Form aus dem Bestand des Verkaufenden Aktionärs (die „**Gesellschafter Basisaktien**“ und zusammen mit den Neuen Aktien, die „**Basisaktien**“) in einer Basistransaktion; (iii) bis zu 2.000.000 nennwertlose Stammaktien in dematerialisierter Form aus dem Bestand des Verkaufenden Aktionärs (die „**Zusätzlichen Aktien**“), vorbehaltlich der Ausübung einer Upsize-Option (die „**Upsize-Option**“) auf Entscheidung des Verkaufenden Aktionärs und (iv) bis zu 2.254.545 nennwertlose Stammaktien in dematerialisierter Form aus dem Bestand des Verkaufenden Aktionärs zur Deckung einer möglichen Mehrzuteilung (die „**Mehrzuteilungsaktien**“, und zusammen mit den Basisaktien und den Zusätzlichen Aktien, die „**Angebotsaktien**“) initiiert.
Stabilisierungs-maßnahmen, Mehrzuteilung und Greenshoe-Option	Im Zusammenhang mit der Privatplatzierung der Angebotsaktien und der Börsennotierung fungiert J.P. Morgan für Rechnung der Konsortialbanken als Stabilisierungsmanager („**Stabilisierungsmanager**“) und kann entsprechend den gesetzlichen Vorschriften Stabilisierungsmaßnahmen ergreifen, um den Kurs der Aktien der Gesellschaft zu stützen und dadurch einen etwaigen Verkaufsdruck zu mindern. Der Stabilisierungsmanager ist nicht verpflichtet, Stabilisierungsmaßnahmen zu ergreifen. Im Rahmen der möglichen Stabilisierungsmaßnahmen können Anlegern zusätzlich zu den Basisaktien die Mehrzuteilungsaktien als Teil der Zuteilung der Angebotsaktien zugeteilt werden. Zum Zwecke einer möglichen Mehrzuteilung wurden dem Stabilisierungsmanager für Rechnung der Konsortialbanken bis zu 1.954.545 Mehrzuteilungsaktien in Form eines Wertpapierdarlehens zur Verfügung gestellt; die Anzahl der Mehrzuteilungsaktien wird 15% der Summe der Anzahl der platzierten Basisaktien nicht überschreiten. Darüber hinaus hat der Abgebende Aktionär den Konsortialbanken eine Option eingeräumt, eine Anzahl von Aktien der Gesellschaft in Höhe der geliehenen Aktien zum Angebotspreis abzüglich vereinbarter Provisionen zu erwerben (die „**Greenshoe-Option**“).
Gesamtkosten und Kosten, die Anlegern in Rechnung gestellt werden	Es wird erwartet, dass die Kosten des Emittenten und des Verkaufenden Gesellschafters bezüglich der Börsennotierung rund €48,2 Tausend betragen werden. Von diesen Gesamtkosten wird der Verkaufende Gesellschafter rund €38,5 Tausend und der Emittent rund €9,7 Tausend tragen. Investoren werden die Kosten des Emittenten, der Gesellschafter oder der Konsortialbanken nicht zur Last gelegt. Investoren müssen die marktübliche Transaktions- und Abwicklungskosten, die durch die Broker der Anleger in Rechnung gestellt werden, tragen.

Wer ist der Anbieter und/oder die die Zulassung zum Handel beantragende Person?

Zulassung zum Handel	Die Gesellschaft wird die Zulassung zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) beantragen. Die Commerzbank fungiert als Zulassungsantragssteller. Die Börsenzulassung wird voraussichtlich am 16. Juli 2021 erteilt und der Handel am regulierten Markt der Frankfurter Wertpapierbörse und gleichzeitig am Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) voraussichtlich am oder um den 19. Juli 2021 aufgenommen.

Weshalb wird dieser Prospekt erstellt?

Gründe für das Angebot und die Zulassung zum Handel	Die Gesellschaft beabsichtigt die Zulassung der Aktien der Gesellschaft zum Handel im regulierten Markt der Frankfurter Wertpapierbörse mit gleichzeitiger Zulassung zum Teilbereich des regulierten Marktes mit weiteren Zulassungsfolgepflichten (Prime Standard) zu erhalten, um sich einen besseren Zugang zu den Kapitalmärkten zu verschaffen.
Wesentliche Interessen an der Emission/dem Angebot einschließlich Interessenkonflikten	Die Konsortialbanken handeln im Zusammenhang mit dem Angebot und dessen Koordination, Strukturierung und Durchführung ausschließlich für die Gesellschaft und den Verkaufenden Aktionär. Darüber hinaus wurden J.P. Morgan und Berenberg als Designated Sponsors für die Aktien der Gesellschaft und Banque Internationale à Luxembourg ("**BIL**") als Zahlstelle beauftragt. Nach erfolgreicher Durchführung des Angebots werden die Konsortialbanken eine Provision erhalten. Aufgrund dieser Vertragsbeziehungen haben die Konsortialbanken ein finanzielles Interesse am Erfolg des Angebots. Der Verkaufende Aktionär wird den Erlös aus dem Verkauf der Basis Aktien, der Zusätzlichen Aktien und der Mehrzuteilungsaktien (falls vorhanden) im Rahmen des Angebots (nach Abzug von Gebühren und Provisionen) erhalten. Dementsprechend hat der Verkaufende Aktionär ein Interesse am Erfolg des Angebots zu den bestmöglichen Bedingungen. Die Investmenttätigkeit der von Bregal Capital LLP, für die Bregal Unternehmerkapital GmbH als Sub-Advisor fungiert, beratenen und in die Gesellschaft investierten Fonds (die „**Bregal-Fonds**") sowie die mit diesen Fonds verbundenen Fonds ist von den Interessen der Gesellschaft grundsätzlich unabhängig und kann zu diesen gegebenenfalls im Widerspruch stehen. Bestimmte Mitarbeiter von Bregal Unternehmerkapital GmbH amtieren derzeit oder in Zukunft als Mitlieder des Aufsichtsrats der Gesellschaft. Sie können auch als Verwaltungs- oder Aufsichtsratsmitglieder oder in ähnlicher Funktion für andere Unternehmen amtieren, die direkt oder indirekt von Bregal Fonds oder mit diesen verbundenen Fonds gehalten werden, einschließlich solcher Unternehmen, die in denselben Sektoren wie Novem tätig sind und mit der Gesellschaft gegebenenfalls konkurrieren. Zum Datum dieses Prospekts stehen die folgenden Mitglieder des Aufsichtsrats der Gesellschaft in Verbindung mit Bregal: Florian Schick ist Geschäftsführer von Bregal Unternehmerkapital GmbH und Mitglied des Investitionskomitees von Bregal Funds III LP. Philipp Struth ist Mitarbeiter von Bregal Unternehmerkapital GmbH mit dem Titel Partner.

1. RISK FACTORS

*In considering whether to invest in the shares (the "**Shares**") of Novem Group S.A. (hereinafter the "**Issuer**" or the "**Company**", the terms the Issuer or the Company also refer to Car Interior Design (Luxembourg) S.à r.l before it's legal form was changed to a Luxembourg public limited liability company (*société anonyme*) under the legal name Novem Group S.A.), investors should consider carefully the following risks, in addition to the other information in this prospectus (the "**Prospectus**"). In this Prospectus, references to the "**Novem Group**", the "**Group**", "**we**", "**us**" or "**our**" are references to the consolidated group of entities and business activities comprising the Novem Group business, with the Company acting as the holding company.*

The risk factors featured in the Prospectus are limited to risks which are specific to the Company or the Shares in the Company and which are material for taking an informed investment decision. The materiality of the risk factors has been assessed based on the probability of their occurrence and the expected magnitude of their negative impact. The risk factors are presented in categories depending on their nature. In each category the two most material risk factors are mentioned first according to the assessment based on the probability of their occurrence and the expected magnitude of their negative impact. The risks mentioned may materialize individually or cumulatively.

1.1 Risks Related to the Markets in Which We Operate

1.1.1 We are exposed to substantial risks associated with the performance of the global economy, including the uncertainties resulting from the COVID-19 pandemic.

As a global supplier of premium decorative interior trim elements, we are exposed to substantial risks associated with the performance of the global economy. In general, demand for automotive products and services is directly related to the strength of the global economy. Therefore, our income and results of operations have been influenced, and will continue to be influenced by the general state and performance of the global economy. The global economy has recently been particularly affected by the outbreak of SARS-CoV-2 and its associated disease ("**COVID-19**"), which caused extreme market volatility in the automotive industry since the beginning of 2020.

COVID-19 was first identified in December 2019 and was classified as a pandemic by the World Health Organisation ("**WHO**") on March 11, 2020. In response to the pandemic, authorities all over the world imposed severe restrictions on public life and businesses which disrupted global supply chains, lowered equity market valuations, created significant volatility and disruption in financial markets, and increased unemployment levels. In Europe, potential future changes to monetary policy, renewed doubts about the future of the eurozone (the "**Eurozone**"), political uncertainty arising from populist movements, insufficient deleveraging in the private and public sectors, a halt in implementing structural and financial reforms and an elevated level of political uncertainty could adversely affect the market for vehicles as well our operations.

The COVID-19 pandemic already had a significant negative impact on the global economy and vehicle market. In 2020, global GDP is estimated to have contracted by 3.3% (source: International Monetary Fund, March 2021), mainly as a result of the outbreak of the COVID-19 pandemic and the measures taken by governments and other authorities to contain the spread of COVID-19. In 2020, global light vehicle production declined by 8.2% compared to the previous year (LMC Automotive Limited ("**LMC Automotive**"), quarterly data aggregated according to the Novem reporting standard of fiscal years ending on March 31 (each a "**Fiscal Year**")), mainly driven by supply chain disruptions and a decrease in customer demand caused by the COVID-19 outbreak, which in turn forced many original equipment manufacturers ("**OEM**") to lower or even temporarily stop vehicle production. Although the global economy has recovered to some degree in the first half of 2021, the extent of the impact of the COVID-19 pandemic on the global economy and our business remains uncertain at the time of this Prospectus. The extent, duration and magnitude of the COVID-19 pandemic's effects will depend on future developments, all of which are highly uncertain and difficult to predict, including the impact of the pandemic on global and regional economies, availability of effective vaccines, the spread of new variants of COVID-19 as well as actions taken by governments, businesses and individuals in response to the pandemic or any future resurgence. In particular, even if vaccination efforts are initially effective, there is no certainty that they will have a long-term, lasting effect on COVID-19 infection rates, which could lead to continued restrictions in our and our customers' markets and a potential new downturn of the economy. Any material future deterioration in economic conditions could have a material and adverse effect on our business, financial condition and results of operations.

1.1.2 We are subject to risks from political uncertainty and the performance of the economy in the jurisdictions in which we operate, including the high levels of debt in certain countries of the Eurozone.

The demand for our products is impacted by the condition of the global economy, which may in turn be influenced by political uncertainty, in particular in the geographies in which we and our OEM customers are active. For example, the deterioration of the sovereign debt of several countries of the Eurozone in recent years, including Cyprus, Greece, Ireland, Italy, Portugal and Spain, together with the risk that these sovereign debt crises negatively affect more stable countries, particularly France and the Federal Republic of Germany ("**Germany**") Germany, has raised uncertainty regarding the stability and overall standing of the Economic and Monetary Union. The public financial assistance, stimulus and relief programs to mitigate the impact of the COVID-19 pandemic on businesses and consumers introduced by countries and the central banks will lead to a significant increase of public debt in the countries of the Eurozone, including in countries in the Eurozone that already had high public debt and unemployment levels prior to the COVID-19 pandemic, such as Cyprus, Greece, Ireland, Italy, Portugal and Spain. Therefore, any future economic growth in the Eurozone is threatened by the fragile state of economic recovery in many Eurozone countries. The troubled macroeconomic environment also gives rise to ongoing economic and political instability, including the possibility of a breakup of the Eurozone or initiatives of countries to leave the EU.

Furthermore, customers from the People's Republic of China ("**China**") have been a key driver of demand for premium vehicles in recent years and we are accordingly exposed to significant risks linked to the Chinese economy. However, in recent years, growth of the Chinese economy had started to slow driven by an ongoing trade dispute with the United States of America ("**United States**" or "**U.S.**") and weaker growth in the Eurozone. In 2020, the Chinese economy was further negatively affected by the COVID-19 pandemic. Although China has registered strong growth following the initial sharp downturn in the first half of 2020, it remains vulnerable to future downturns, for example due to renewed COVID-19 related restrictions, adverse developments in its major export markets or a deterioration of international trade relations. In the past, the Chinese government has relied heavily on increased infrastructure spending to stimulate growth in, among other sectors, the automotive industry. However, given heightened debt levels it is unclear if the Chinese government will respond to economic downturns by taking similar measures in the future and if such measures would be successful.

Although a recovery of the global and European economy is expected for 2021, there can be no assurance that such recovery will materialize, will be sustainable or that there will be no resurgence of the COVID-19 pandemic, global financial and economic crisis or similar adverse market conditions.

A renewed downturn in the global or European economies or increased financial instability in equity and other financial markets could, among other things:

- cause demand in our related market segments to decline which would have a material adverse effect on our business, financial condition and results of operations; or

- make it more difficult or costly for us to obtain financing for our operations or investments or to refinance our debt in the future.

Any material future deterioration in economic conditions could have a material and adverse effect on our business, financial condition and results of operations.

1.1.3 We operate in a cyclical industry which is subject to significant fluctuations over multi-year periods.

We generate our revenue primarily from the sale of premium decorative interior trim elements to OEMs, and demand for our products is largely dependent on the industrial output of the premium automotive industry. Our operations and performance are directly related to the levels of global vehicle production, particularly the market for premium vehicles, and are therefore affected by factors that generally affect the automotive industry. The automotive industry is sensitive to factors such as consumer confidence, disposable income levels, availability of credit, commodities and resources, pandemics, epidemics and other health crises, fuel prices, and general economic conditions (see "*We are exposed to substantial risks associated with the performance of the global economy, including the uncertainties resulting from the COVID-19 pandemic*." and "*We are subject to risks from political uncertainty and the performance of the economy in the jurisdictions in which we operate, including the high levels of debt in certain countries of the Eurozone*."). Given the variety of economic parameters influencing global automotive demand, the volume of automotive production has historically been, and will continue to be, characterized by a significant level of cyclicality, making it difficult for us to accurately predict demand levels for our products. Furthermore automotive production and demand are subject to seasonal fluctuations, which may influence the demand for our products within a fiscal year.

We estimate that approximately 24% of our total costs in Fiscal Year 2020/21 were fixed costs and our profitability therefore depends on the extent to which our manufacturing volumes absorb fixed costs. We risk underutilization of our manufacturing facilities and labor force or having insufficient capacity to meet customer demand if the markets in which we are active either decline or grow faster than we have anticipated. Furthermore, certain costs that we consider to be variable, such as costs of direct personnel or maintenance costs, are not directly related to our manufacturing volumes and there may be a time lag between a decrease in our manufacturing volume and the point in time in which we have successfully reduced these costs, which time lag may be significant. We may also incur substantial expenses in connection with such cost reduction measures.

In addition, we typically do not receive any compensation from our OEM customers if they purchase fewer trim parts than expected or even contractually agreed. In particular, tooling and other start-up costs relating to new products or programs may have a particularly negative effect in a down-cycle, as we may not recoup investments if orders do not meet the expectations for the new platforms. See also "—*Tooling and other start-up costs as well as inefficiencies related to new products or platforms can adversely affect our operating results and such costs may not be fully recoverable if new programs are cancelled*.". An underutilization of our manufacturing facilities or labor force could result in idle capacity costs and write-offs of inventories which we are unable to sell. Furthermore, falling production volumes cause declines in revenue and earnings.

The risks related to the cyclical nature of the industry in which we operate could have a material and adverse effect on our business, financial condition and results of operations.

1.1.4 Competition among suppliers for premium decorative interior trim elements is fierce.

The markets for our products are highly competitive. We compete in respect of price, quality, delivery performance, innovation, product design, engineering capability and service. We face significant competition in all regions within each of our major product categories. With the exception of our global competitors Ningbo Huaxiang Electronic Co. ("**NBHX**") and Ningbo JOYSONQUIN Automotive Systems Holding Co., Ltd. ("**JoysonQuin**"), our competitors are typically regional or local businesses and our competition with them is on a regional and local level. Nevertheless, the market for premium decorative interior trim elements is highly consolidated and the level of consolidation has further increased in particular due to NBHX acquiring a number of competitors such as Sellner and HIB Trim Part Solutions in Germany and Northern Engraving in the United States. We believe that some of our competitors, in particular in the Asian market, have in the past engaged, and may in the future continue to engage, in highly competitive strategies, such as predatory pricing or mergers and acquisitions, to gain market share.

The automotive supply industry has been characterized by continuous technological change, high capital expenditures (which includes investments in property, plant, equipment and intangible assets), intense pricing pressure from our OEM customers, periods of oversupply and continuous advancements in process technologies and manufacturing facilities. In particular, customers have requested, and will continue to request, that we continuously reduce our price per unit over the life of contracts we have been awarded or pass on purchasing savings. We cannot ensure that we will be able to generate cost savings and operational improvements sufficient to offset price reductions requested by customers and to make us profitable and position us to win additional business. In addition, the expected benefits and cost savings may not be achieved within the anticipated time frame.

While we currently have a strong market position in the market for premium decorative interior trim elements, if consolidation continues in the automotive components sector, we may have to compete against growing competitors who benefit from increased economies of scale or are part of large integrated groups and who may have greater financial and other resources or a more complete global footprint than we do. Such competitors may also be less margin sensitive than we are and attempt to increase their market share through pricing below cost. In addition, suppliers that do not currently compete with us could expand their product portfolios to include products that compete directly with ours. Changes in the product focus of larger suppliers could also result in such suppliers establishing relationships with our customers that reduce or entirely replace our business with those customers. Given our strong market position, OEMs have in the past awarded, and may continue in the future to award, certain platforms (we define a platform as a distinct car model platform for a distinct set of interior, e.g. “BMW X5 wood”) to one of our competitors in order to diversify their supplier portfolio, which has resulted, any may in the future result, in a loss of nominations for us and which may limit the potential for future growth of our market share.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.1.5 A decline in the financial condition of OEMs or other customers or suppliers, caused by the COVID-19 pandemic or due to other reasons, could have a material adverse impact on our business, financial condition and results of operations.

The financial condition of our customers is affected by the sales of their vehicles, in the case of OEMs, or other products, in the case of other customers, to their respective customers, which may be impacted by several factors, including general economic conditions. In particular, purchases of our customers’ products may be limited by their customers’ inability to obtain adequate financing for such purchases or by a decreasing customer demand for light vehicles in general.

Any material weakening of the sales of our largest customers could directly impact our business, financial condition and results of operations due to the potential postponement or cancelation of their planned purchases or the potential delay of their designs of new platforms.

Following the lockdowns in China, Germany and various other countries in the first half of 2020 and the resulting sudden decline in demand for light vehicles caused by the COVID-19 pandemic, automotive manufacturers in all regions increased their production volumes, which have, however, not yet returned to the levels prior to the outbreak of the COVID-19 pandemic, according to LMC Automotive.

We are also subject to counterparty credit risk as we may not fully or accurately assess the creditworthiness of our customers. In particular, the financial condition of and demand for our products from our OEM customers have been and continue to be affected by the COVID-19 pandemic. Significantly lower global production levels, tightened liquidity and increased cost of capital have in the past combined to cause financial distress among many OEMs and other customers and suppliers in the automotive industry and could have similar impact in the future. For instance, during previous economic downturns, OEMs and other customers and suppliers in the automotive industry suffered from declines in sales and production, which, together with structural issues specific to a number of these companies (such as significant overcapacity, pension and healthcare costs), caused certain of these companies to undergo restructurings, as well as shutdowns and/or a general decrease in production. Any similar decline in the creditworthiness of our customers in the future, for example as a result of the ongoing COVID-19 pandemic, could result in an increased default risk with respect to our trade receivables and there can be no assurance that any financial arrangements provided to these companies, or even a successful reorganization of such companies through bankruptcy, will guarantee their continued viability.

Any such increase in default risk or decline in the financial condition of our customers could have a material adverse effect on our business, financial condition and results of operations.

1.1.6 Our future success is dependent upon our ability to correctly anticipate and develop new products that are responsive to market trends and developments.

Our future success depends on our ability to anticipate market trends as well as technological changes, and to develop and bring to the market new and improved products in a timely manner. The automotive market, in particular, is characterized by progressive development towards more driver and passenger comfort features, quieter vehicles, electronic control and assistance systems.

There can be no assurance that (i) we will be successful in developing new products or systems or in bringing them to market in a timely manner, or at all, (ii) products or technologies developed by others will not render our offerings obsolete or non-competitive, (iii) our customers will not substitute our products with competing products, (iv) the market will accept our innovations, (v) our competitors will not be able to produce our non-patented products more inexpensively from other sources or (vi) we will be able to adjust our cost structure in the event of contraction of demand. Should we fail to develop appropriate strategies as a response to these or other market trends and should we fail to enhance existing products, develop new products or keep pace with developing markets trends or technology, growth opportunities could be lost or we could lose the opportunity to win new platforms from existing customers. Furthermore, if we devote resources to the pursuit of new technologies and products that fail to be accepted in the marketplace or that fail to be commercially viable, all or part of these engineering and development expenses may be lost.

Any of such risks could have a material and adverse effect on our revenue and profit margins and, therefore, our business, financial condition and results of operations.

1.1.7 Political, operational and economic uncertainty arising from the United Kingdom's recent withdrawal from membership in the European Union could adversely impact our business, results of operations, financial condition and prospects.

Following a national referendum and enactment of legislation by the government of the United Kingdom, the United Kingdom formally withdrew from the European Union ("**EU**") (the "**Brexit**") and ratified a trade and cooperation agreement, which has been signed on December 30, 2020 and formally entered into force on May 1, 2021, governing its future relationship with the EU (the "**EU-UK Trade Agreement**"). The EU-UK Trade Agreement addresses trade, economic arrangements, law enforcement, judicial cooperation and a governance framework including procedures for dispute resolution, among other things. Because the EU-UK Trade Agreement merely sets forth a framework in many respects and will require complex additional bilateral negotiations between the United Kingdom and the EU as both parties continue to work on the rules for implementation, significant political and economic uncertainty remains about how the precise terms of the relationship between the parties will differ from the terms before withdrawal. In particular, Brexit poses additional challenges both to the supply of goods from the EU to the United Kingdom.

These developments, or the perception that any related developments could occur, have had and may continue to have a material adverse effect on the automotive industry in the United Kingdom and the EU. For example, trade between the EU and the United Kingdom fell sharply at the beginning of 2021 as a result of new rules for trade including new border control procedures and customs forms. If the EU or the United Kingdom were to impose tariffs or other additional trade barriers, this could disrupt cross-border supply chains making it difficult for automotive manufacturers in the United Kingdom together with automotive part manufacturers in the EU to continue to operate their businesses, as previously conducted. Jaguar Land Rover, BMW and other auto manufacturers have previously announced that Brexit could materially disrupt their supply chains and force them to relocate operations outside the United Kingdom. The imposition of tariffs or a further decrease of the exchange rate for the British pound compared to the U.S. dollar, euro, Japanese yen or other major currencies could also increase the costs of, and decrease the demand for, automobiles in the United Kingdom.

Periods of further volatility and declines in financial and foreign exchange markets may occur and there may also be declines in economic activity in the United Kingdom and elsewhere as well as increased political tensions within the EU generally or the Eurozone in particular.

Brexit is likely to continue to subject us and the OEMs who are our customers to additional export expenses and increased trade barriers, and any increased costs may be difficult to pass through to end customers.

These factors could have a material adverse effect on our business, financial condition and results of operations.

1.1.8 The imposition of tariffs or non-tariff trade barriers on automobiles and other goods could have a material adverse effect on us.

The sales volume of our products and services depends upon the general global economic situation. Particular risks to the economic environment, international trade and demand for our products may arise from rising protectionist sentiment in our key markets and the introduction of further tariff and non-tariff barriers or similar measures due to increasing protectionist tendencies.

Since the beginning of 2018, the previous U.S. administration announced a series of potential measures relating to international trade, which, individually or in aggregate, could have a material adverse impact on the global economy, international trade or the automotive industry. In 2018 and 2019, the former Trump administration began to impose tariffs on certain products, including a 25% tariff on imports of steel and a 10% tariff on imports of aluminum in June 2018. In addition, the previous U.S. administration enacted a number of measures aimed at restricting the access of Chinese companies to the U.S. market. The Chinese government retaliated by imposing tariffs on a number of U.S. products. While the United States and China entered into an "Economic and Trade Agreement" in January 2020 as a first step to resolve the trade conflict, the targets for additional U.S. exports to China set in such agreement had not been met at the end of 2020. It is currently unclear whether the current U.S. administration will continue its predecessor's trade policy or return to pre-2018 trade policies.

The previous U.S. administration also negotiated a replacement of the North American Free Trade Agreement in October 2018. The new United States-Mexico-Canada Agreement includes more stringent rule of origin provisions and requirements for a minimum percentage of manufacturing being made with labor above a certain minimum wage. We have substantial operations in Mexico which currently supply our customers located in the United States under a preferred tariff system. The imposition of additional import restrictions, non-tariff trade barriers and/or tariffs could adversely affect our ability to supply customers in the United States or elsewhere. In addition, new import restrictions, non-tariff trade barriers and/or tariffs could result in higher prices for vehicles, which could in turn have a negative impact on the demand for vehicles and thereby indirectly our products. In addition, our results of operations could also be affected by retaliatory measures from Europe, China or other countries imposing tariffs on the United States.

Higher tariffs, or the imposition of tariffs could materially and adversely affect complex supply chains in the automotive industry. The automotive industry supply chain has developed over decades and relies on existing trade arrangements to provide for cross-border supplies of raw materials, automotive parts and other components. The impact of terminating existing trade arrangements could be materially disruptive to the supply chains resulting in immediate shortages of critical parts and components necessary to manufacture automobiles and other vehicles and material adverse impact on our business, financial condition and results of operations.

1.2 Risks Related to Our Business Operations

1.2.1 Our operations and financial results have been negatively impacted by the COVID-19 pandemic and the continued COVID-19 pandemic, or the outbreak of other contagious diseases, may have a material adverse effect on our business, financial conditions and results of operations.

Around the world, governments have been taking measures throughout 2020 and 2021 in response to the COVID-19 pandemic, including temporary closures of production facilities and other workplaces, social distancing measures, travel restrictions and imposing quarantines. The COVID-19 pandemic and governmental actions to contain its spread have resulted in a significant, swift and sustained decline in economic activity on a global scale. The duration of the pandemic and how much more extensive it will become is unclear. As of the date of this Prospectus, despite the availability of vaccines, government measures continue to be imposed, in particular as new variants of COVID-19 are being discovered.

Our operations and financial results to date have been negatively impacted by these developments. In the first half of 2020, as the COVID-19 pandemic spread around the globe, we temporarily suspended production in all of our facilities due to government ordered lockdowns or due to lack of demand from our OEM customers and implemented work-from-home protocols for our employees who are able to work remotely. The suspensions started in China early in 2020, followed by Europe in the spring of 2020 and also affected our facilities in Honduras and Mexico later in 2020. As a result of the suspension of production, the global disruptions in economic activities and the negative impact on our main OEM customers' business from falling consumer confidence, our revenue in Fiscal Year 2020/21 decreased to €602,718 thousand from €652,194 thousand in Fiscal Year 2019/20 and €711,140 thousand in Fiscal Year 2018/19. In addition, our Adjusted EBIT margin was impacted and decreased from 17.7% in Fiscal Year 2018/19 to 14.3% in Fiscal Year 2019/20 and remained at 14.3% in Fiscal Year 2020/21. While all of our production facilities are open at the date of this Prospectus and we have experienced a significant recovery in our business activities in the second half of Fiscal Year 2020/21, there can be no assurance that further lockdowns or other developments related to the COVID-19 pandemic will not lead to a further suspension of production at one or more of our facilities in the future.

Further adverse impacts that we have experienced or may experience due to the COVID-19 pandemic or the outbreak of a contagious disease in the future include:

- infections and quarantining of our employees in areas in which we operate;
- lower productivity and increased costs related to the introduction of social distancing measures at our production sites;
- additional costs for personal protection equipment for our staff;

- difficulties in our ability to satisfy our contractual obligations to our customers in a timely manner;

- cancellations, delays or lower call-offs from our customers due to lower demand, government imposed restrictions or other reasons;

- our customers, service providers or suppliers experiencing financial distress, filing for bankruptcy protection or insolvency, going out of business or experiencing disruptions to their operations;

- higher freight and logistics costs and delays due to border controls, increased supply chain complexity or the use of air freight in lieu of sea freight; and

- the need to introduce measures to reduce our costs and capital expenditure, including reductions in our work force, short time labor and implementation of a hiring or salary freeze.

As of the date of this Prospectus, the COVID-19 pandemic has had significant impacts on the financial markets. We are exposed to volatility on the financial markets through changes in currency exchange rates (see "*We are exposed to risks associated with changes in currency exchange rates*") and the liquidity risks associated with potential increases in borrowing costs and the availability of debt financing. The further economic impact of the COVID-19 pandemic will depend on the continuing spread of the virus and the response of the authorities as well as the global community. Although we have taken various measures as of the date of this Prospectus to address the impact of the COVID-19 pandemic, we can give no assurance that these or other measures implemented in the future will be sufficient. The situation in relation to the COVID-19 pandemic is dynamic and changes to travel-restrictions, shutdowns of non-essential businesses and shelter-in-place/stay-at-home orders are continually evolving. The extent of the COVID-19 pandemic's continued effects on our operational and financial performance will depend on future developments, including the duration, spread and intensity of the pandemic and the government measures implemented in response, or whether widespread shutdowns return, all of which are uncertain and difficult to predict considering the rapidly evolving landscape.

1.2.2 We generate a significant amount of our revenues from a limited number of large customers.

Although we supply our products to almost all leading premium OEMs, we depend on certain large customers for a significant proportion of our revenues. For example, for Fiscal Year 2020/21, our three largest customers represented approximately 75% of our series net sales (excluding tooling), and our five largest customers represented approximately 85% of our series net sales (excluding tooling). Our ten largest platforms represented approximately 45% of our series net sales (excluding tooling) for Fiscal Year 2020/21.

The loss of all or a substantial portion of our revenue with any of our large volume customers could have a material adverse impact on our business, financial condition and results of operations. This risk could also materialize if the content per vehicle awarded to us were to decrease or if we were awarded with a lower amount of content per vehicle than expected. While we have generally benefitted from an increasing content per vehicle in the past, there have been also been platforms with a decreasing content per vehicle.

In addition, the market for premium vehicles is significantly consolidated with a limited number of premium OEMs primarily based in Europe. While we increased our presence in Asia (in particular in China) as part of our growth strategy, the amount of business we have with Asian-based OEMs, generally lags that of our largest customers which are based in Europe due in part to the existing relationships between such Asian-based OEMs and their preferred suppliers. While we recently acquired business with certain Asian-based OEMs, such as Hyundai and Geely, there is no certainty that we can achieve further growth with additional Asian-based OEMs, or that any such growth will offset slower growth we may experience with our largest customers.

We may make fewer sales to these customers for a number of reasons, including, but not limited to:

- reduced demand for our customers' products, including, in particular, as a result of cyclical downturns that disproportionately affect the automotive industry;

- loss of estimated future revenues from product nominations and expansion of existing nominations over the lifetime of the respective platform (the "**Awarded Business**") or failure of Awarded Business to materialize, including as a result of sales or specifications of a platform falling short of our expectations;

- a decreasing content per vehicle, if our OEM customers were to tender fewer trim parts or trim parts with a lower value per vehicle or if we were to be awarded with a lower amount of content per vehicle than expected;

- inability to win nominations for new platforms that our customers introduce, whether as a result of a failure to offer competitive terms or a customer's desire to diversify their supplier base;

- strikes or other work stoppages affecting production by our customers;

- reduced or delayed customer requirements;

- curtailment or temporary suspension of production due to a shortage of components or sub-components (for example semiconductors)

- bankruptcy or insolvency of a customer.

Furthermore, our customers may consolidate or merge from time to time. Consolidation among our customers could result in an increasingly concentrated client base of large customers which could, among others, increase the bargaining power of our current and future customers. Mergers of our customers with entities that are not our customers could also materially impact our financial position and results of operations. Any significant changes in the ownership or operation of our customers, as a result of consolidation, merger or otherwise, could have a material adverse effect on our business, financial condition and results of operations.

1.2.3 A disruption in our or our customers' supply or delivery chain could cause one or more of our suppliers or customers to halt production.

Our suppliers, our customers and we rely on complex supply and delivery chains with short lead times and frequent deliveries, which make the logistics process in our industry very vulnerable to disruptions. As a result, we have experienced in the past, and expect to continue to experience in the future, temporary decreases in orders from our customers due to supply chain disruptions.

In general, supply chain disruptions may result from many reasons, including closures of supplier facilities or critical manufacturing facilities due to strikes, mechanical breakdowns, electrical outages, fire, explosions, as well as logistical complications resulting from weather or other natural disasters, mechanical failures, border controls, health checks and delayed customs processing or due to limitation of travel in logistics caused by the COVID-19 or another pandemic. The COVID-19 pandemic has had an adverse impact on our supply chain, for example as a result of production suspensions at our suppliers or additional border or import checks. While we have not experienced material difficulties in maintaining our supply chain, we had to take counter measures such as using air freight in lieu of sea freight and increasing inventory, which in turn has had a negative impact on our profitability. Since the beginning of 2021, we have also experienced minor delays in shipments to the United Kingdom as a result of new rules for trade including new border control procedures and customs forms.

In recent years, we have broadened our supplier base to include new suppliers in local markets, particularly the United States, Mexico, Canada and Asia, that have not yet proven their ability to consistently meet our requirements. The lack of even a small single subcomponent or raw material necessary to manufacture one of our products, for whatever reason, could force us to cease production, possibly for a prolonged period. Similarly, a potential quality issue could force us to halt deliveries while we validate our products. Even where products are ready to be shipped, or have been shipped, delays may arise before they reach our customer. When we cease timely deliveries, we have to absorb our own costs for identifying and solving the cause of the problem, as well as expeditiously producing and shipping replacement products.

If we are unable to deliver our products to our customers in a timely manner, our customers may be forced to cease production and may seek to recoup losses from us, which could be significant. Thus, any supply chain disruption could cause the complete shutdown of an assembly line of one of our customers, which could expose us to material claims for compensation.

In addition, we are exposed to the risk of lower order volumes from our customers due to a disruption to their supply chain which is unrelated to our products. For example, OEMs are currently faced with a global shortage of semiconductors, which has resulted in lower production volumes and temporary production suspensions at many OEMs, including certain of our OEM customers. Increased prices in the supply chain could also be caused by the requirements imposed by the German Supply Chain Duty of Care Act (*Gesetz über unternehmerische Sorgfaltspflichten in Lieferketten*) to be expected to enter into force on January 1, 2023. The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.2.4 We are exposed to fluctuations in prices of raw materials and energy.

Prices of certain raw materials and the energy we rely on are linked to commodity markets and thus subject to fluctuation. For the Fiscal Year 2020/21, our cost of materials amounted to €284,045 thousand. The primary raw materials and components used in our products are chrome and plastic parts, wood, aluminum, granulates, glue and synthetic materials. The prices of such raw materials have fluctuated significantly in recent years and have increased in the recent past. In addition, we use substantial amounts of energy in our manufacturing process the price of which is also subject to significant volatility. Such volatility in the prices of these commodities could increase the costs of manufacturing our products. For example, we have in the past experienced and continue to experience significant increases in the price for electrical energy for our manufacturing facility in Queretaro, Mexico and, to a lesser degree, in Langfang, China. In addition, supply shortages or delays in delivery of raw materials, components or energy can also result in increased costs of manufacturing our products. We do not actively hedge against the risk of rising prices of raw materials or energy. Our contracts with our customers do not allow us to pass on cost increases due to higher raw material or energy prices to them and if we are not able to compensate for such price increases, they could have a material adverse impact on our financial results. If costs of raw materials and/or energy rise, and if we are not able to undertake cost saving measures elsewhere in our operations or increase the selling prices of our products for new nominations, we may not be able to absorb such cost increases, which could have a material and adverse effect on our business, financial condition and results of operations.

1.2.5 We are exposed to risks associated with changes in currency exchange rates.

We operate worldwide and are therefore exposed to financial risks that arise from changes in exchange rates. Our primary exposure is to the euro to Chinese renminbi and U.S. dollar to Mexican peso exchange rates. To a lesser degree we are exposed to the exchange rates of the euro to the Czech koruna, the Mexican peso and the U.S. dollar and the U.S. dollar to the Honduran lempira. Currency exchange fluctuations could cause losses if assets denominated in currencies with a falling exchange rate lose value, while at the same time liabilities denominated in currencies with a rising exchange rate appreciate. In addition, fluctuations in foreign exchange rates could increase or reduce fluctuations in the prices of materials, since we purchase a part of the raw materials which we source with foreign currencies. As a result of these factors, fluctuations in exchange rates and, in particular a significant appreciation of the euro against other major currencies, could affect our results of operations.

External and internal transactions involving the delivery of products and services to and/or by third parties result in cash inflows and outflows which are denominated in currencies other than the euro or the functional currency of the respective subsidiary dealing with such cash flow. To the extent that cash outflows are not offset by cash inflows resulting from operational business in such currency, the remaining net foreign currency exposure is not neutralized.

While we hedge a portion of our exposure to the exchange rate of the euro to the U.S. dollar, we do not currently hedge the majority of our foreign exchange risks. In addition, a number of our consolidated companies report in currencies other than the euro, which requires us to convert the respective financial information into euro when preparing our consolidated financial statements.

Even if we enter into certain further hedging arrangements in the future, there can be no assurance that hedging will be available on commercially reasonable terms. In addition, if we were to use any hedging transactions in the future in the form of derivative financial instruments, such transactions may result in mark-to-market losses.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.2.6 Tooling and other start-up costs as well as inefficiencies related to new products or platforms can adversely affect our operating results and such costs may not be fully recoverable if new programs are cancelled.

New products or platforms that customers award us often entail significant costs with respect to the development and manufacture of specialized tools, the design, development and testing of the products to match the customer's specifications, as well as establishing additional production lines or new facilities where required. If we are unable to recoup these start-up costs, manage our labor and equipment resources effectively in connection with the establishment of new customer relationships or the launch of new platforms, or to correctly estimate required resources, our gross margins and results of operations could be adversely affected. These factors are particularly evident in the early stages of the life cycle of new products and new programs and in the opening of new facilities, when we may face substantial additional costs and inefficiencies, such as increased scrap rates (*i.e.*, the percentage of defective products or products that do not meet agreed upon specifications). These factors also affect our ability to efficiently use labor and equipment. In the past we experienced increased scrap rates and other inefficiencies in certain manufacturing plants in connection with the ramp-up of the production of trim elements for several high-volume platforms resulting in additional costs. More recently, we also experienced certain problems in connection with the ramp-up for a new platform in one of our manufacturing plants and recorded a provision in the amount of €2,960 thousand in Fiscal Year 2020/21 as a result thereof. If any of these new programs or new customer relationships were terminated, our operating results could be adversely affected, particularly in the short term. We expect that we will continue to experience significant additional expenses, inefficiencies and higher scrap rates in connection with the ramp-up of new platforms.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.2.7 We may not be able to realize revenues represented by our Awarded Business.

We present Awarded Business as an operational key performance indicator in this Prospectus. As of March 31, 2021, our Awarded Business amounted to approximately €4.5 billion. These Awarded Business figures are an estimate based on a number of assumptions and do not represent, and should not be considered a proxy for, order backlog or similar measures used by other companies. The realization of future revenues from Awarded Business is inherently subject to a number of important risks and uncertainties, including the number of vehicles that our customers will actually produce, take-up rates for individual specifications for a platform and the timing of that production. Further, there is no guarantee that our customers will renew their purchase orders with us.

The terms and conditions of the agreements with our customers only include a commitment to purchase a very low number of trim elements from us. Thus, there can be no assurance that we will continue to supply our customers in the future with a volume of our products we have supplied to them in the past or at all. If a customer were to purchase less than the pre-agreed minimum of trim elements, we may not be able to, or we may choose not to, seek compensation from our customers for any related loss. In addition, such contracts typically provide that customers have the contractual right to unilaterally terminate our contracts with them with no notice or limited notice. If such contracts are terminated by our customers, our ability to obtain compensation from our customers for such termination is generally limited to the direct out-of-pocket costs that we incurred for materials and work-in-progress and in certain instances undepreciated capital expenditures and tooling. For example, one of our customers recently cancelled plans for two platforms that were planned to launch in 2022 and we are in discussion regarding potential compensation for tooling and nominations expenses which we already had incurred.

If we do not realize all of the sales expected from our Awarded Business, our profitability and cash flows would be adversely affected.

1.2.8 We may be subject to risks in connection with entering new markets and expanding our business in existing markets.

As part of our strategy, we may expand our product offering or seek to increase our business in geographic markets in which our market share is currently relatively low. The costs associated with entering and establishing ourselves in new product markets or increasing our market share in existing geographic markets and expanding our operations may, however be higher than expected and we may face significant competition in these markets. We may also face unforeseen technical production, quality or supply chain problems as we are less familiar with these markets. In addition, we may not be able to establish ourselves as a trusted supplier, and consequently and consequently fail to achieve the targeted financial results. The materialization of any of the risks described above could have a material adverse effect on our business, results of operations, cash flows and financial position.

1.2.9 A number of OEMs have been the subject of investigations and increased scrutiny regarding diesel automobiles which could indirectly affect our business.

In recent years, authorities in the United States and Europe have alleged that certain OEMs intentionally programmed automobiles with diesel engines to restrict emissions during regulatory emissions testing to pass applicable requirements. It is alleged, and is some cases determined, that certain software installed in such engines detected when the vehicle was being subject to an emissions compliance test and that such software functioned as a "defeat device" and allows vehicles to meet the emissions standards for nitrogen oxide in a laboratory or testing situation but during normal operations, results in increased nitrogen oxide emissions above the applicable standards. A number of OEMs, including Daimler, Audi and Volkswagen, as well as suppliers, have been subject to negative press coverage and/or criminal investigations and/or civil actions in multiple jurisdictions, in some cases leading to product recalls and substantial fines.

More stringent testing standards for diesel vehicles have been developed in response by regulators in the United States and the EU. See "*—Legal, Taxation and Environmental Risks—Change in legislation or government regulations could have a significant impact on our business and results of operations.*". Additionally, certain groups and initiatives have announced voluntary or local-level restrictions on the circulation of diesel automobiles, even if they are compliant with applicable standards, including the mayors of Athens, London, Madrid, Mexico City, and Paris and several major German cities including Frankfurt, Hamburg, Munich and Stuttgart have either introduced local bans on diesel automobiles or may introduce such ban in the near future. In China, limited access to vehicle registration is used to slow the increase in traffic and related pollution. We do not produce software for engines and demand for our products is independent from the propulsion system of the vehicle. However, to the extent that our significant OEM customers curtail their production or investment in new platforms or discontinue platforms that incorporate our products or consumer demand for premium automobiles is reduced, our business may suffer, or we could realize a lower amount of our Awarded Business.

The realization of any of these risks could a material adverse effect on our business, financial condition and results of operations.

1.2.10 Our business is subject to changes in materials, technology, technical standards and consumer preferences.

Our business requires a high level of technical expertise for the design, development and manufacture of our products. We invest in technology, new materials and innovation which we believe will be critical to our long-term growth and we need to continually adapt our expertise in response to technological innovations, industry standards and customer requirements or preferences. Our ability to anticipate changes in technology and market trends and to successfully develop and introduce new and enhanced products or manufacturing processes on a timely basis will be a significant factor in our ability to remain competitive. New technologies, materials or changes in industry and customer requirements may render one or more of our current offerings obsolete, excessively costly or otherwise unmarketable. If there is a shift away from the use of materials or technologies in which we are investing, our costs may not be fully recovered, including, for example, the costs and expenses we incurred in connection with the development of or investment in such material or technology. We may be placed at a competitive disadvantage if other materials or technologies emerge as industry leading.

Additionally, private users of transportation increasingly use modes of transportation other than the private automobile, especially in connection with growing urbanization and car sharing. The increased use of car sharing concepts and new city-based car rental schemes could reduce dependency on private automobiles and demand for customized premium vehicles. Any of these changes could have a material adverse effect on our business, financial condition and results of operations.

1.2.11 Our business success depends on our ability to maintain the high quality of our products and processes.

As a supplier of premium decorative interior trim products, one of the determining factors for our customers in purchasing our components and systems is the high quality of our products and manufacturing processes. A decrease in the actual or perceived quality of our products and processes could damage our image and reputation as well as those of our products. In addition, defective products could result in loss of sales, loss of customers and loss of market acceptance or could damage our reputation and market perception, which in turn could have an adverse effect on our current and future sales and results of operations. See "—*Legal, Taxation and Environmental Risks—We are exposed to warranty and product liability claims*".

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.2.12 We are required to obtain and maintain quality and product certifications for certain markets and customers.

In some countries, certain product certifications with regard to specifications and quality standards are necessary or preferred in order for these products to be accepted by customers and markets. As such, we need to be able to obtain and maintain the relevant certifications so that our customers are able to sell products which include components that are manufactured by us in such countries. In addition, some customers also require us to maintain certain standards and conduct inspections at regular intervals to ensure we maintain these standards. Any failure to meet or maintain the requirements needed to secure or renew such certifications could result in a material adverse effect on our business, financial conditions and results of operations.

1.2.13 A shift in market shares among vehicles or vehicle segments or shifts away from vehicles in which we have significant content could have a material adverse effect on our profitability.

Our products are predominantly used in premium cars and sports utility vehicles ("**SUV**"). While we supply a majority of the platforms in these segments, we do not supply products for all vehicles in these segments, nor is the number or value of our products evenly distributed among the platforms for which we supply products. Accordingly, shifts in market shares among vehicle segments or platforms (including as a result of the disruptions caused by the COVID-19 pandemic), particularly shifts away from platforms in which we have significant content per vehicle, or changing consumer preferences in the platforms we supply could have a material and adverse effect on our business, financial condition and results of operations.

1.2.14 We depend on a limited number of key suppliers for certain products.

We require substantial amounts of raw materials and components, including chrome and plastic parts, wood, veneer, aluminum, granulates, glue and synthetic materials. We are subject to the risk that any or all of these materials may be unavailable or unavailable at affordable costs. Although our general policy is to source materials from multiple suppliers for each raw material, reliance on a single supplier cannot always be avoided and, consequently, we are dependent on certain suppliers. Furthermore, our suppliers or procurement teams may experience supply delays, cancellations, strikes, insufficient quantities or inadequate quality which could result in interruptions in production and, therefore, have a negative impact on our production capacity and lead to underutilization of our manufacturing facilities, which in turn may cause delays in the delivery of products to our customers. If any one of our suppliers becomes unable to meet our delivery requirements for any reason (for example, due to insolvency, destruction of production facilities or refusal to perform following a change in control), we may be unable to source input products from other suppliers upon short notice and/or at the required volume. Any such delay or failure of delivery by our suppliers could result in delaying our customers' production schedule, which could result in loss of business and reputational damage to us.

In addition, our OEM customers generally have approval rights with respect to the suppliers and processes. Accordingly, depending on the raw material, we may be limited in our ability to source input products from other suppliers if the relevant OEM customer has not already approved such other suppliers.

Any of these risks could lead to order cancellations or even claims for damages and could harm our long-term relationships with OEM customers, who may choose to select another supplier. The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.2.15 We, our suppliers or our customers may be unable to obtain or maintain sufficient financing, including working capital financing, and credit insurance.

Our working capital requirements can vary, depending in part on the level, variability and timing of our customers' vehicle production, the number of new platform launches and the payment terms with our customers and suppliers. Our liquidity could also be adversely impacted if our suppliers were to suspend normal trade credit terms and require payment in advance or on delivery. If our available cash flows from operating activities are not sufficient to fund our ongoing cash needs, we would be required to look to our cash balances and availability for borrowings, including under our new senior facilities agreement dated June 18, 2021, to satisfy those needs, as well as potential additional sources of capital, which may not be available on satisfactory terms, in sufficient amount or at all. There can be no assurance that we, our suppliers or our customers will continue to have access to these or other sources of liquidity. This may increase the risk that we cannot produce our products or will have to pay higher prices for our inputs. These higher prices may not be recovered in our selling prices.

Our suppliers typically seek to obtain credit insurances for deliveries of raw materials and components to us. If for any reason our suppliers were not able to obtain such credit insurance, or not at commercial terms, they may not be able to offer us the same payment terms that we have historically received, which could significantly increase our working capital requirements.

Any significant change in our needs for or the availability of working capital financing or credit insurance may have a material adverse effect on our liquidity.

1.2.16 We depend on our ability to attract and retain qualified executives, key employees and skilled and qualified personnel.

Our success depends on attracting and retaining managing directors, executive officers, senior management, key employees and other skilled and unskilled personnel. In particular, our chief executive officer ("**Chief Executive Officer**") and chief financial officer ("**Chief Financial Officer**") have been with us since 2013 and 2012, respectively, and have played a key role in the global expansion of our manufacturing footprint and the diversification of our product portfolio. Losing our Chief Executive Officer or Chief Financial Officer could jeopardize our ability to further execute our strategy. More generally, the loss of directors, executives, key employees and other skilled personnel could have a material adverse effect on our market position. Due to intense competition within the industry, there is a risk of losing qualified employees to competitors or being unable to find a sufficient number of appropriate new employees. Considerable expertise could be lost or access thereto gained by competitors.

There is no assurance that we will be successful in retaining our executives and the employees in key positions or in attracting new employees with corresponding qualifications. Although we try to retain the commitment of our qualified executives and key employees through performance-based remuneration systems, there is a risk that any such individuals will leave us, including as a result of negotiations of collective bargaining agreement on terms that may be regarded as below market standard by employees.

The manufacture of many of our products requires significant technical skills and expertise. The success of our operations and growth strategy will therefore also depend on attracting and retaining skilled and qualified personnel (including the need to identify, recruit, train and integrate additional employees), maintaining our high quality standards and implementing our standardized process and quality management globally. The labor markets for production staff in some of the regions in which we are active, such as the Czech Republic, Germany, Mexico or Slovenia, are characterized by very low unemployment rates and strong historic employment growth, resulting in intense competition for qualified personnel and an increased turnover rate.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.2.17 Our business could be adversely impacted by strikes and other labor disputes.

We operate a large, global business with 5,717 employees (total, by headcount and including 49 inactive employees in Kulmbach) as of March 31, 2021. The labor force in the automotive industry, including our labor force, is highly unionized, especially in Europe and Mexico. Over the past several years, our industry and the industries in which our customers operate have experienced strikes, lockouts, refusals to work or plant seizures. Although in the recent past we have not experienced, and at present we are not experiencing, any major labor disputes, our relationships with our employees and our unions at our various locations could deteriorate in the future and we could experience strikes, further unionization efforts or other types of conflicts with labor unions or our employees. Refusals to work or work downtime experienced by our customers or our other suppliers could result in delays, decreased productivity or closures of assembly facilities where our products are needed for assembly. This could have a material and adverse effect on our business, financial condition and results of operations.

1.2.18 Increasing labor costs in various jurisdictions in which we operate may adversely affect us.

Increasing labor costs in certain low-cost countries in which we operate such as China, the Czech Republic, Honduras, Mexico or Slovenia, may erode our profit margins and compromise our price competitiveness. Recent wage increases have increased average wage expenses per employee and although we undertake various incentive programs to improve the productivity of our employees, as well as low-cost automation initiatives designed to reduce labor costs, these measures may be insufficient to offset increases in personnel costs or we may be unable to effectively manage these increases in the future. As a consequence, our business, financial condition and results of operations may be adversely affected.

1.2.19 We are exposed to risks in connection with our pension obligations, which may lead to unexpected funding obligations.

We have defined benefit pension plans in Germany as well as pension plans with one-off payments as required by law in Italy, Mexico and Slovenia. As of March 31, 2021, the present value of our pensions and similar obligations amounted to €34,644 thousand. We are also subject to risks associated with longevity, changes in interest rates and salary increases in connection with our defined benefit pension plans as increases in life expectancy, lower than expected rate increase or higher than expected salary increases would increase our benefit obligations. Any such increase in our benefit obligations could have a material adverse effect on our financial condition and liquidity.

1.2.20 Our operations rely on complex IT systems and networks.

We rely heavily on centralized, standardized information technology ("**IT**") systems and networks to support business processes, as well as internal and external communications. Any failure in the operation of these IT systems could result in material adverse consequences, including disruption of operations, loss of information or an unanticipated increase in costs. In addition, from time to time, we are required to make investments to maintain and/or upgrade our IT systems and networks and such investments may be significant.

Our ability to keep our business operating depends on the proper and efficient operating and functioning of various IT systems which are susceptible to malfunctions and interruptions (including due to equipment failure, power outages, computer viruses, cyber-attacks such as internal and external security breaches and a range of other hardware, software or network problems). The risk of computer viruses, cyber-attacks and security breaches is further increased while many of our employees continue to work remotely as a result of the COVID-19 pandemic. A significant or large-scale malfunction or interruption of one or more of our IT systems could adversely affect our ability to keep our operations running efficiently or at all and affect product availability. Furthermore, it is possible that a malfunction of our data security measures or a cyber-attack could enable unauthorized persons access to sensitive business or personal data, including information to our intellectual property or business strategy or those of our customers. Such failure could cause economic loss for which we could be liable and may expose us to governmental investigations, disciplinary actions and fines. A failure of our IT systems could also cause damage to our reputation which could harm our business.

The realization of any risks related to our IT system and network disruptions could have a material and adverse effect on our business, financial condition and results of operations.

1.2.21 We could be adversely affected by property loss and unforeseen business interruption.

Damage and loss caused by fire, accidents, natural disasters, terrorism, political unrest, enhanced national security measures, conflicts, strained international relations, national and international health emergencies (such as the COVID-19 pandemic or other contagious diseases), severe weather or other disruptions of our production process at our manufacturing facilities or within our supply chain, with respect to customers and with suppliers, can be severe. Such risks arising from business interruption and loss of production are insured at levels considered economically reasonable by us, but our insurance coverage could prove insufficient in individual cases. Furthermore, such events could injure or result in the death of individuals or damage or destroy third party property or the environment, which could, among other things, lead to considerable financial costs for us. In addition, our manufacturing processes are dependent on critical pieces of manufacturing equipment that may, on occasion, be out of service as a result of unanticipated failures, which may result in production bottlenecks and breakdowns.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.2.22 We are subject to risks related to our global operations.

Our global operations include manufacturing facilities in China, the Czech Republic, Germany, Honduras, Italy, Mexico, Slovenia and the United States. Our future revenue growth depends upon the successful operation of our manufacturing facilities, the efficiency of our delivery and distribution system and the successful management of our sales, marketing, support and service teams through direct and indirect channels in various countries around the world where our current or potential customers are located. The expansion of our business has required, and we expect will continue to require, that we establish new offices, manufacturing facilities, hire new personnel and manage businesses in widely disparate locations with different economies, legal systems, languages and cultures.

Our global operations are subject to various risks that could have a material adverse effect on those operations and our business as a whole, including:

- exposure to local economic conditions;
- exposure to local public health crisis, including but not limited to the COVID-19 pandemic, local measures to counter such crisis, such as lock-downs and the resultant impact on economic and political conditions;
- exposure to local political conditions, including political disputes, coups, requirements to expend a portion of funds locally, expropriation and nationalization by a government;
- increased risk of fraud and political corruption;
- transport availability and costs;
- changes in tax law;
- exposure to varying environmental laws;
- unexpected changes in regulatory requirements;
- changes to existing free trade agreements and the imposition of export and import restrictions (such as anti-dumping duties, tariffs, embargoes, border controls and additional health checks);
- exposure to liabilities under the U.S. Foreign Corrupt Practices Act, the UK Bribery Act 2010 or similar regulations;
- compliance with U.S. Department of Commerce export controls or export control provisions of other jurisdictions, including the EU and China;
- government imposed investment and other restrictions or requirements;
- exposure to local social unrest, including any resultant acts of war, terrorism or similar events;
- currency exchange rate and interest rate fluctuations;
- hyperinflation in certain countries;
- increased reliance on local suppliers that have not proven their ability to meet our requirements;
- the risk of government-sponsored competition;
- increased risk of uncontrollable accounts and longer collection cycles (particularly in China);
- difficulty enforcing agreements and collecting receivables through certain legal systems;
- variations in protection of intellectual property and other legal rights;

- difficulties associated with staffing and managing international operations, including differing labor relations;

- social plans that may substantially increase the cost of or make cost-prohibitive certain restructuring actions; and

- controls on and delays in the repatriation of cash (particularly in China), including the imposition or increase of withholding and other taxes on remittances and other payments by non-U.S. subsidiaries.

Any of these factors could have a material and adverse effect on our business, financial condition and results of operations.

1.2.23 We may be forced to restructure, downsize, close or sell some of our manufacturing facilities which could have an adverse effect on our profitability

In the event of a decrease in global or regional demand for vehicles, certain of our customers may cut production or postpone new vehicle platforms, or in extreme cases take the step of cancelling or scaling back future product plans. Further, as OEMs follow a trend of localization of production in certain lower-cost countries, they have and/or may in the future close plants in certain locations while opening plants in new locations, requiring suppliers to follow this geographic migration. In the event that restructuring efforts by certain of our customers affect platforms for which we supply or are scheduled to supply components, we may need to restructure or downsize our operations in order to align them with the evolving needs of our customers. In such an event, we may incur restructuring, downsizing and/or other significant non-recurring costs in our operations, which could have a material and adverse effect on our business, financial condition and results of operations.

Additionally, if we close manufacturing facilities because of loss of business or consolidation of manufacturing facilities, the employee severance, asset retirement and other costs, including reimbursement costs relating to public subsidies, to close these facilities may be significant. For example, by the end of December 2020, we closed our manufacturing facility in Kulmbach and transferred the production capacities to other manufacturing facilities with the aim to optimize our production capacity. We incurred restructuring costs in a mid-single digit euro million amount in connection with the closing of the Kulmbach facility. In certain locations that are subject to leases, we may continue to incur material costs consistent with the initial lease term. We continually attempt to align production capacity with demand; therefore there can be no assurance that manufacturing facilities will not have to be closed. The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.2.24 Any investment or acquisitions we make could disrupt and materially harm our business.

We may make investments or acquisitions in the future that we believe present opportunities for growth and strengthening of our business, including by adding technological capabilities, improving our operational efficiencies including through the reorganization of our Group, entering into joint venture or similar agreements, increasing the extent of our vertical integration or enhancing our geographical presence or customer relationships. Such investments and acquisitions involve a number of risks, including:

- difficulties in the integration of the acquired businesses;

- the diversion of our management’s attention from other business concerns;

- uncertainties in assessing the value, strengths and potential profitability of, and identifying the extent of all weaknesses of, acquisition candidates;

- the assumption of unknown liabilities, including environmental, tax, pension and litigation liabilities, and undisclosed risks impacting the target;

- adverse effects on existing customer and supplier relationships;

- in the case of joint ventures, lack of control over certain decisions to be made with respect to such joint venture;

- incurrence of substantial indebtedness;

- integration of internal controls;
- entry into markets, including, potentially, emerging markets, in which we have little or no direct prior experience;
- the potential loss of key customers, management and employees of an acquired business;
- potential integration or restructuring costs;
- the ability to achieve operating and financial synergies; and
- unanticipated changes in business, industry or general economic conditions that affect the assumptions underlying our rationale for pursuing the acquisition.

We cannot ensure that we will be able to successfully integrate acquisitions that we undertake or that such acquisitions will perform as planned or prove to be beneficial to our business and results of operations. The occurrence of any one or more of these factors could cause us not to realize the benefits anticipated to result from an acquisition and could have a material and adverse effect on our business, financial condition and results of operations.

1.2.25 We may not be adequately insured.

We currently have insurance arrangements in place for products and public liability, property damage, business interruption (including for sudden and unexpected environmental damage). These insurance policies may not, however, cover any losses or damages resulting from the materialization of any of the risks we are subject to. For example, if any of our manufacturing facilities were damaged or our operations were interrupted for a sustained period of time, there can be no assurance that our existing insurance policies, will be adequate to cover for any and all potentially resulting damages and losses.

Further, significant increases in insurance premiums could reduce our cash flow. It is also possible in the future that insurance providers may no longer wish to insure businesses in our industry against certain environmental occurrences. Any such event could have a material and adverse effect on our business, financial condition and results of operations.

1.3 Legal, Taxation and Environmental Risks

1.3.1 We are exposed to warranty and product liability claims.

As a manufacturer, we are subject to product liability lawsuits and other proceedings alleging violations of due care, violation of warranty obligations (implied and expressed), treatment errors, safety provisions and claims arising from breaches of contract or fines imposed by government or regulatory authorities. In view of the large amounts of products manufactured and distributed to a variety of customers in the automotive sector, we are from time to time faced with liability claims related to actual or potentially deficient charges of our products and may therefore be held liable in cases of death, bodily injury or damage to property caused by a defective product manufactured by us. Any such lawsuits, proceedings and other claims could result in increased costs for us. In addition, defective products could result in loss of revenue, loss of customers, and loss of market acceptance and reputation, of our customers' end-product, and could lead to cost of repair and replacement. The risks arising from such warranty and product liability lawsuits, proceedings and other claims are insured up to levels we consider economically reasonable, but the insurance coverage could prove insufficient in individual cases.

Furthermore, we manufacture many products pursuant to customer specifications and quality requirements. If the products manufactured and delivered by us do not meet the requirements stipulated by our customers at the agreed date of delivery, production of the relevant products is generally discontinued until the cause of the product defect has been identified and remedied. Furthermore, our customers could potentially bring claims for damages on the basis of breach of contract, even if the cause of the defect is remedied at a later point in time. In addition, failure to perform with respect to quality requirements could negatively affect the market acceptance of our other products and our market reputation in various market segments.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.3.2 We are subject to risks from legal, administrative and arbitration proceedings.

Our Group companies are involved in legal, administrative and arbitration proceedings and could become involved in additional legal, administrative and arbitration proceedings. These proceedings or potential proceedings could involve, in particular in the United States, substantial claims for damages or other payments. Based on a judgment or a settlement agreement, we could be obligated to pay substantial damages. Our litigation costs and those of third parties could also be significant. Any adverse legal, administrative or arbitration proceedings could have a material and adverse effect on our business, financial condition and results of operations.

1.3.3 Our operations are subject to stringent applicable environmental laws and regulations, which are subject to change, and our operations in China have been subject to forced interruptions due to environmental laws.

The nature of our business subjects us to significant government regulation, including, but not limited to, increasingly stringent environmental laws and regulations in most jurisdictions where we operate. Such laws and regulations also require permits, licenses and/or authorizations to be obtained and reports and forms to be completed and delivered, *inter alia*, to the competent authorities in connection with the operations of our business. This regulatory framework imposes on us significant day-to-day compliance burdens, costs and risks.

In the past, local authorities in Beijing ordered certain manufacturing facilities, including our manufacturing facility in Langfang (which is located near Beijing and represents our only manufacturing facility in Asia), and other sites to stop production on several occasions in order to improve air quality and lower the concentration of volatile organic compound pollutants in the air. In response to these production stops, we have sought to increase our available production capacity and upgrade our infrastructure to further reduce volatile organic compounds emissions and provide a capacity buffer, which may allow us to maintain a sufficient capacity in case of a forced partial production stoppage. As a result, our manufacturing facility is currently included on a white list of facilities. However, there can be no assurance that being included on the white list will protect us from future forced production stoppages during times of severe pollution or that we will be included on the white list permanently. The manufacturing facility in Langfang may face further production stoppages in the future and may be required to make further significant investments in pollution avoidance technology.

Further, we are subject to Regulation (EC) No. 1907/2006 (Registration, Evaluation, Authorisation and Restriction of Chemicals ("**REACH**") and similar regulations under other applicable law which govern the production and use of chemicals. Several of the chemicals we use are or may be classified as substances of very high concern and are or could become subject to restrictions on use or become prohibited. If chemicals we use become subject to further restrictions on use or prohibited, we must replace these substances, which may have a financial impact on our business operations. For example, hexavalent chromium ("**Chromium VI**"), a chemical compound used in the production of chrome parts, is classified as a substance of very high concern under REACH. The use of Chromium VI in the EU is therefore only permitted if the manufacturer has received an authorization from the competent authorities. Given increased concerns regarding the health effects of Chromium VI, the authorities apply a restrictive practice in granting such authorizations, e.g. by imposing shorter terms, requiring additional precautions and banning certain uses. While we do not manufacture chrome parts and our suppliers of chrome parts are often pre-selected by our OEM customers, there can be no assurance that the production of chrome parts using Chromium VI will continue to be permitted. Should the use of Chromium VI be further restricted or banned, our suppliers and OEM customers would be forced to find alternative materials.

Violations of such laws and regulations (including, but not limited to, failure to timely renew our licenses or comply with the conditions imposed by environmental authorities for the licenses to be valid and effective) may give rise to significant liability, including, but not limited to, fines and penalties, monetary and reputational damages, third party liabilities, limitations on our business operations and site closures, and there can be no assurance that we have been and will be in material compliance with all applicable laws and regulations governing the protection of the environment and human health, including but not limited to laws and regulations concerning occupational and employee health and safety.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.3.4 We are exposed to risks in relation to compliance with anti-corruption laws and regulations and economic sanction programs.

Doing business on a worldwide basis requires us to comply with the laws and regulations of various jurisdictions. Our international operations are subject to applicable anti-corruption laws, such as the U.S. Foreign Corrupt Practices Act of 1977 and the United Kingdom Bribery Act of 2010, and regulations and economic sanction programs, including, without limitation, those administered by the United Nations, the EU and the Office of Foreign Asset Control in the United States (collectively, "**Sanctions**"). Economic sanctions programs may restrict our business dealings with certain sanctioned countries. As a result of doing business in foreign countries, we are exposed to a risk of violating anti-corruption laws and Sanctions regulations applicable in those countries where we, our partners or agents operate. Our worldwide operations increase the risk of violations of anti-corruption laws or similar laws. Some of the countries in which we operate still lack a developed legal system with high standards regarding anti-corruption and similar laws and are perceived to have high levels of corruption.

Violations of anti-corruption laws and Sanctions regulations are punishable by civil penalties, including fines, denial of export privileges, injunctions, asset seizures, debarment from government contracts (and termination of existing contracts) and revocations or restrictions of licenses, as well as criminal fines and imprisonment. In addition, any major violations could have a significant material adverse impact on our reputation and consequently on our ability to win future business and on our business, financial condition or results of operations.

While we have policies and procedures in place that are designed to promote compliance with applicable anti-corruption laws and Sanctions, there can be no assurance that our policies and procedures will be followed at all times or effectively detect and prevent violations of the applicable laws by one or more of our employees, consultants, agents or partners and, as a result, we could be subject to penalties and material adverse consequences on our business, financial condition or results of operations if we failed to prevent any such violations.

1.3.5 Our internal controls, procedures, compliance systems and risk management systems may prove to be inadequate to prevent and discover previous or future breaches of laws and regulations and generally to manage risks.

Members of our governing bodies, employees, authorized representatives or agents may intentionally or unintentionally violate applicable laws and internal standards and procedures, in particular in relation to anti-corruption, money-laundering, antitrust and sanctions compliance as well as compliance with laws and regulations regarding sales practices, products and services, environment, finance, employment and general corporate and criminal law. However, there can be no certainty that our internal controls, procedures, compliance systems and risk management systems will be able to identify such violations, ensure that they are reported in a timely manner, evaluate them correctly or take the appropriate countermeasures, and that they will be adequate for an enterprise of our scale and complexity.

There can further be no certainty that any countermeasures we implement will be appropriate to reduce the corresponding business risks effectively, that breaches of law, regulations or internal controls have not occurred in the past or that their discovery would not result in significant liability or reputational damage for us. Moreover, in light of continuously evolving legal and regulatory requirements, and internal developments such as corporate reorganizations, there can be no certainty that our risk management systems, internal controls and compliance systems and related governance structures will adequately identify and address all relevant requirements.

Any failure to effectively prevent, identify or address violations of our legal obligations as a result of inadequate internal controls, procedures, compliance systems and risk management systems could result in penalties and other sanctions, liabilities, the assertion of damages claims by third parties, and reputational damage, each of which could have a material adverse effect on our business, financial condition or results of operations.

1.3.6 We could be held liable for soil, surface water or groundwater contamination or for risks related to hazardous wastes, substances and/or materials, including clean up obligations and third party claims (e.g., for bodily injury or property damage).

Many of the sites at which we operate have been used for industrial purposes for many years, leading to risks of contamination and resulting site restoration obligations for us. In addition, under federal and state environmental laws and regulations (including state property transfer laws), we could be held responsible for the remediation of offsite areas impacted by our sites and operations, natural resource damages, and/or third party claims (*e.g.*, for bodily injury or property damage). Regulatory authorities could assert claims against us, as the current or former owner or tenant (operator) of the affected sites or as the party that caused or contributed to the contamination, for the investigation or remediation or containment of such soil or groundwater contamination or other environmental media (*e.g.*, surface waters), including related to our use of non-owned treatment, storage and disposal sites or order us to dispose of or treat contaminated soil excavated or water encountered in the course of construction. We could also be liable to the owners or occupants of sites leased by us, sites we sell, or other impacted properties. Costs typically incurred in connection with such claims are generally difficult to predict. Also, if any contamination were to become a subject of public discussion, there is a risk that our reputation or relations with our customers could be harmed.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.3.7 We may face risks relating to climate change that could have an adverse impact on our business.

Greenhouse gas emissions have increasingly become the subject of substantial international, national, regional, state and local attention. Greenhouse gas emission laws and regulations have been promulgated in certain of the jurisdictions in which we operate, and additional greenhouse gas requirements are in various stages of development. In addition, the U.S. Environmental Protection Agency ("**EPA**") has issued regulations limiting greenhouse gas emissions from mobile and stationary sources pursuant to the U.S. Clean Air Act. The final Carbon Pollution Standards for new, modified and reconstructed power plants reflect the degree of emission limitation achievable through the application of the best system of emission reduction that the EPA has determined has been adequately demonstrated for each type of unit. Our customers may seek price reductions from us to account for their increased costs resulting from greenhouse gas requirements.

Germany, as one of the measures intended to meet national climate targets, recently expanded its national CO_2 pricing and trading system to include emissions from the burning of fossil fuels by vehicles. The system entails mandatory emission certificates that must be acquired by sellers of fossils fuels and the costs of which are expected to be passed on to end consumers, i.e. vehicle users. The initial price for an emission certificate has been set at €25 per ton of CO_2 for 2021 and is expected to step up to approximately €55 to €65 per ton of CO_2 in 2026. The new system has already resulted in higher fuel prices in Germany and is expected to have a further significant impact in the future, which could in turn have a negative effect on the demand for vehicles in Germany.

Elsewhere, growing pressure to reduce greenhouse gas emissions from mobile sources could reduce automobile sales, thereby reducing demand for our products and ultimately our revenues. Thus, any additional regulation of greenhouse gas emissions, including through a cap-and-trade system, technology mandate, emissions tax, reporting requirement or other program, could adversely affect our business, results of operations, financial condition, reputation, product demand and liquidity.

1.3.8 Our operations subject us to the risk of health and safety liabilities.

The nature of our operations subjects us to various statutory and regulatory compliance and litigation risks under health, safety and employment ("**HSE**") laws. There can be no assurance that there will be no accidents or incidents suffered by our employees, contractors or other third parties on our sites. If any accidents or incidents occur, we could be subject to prosecution and litigation, which could result in fines, penalties and other sanctions imposed on us and could cause damage to our reputation. The realization of any of these risks could have a material adverse effect on our business, results of operations, financial condition, reputation, product demand and liquidity.

1.3.9 Change in legislation or government regulations could have a significant impact on our business and results of operations.

We must comply with different regulatory regimes across the world that change frequently and are continuously evolving and becoming more stringent, in particular with respect to environmental regulations, chemicals and hazardous materials, as well as health and safety regulations. This applies also to air, water and soil pollution regulations and to waste legislation and regulation, all of which have recently become more stringent through new laws, in particular, but not limited to, in the EU and the United States.

Moreover, we globally face increasing requirements regarding matters of corporate responsibility management and transparency, not only with respect to expectations from internal stakeholders, customers, investors and the general public, but also with respect to legal requirements such as the German CSR Directive Implementation Act to Strengthen Non-Financial Reporting of Companies in their Management Reports (*Gesetz* *zur Stärkung der nicht-finanziellen Berichterstattung der Unternehmen in ihren Lage- und Konzernlageberichten*), and recent regulations regarding human rights due diligence (such as the projected German Supply Chain Duty of Care Act (*Gesetz über unternehmerische Sorgfaltspflichten in Lieferketten*), expected to enter into force on January 1, 2023, or the planned EU-Directive on supply chain due diligence, based on the United Nations Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises, as well as other related national legislation).

In addition, for our manufacturing facilities and operations, we require various permits and we have to comply with the requirements specified therein. In the past, adjusting to new requirements has required significant investments (in particular in our manufacturing facility in Langfang, China) and we assume that further significant investments in this regard will be required in the future.

The vehicle approval process (homologation) and the implementation of increasingly stringent emission and consumption regulations are becoming more and more complex and time-consuming and may vary by country.

For example, in 2018 and 2019, the introduction of the new Worldwide Harmonized Light-Duty Vehicle Test Procedure ("**WLTP**") had a significant negative impact on sales of passenger vehicles and in turn on our business and results of operations. All passenger vehicles sold after September 1, 2018 had to be certified in accordance with WLTP which initially resulted in significant supply-side issues as some of our OEMs customers experienced delays in certifying their models, thereby affecting deliveries to end customers.

Furthermore, any additional requirements restricting or limiting car traffic with an aim at reducing greenhouse gas or other emissions could lead to a material decrease in car sales and consequently adversely affect demand for our products and services. See "*We may face risks relating to climate change that could have an adverse impact on our business*".

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.3.10 We could be unsuccessful in adequately protecting our intellectual property and technical expertise.

Our products and services are highly dependent upon our technological know-how and the scope and limitations of our proprietary rights therein. We regularly apply for and have been granted intellectual property rights with respect to our innovations. The process of seeking patent protection can be lengthy and expensive. Furthermore, patents may not be granted on currently pending or future applications or may not be of sufficient scope or strength to provide us with meaningful protection or a commercial advantage. In addition, while there is a presumption that patents are valid, the granting of a patent does not necessarily imply that it is effective or that possible patent claims can be enforced to the degree necessary or desired. Further, our competitors, suppliers, customers and other third parties also submit a large number of intellectual property protection applications. Such other parties could hold effective and enforceable intellectual property rights to certain processes, methods or applications and consequently could assert infringement claims (including illegitimate ones) against us. For example, we have in the past been involved in a dispute with one of our competitors who infringed on one of our patents and claimed that such patent was invalid. While we were successful in defending the validity of our patent in a mediation proceeding and have received royalty payments with respect to such patent, our competitor informed us that it will continue to assert the invalidity of the relevant patent.

In addition, a part of our know-how and industrial secrets is not patented and cannot be protected through intellectual property rights. Consequently, there is a risk that third parties, in particular competitors, will copy our know-how without incurring any expenses of their own.

The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.3.11 There is a risk that we infringe intellectual property rights of third parties.

Our competitors, suppliers and customers also submit a large number of inventions for intellectual property protection. It is not always possible to determine with certainty whether there are effective and enforceable third party intellectual property rights to certain processes, methods or applications. In addition, where we incorporate an individual customer's input to create a product that responds to a particular need, we face the risk that such customer will claim ownership rights in the associated intellectual property.

Therefore, third parties could assert infringement claims (including illegitimate ones) against us. As a result, we could be required to cease manufacturing, using or marketing the relevant technologies or products in certain countries or be forced to make changes to manufacturing processes or products. In addition, we could be liable to pay compensation for infringements or could be forced to purchase licenses to make use of technology from third parties. This could have a material and adverse effect on our business, financial condition and results of operations.

1.3.12 We might not have validly acquired employee inventions or could possibly fail to validly acquire them in the future.

There is a risk that we have failed or will fail to properly claim inventions of our employees. Present or former employees who made or make employee inventions might continue to own rights to inventions if we fail to claim such inventions in a timely manner. If we nevertheless registered an employee invention in our name or utility model and/or used an employee invention as such, then the respective employee may have a claim for transfer of the patent or utility model, as the case may be, against us, and might be able to assert claims for damages for the unauthorized use of his or her invention or utility model (e.g., disgorgement of profits or license fees). In addition, a claim could be asserted against us to enjoin our use of the invention, or we could be forced to enter into a license agreement providing for the payment of royalties in order to use the invention in the future, or we might have to acquire the invention. Furthermore, employees may have claims for employee invention compensation which have not yet been fully satisfied.

The materialization of any of these risks described above could have a material adverse effect on our business, financial condition and results of operations.

1.3.13 We are subject to legal risks in connection with our market position in certain markets.

We believe that we are a market leader in the industry for premium decorative interior trim elements for light duty vehicles. Although we believe we have acted properly in the markets in which we have a significant market share, we could face allegations of abuse of our market position or of collusion with other market participants, which could result in negative publicity and adverse regulatory action by the relevant authorities, including the imposition of monetary fines. The realization of any of these risks could have a material and adverse effect on our business, financial condition and results of operations.

1.3.14 The international scope of our operations and our corporate and financing structure may expose us to potentially adverse tax consequences.

We are subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of our operations and our corporate and financing structure. We are also subject to intercompany pricing laws, including those relating to the flow of funds among our companies pursuant to, for example, purchase agreements, licensing agreements or other arrangements. Adverse developments in these laws or regulations, or any change in position by the relevant authority regarding the application, administration or interpretation of these laws or regulations in any applicable jurisdiction, could adversely affect our business, results of operations and financial condition. Furthermore, our effective tax rate varies in each jurisdiction in which we conduct business. Changes in our mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on our profitability.

In addition, the tax authorities in any applicable jurisdiction may disagree with the positions we have taken or intend to take regarding the tax treatment or characterization of any of our transactions, including the tax treatment or characterization of our indebtedness, the Senior Secured Notes, existing and future intercompany loans and guarantees or the deduction of interest expenses. We could also fail, whether inadvertently or through reasons beyond our control, to comply with tax laws and regulations relating to the tax treatment of various of our financing arrangements, which could result in unfavorable tax treatment for such arrangements. If any applicable tax authorities were to successfully challenge the tax treatment or characterization of any of our intercompany loans or transactions, it could result in the disallowance of deductions, a limitation on our ability to deduct interest expenses, the imposition of withholding taxes, the application of significant penalties and accrued interest on intercompany loans or internal deemed transfers, the application of significant penalties and accrued interest or other consequences that could have a material and adverse effect on our business, financial condition and results of operations.

1.3.15 We could be subject to tax risks attributable to previous tax assessment periods.

We could accrue unanticipated tax expenses in relation to previous tax assessment periods which have not yet been subject to a tax audit or are currently subject to a tax audit. It cannot be ruled out that ongoing and/or future tax audits may lead to an additional tax expense and/or payment, which could have a material and adverse effect on our business, financial condition and results of operations.

1.4 Risks Relating to the Shares and the Shareholder Structure

1.4.1 Significant shareholders may use their influence at shareholders' meetings to adopt resolutions serving their own interests which may conflict with the interests of other shareholders.

Upon completion of the private placement and listing after delivery and settlement of the Shares, which is expected to take place on July 20, 2021 (the "**Closing Date**") the existing shareholder Automotive Investments (Luxembourg) S.à r.l. ("**Automotive Investments**" and together with Rokoko Automotive Holdings (Jersey) Limited (the "**Selling Shareholder**" or "**Rokoko**") the "**Shareholders**") will continue to hold approximately 65% of the Company's share capital and voting rights (assuming full exercise of the Greenshoe Option). Automotive Investments is held at 100% by the Selling Shareholder. As a consequence, the Shareholders may be able to exert influence (through actual or factual majority in shareholders' meetings) and cast their votes to take resolutions or implement measures that are in their own interest and/or not supported by or in the best interest of other shareholders. Neither may they always serve Novem's strategy, policies and objectives and long-term goals. Such voting behavior or the exertion of influence in any other way may have a significant adverse effect on the price of the Shares and thus adversely affect the Company's ability to raise further capital, irrespective of whether or not the Shareholders participate in a future capital increase of the Company. The concentration of share ownership could also delay or prevent certain major corporate actions, including a change of control in the Company, and could thus deter mergers, consolidations, acquisitions or other forms of combination that might be advantageous for investors.

1.4.2 Future sales or market expectations of sales of a large number of shares by our Shareholders or other shareholders could cause the share price to decline.

Following the Listing, the Shareholders will continue to hold a significant stake in the Company's share capital (see *—Significant shareholders may use their influence at shareholders' meetings to adopt resolutions serving their own interests which may conflict with the interests of other shareholders.*). The Shares owned by the Shareholders are subject to a lock-up period following the listing of the Shares which is subject to certain exemptions. Sales of a substantial number of the Shares in the public market following the completion of the listing, or the perception that such sales might occur, could depress the market price of the Shares. The same applies if other significant shareholders sell their shares in the Issuer in the markets or even if such sales are anticipated. In addition, the sale or market expectation of a sale of a large number of shares on the part of the Shareholders or other significant shareholders could make it difficult for the Company to raise capital on favorable terms.

1.4.3 The Shares have not yet been publicly traded, and there is no guarantee that a liquid market will develop or continue following the listing.

So far there has not been any public trading of the Shares. There is no guarantee that the price for which investors have been allocated shares in the context of the private placement, will correspond to the price at which the shares are subsequently listed. The Shareholders will continue to hold a significant stake in the Company's share capital (see *—Significant shareholders may use their influence at shareholders' meetings to adopt resolutions serving their own interests which may conflict with the interests of other shareholders.*). This will limit the number of free float shares in the Company and may therefore adversely affect the development and maintenance of a liquid market in the shares. As a consequence, investors may not be able to sell their shares, either at the Offer Price or at a higher price or at all.

1.4.4 The Company is a holding company with no direct cash-generating operations and relies on its subsidiaries to provide it with funds necessary to pay dividends to shareholders.

The Company is a holding company with no direct cash-generating operations. To cover the Issuer's operating costs and future dividends, it relies on, among other things, distributions that it receives from its subsidiaries. The distributions by its subsidiaries depend, in-turn, on the subsidiaries' operating results and their ability to make those distributions under applicable law. Therefore, the Issuer is dependent on upstreaming cash flow from generated by its subsidiaries.

1.4.5 Future offerings of debt or equity securities by the Company may adversely affect the market price of the Shares, and future capital measures could lead to a significant dilution of existing shareholdings in the Company.

The Company may require further capital in the future to finance its business operations and planned growth or to fulfil regulatory requirements. Therefore, the Company may seek to raise capital through offerings of debt securities (possibly including convertible debt securities) or additional equity securities. An issuance of additional equity securities or securities with a right to convert into equity, such as convertible bonds or warrant bonds could adversely affect the market price of the Shares and could dilute the economic and voting interests of existing shareholders if made without granting subscription rights to existing shareholders. Even if existing shareholders were granted subscription rights, investors in certain jurisdictions (particularly in the US) may not be able to acquire and/or exercise any subscription rights due to local laws.

Because the timing and nature of any future offering would depend on market conditions, it is not possible to predict or estimate the amount, timing or nature of future offerings. In addition, the acquisition of other companies or investments in companies in exchange for newly issued Shares, as well as the exercise of share options by Novem's employees in the context of possible future share option programs or the issuance of shares to employees in the context of possible future employee share participation programs, could lead to a dilution of the economic and voting interests of existing shareholders. Furthermore, a proposal to the general shareholders' meeting to take any of the above-mentioned measures, with dilutive effects on the existing shareholdings, or any other announcement thereof, could adversely affect the market price of the Shares.

1.4.6 The Company's ability to pay dividends depends, among other things, on Novem's results of operations, financial investment needs, the availability of distributable reserves and overall financial position.

The Company's general shareholders' meeting will decide matters relating to the payment of future dividends. These decisions will be based on the financial situation of the Company at the time. The Company's ability to pay dividends depends upon, among other things, its results of operations, financing and investment requirements, as well as the availability of distributable profit. As of March 31, 2021, the Company's consolidated total equity was negative €505,091 thousand, primarily due to a recapitalization of the Group in May/June 2019 financed by the issuance of the Senior Secured Notes. In connection with the recapitalization, the Company contributed its shares in Novem Beteiligungs GmbH to Novem Group GmbH at a value of €762 million. As this was a transaction between parties under common control, the gain resulting from the contribution was not recognized in the Company's consolidated financial statements under IFRS. In the unconsolidated financial statements of the Company under Luxembourg legal and regulatory requirements as approved by the board of managers, this transaction however resulted in a significant capital gain. On June 3, 2019, the Company declared a dividend in an amount of €604,394 thousand of which €187,434 thousand were paid in cash from the proceeds of the Senior Secured Notes with the remainder being converted into a shareholder loan.

The declaration of this dividend reduced the Company's equity position in its consolidated financial statements and resulted in a negative equity. However, in the unconsolidated balance sheet of the Company under Luxembourg legal and regulatory requirements, a significant positive equity position remained that resulted out of the gain from the contribution at fair value of Novem Beteiligungs GmbH described above and can be distributed as a matter of Luxembourg law.

Furthermore, the Company is a holding Company that itself has no material business operations and therefore relies on the operating subsidiaries to make dividend payments. In addition, debt financing arrangements could contain covenants which impose restrictions on Novem's business and ability to pay dividends under certain circumstances. Any of these factors, individually or in combination, could restrict the Company's ability to pay dividends.

1.5 Risks Relating to the Listing

1.5.1 The listing might not be completed, in which case investors could lose security commissions paid and be exposed to risks from any short selling of the shares.

Pursuant to the underwriting agreement dated July 8, 2021, the obligations of the underwriters are subject to various conditions, including, among other things, (i) all representations and warranties under the underwriting agreement being true and correct as of the relevant date, (ii) the absence of a material adverse event, and (iii) receipt of customary certificates and letters. If one of the conditions is not met, the underwriters may terminate the listing process. Any allocations to investors that have already occurred will be invalid and investors will not have a claim for delivery of the Shares. Claims with regard to any subscription fees and costs incurred in connection with the subscription are governed solely by the legal relationship between the investor and the institution with which the investor has submitted its offer to purchase.

If an investor has engaged in short selling of the shares in the Company, such investor bears a risk of not being able to fulfil their delivery obligations.

1.5.2 The price and trading volume of the Shares could fluctuate significantly, and investors could lose all or part of their investments.

After the completion of the listing, the Company's share price may be subject to substantial fluctuations. This could in particular arise due to changes in actual or forecasted operating results, changes in profit forecasts or failure to meet profit expectations of investors and securities analysts. In addition, such fluctuations could occur should investors reassess the Shares with regard to the success and the effects of the private placement and listing and our business strategy, or the related risks, changes in the general economic conditions, changes in the shareholder structure as well as other factors, which may not presently be known to the Company. Furthermore, external factors such as the demand for light vehicle cars, may impact our revenues and earnings and may lead to fluctuations in the Company's share price. Such fluctuations are not necessarily based on our business operations or earnings prospects.

1.5.3 The Company will face additional administrative requirements and incur higher ongoing costs as a result of the listing.

After completion of the listing, we will for the first time be subject to the legal requirements for publicly listed corporations. Such requirements include periodic financial reporting and other public disclosure of information. We will also be obliged to host regular calls with securities and industry analysts and to comply with other disclosure obligations. We may not be capable of complying with these obligations without difficulties or inefficiencies. This may also cause significant additional expenditures or expose us to legal, regulatory or civil costs or penalties. In addition, the preparation, convening and conduct of general shareholders' meetings and regular shareholder communication will incur substantial expenses. Management will need to devote time to these additional requirements, which could also entail substantially increased time commitments and costs for the accounting, controlling and legal departments and other administrative functions. We may not be able to handle the additional demands placed on us by becoming a publicly listed company or the costs resulting therefrom, which may have a material adverse effect on our business, results of operations and financial position.

2. GENERAL INFORMATION

This Prospectus has been approved by the Luxembourg Financial Supervisory Authority (*Commission de Surveillance du Secteur Financier - CSSF*), 283, Route d'Arlon, L-1150 Luxembourg, Grand Duchy of Luxembourg ("**Luxembourg**") (telephone +352 26 25 1-1; Website: http://www.cssf.lu/), as competent authority under the Prospectus Regulation and the Luxembourg Prospectus Law for the sole purposes of the admission to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). The CSSF has neither scrutinised nor approved the Private Placement as defined and described under *2.8.1 Preceding Private Placement of* Shares. The CSSF only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the Regulation and the Commission Delegated Regulation and such approval should not be considered as an endorsement of the issuer or of the quality of the securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the securities. If any claims are asserted before a court of law based on the information contained in this Prospectus, the investor appearing as plaintiff may have to bear the costs of translating this Prospectus prior to the commencement of the court proceedings pursuant to the national legislation of the member states of the European Economic Area (the "**EEA**").

The validity of the Prospectus will expire 12 months from the date of this Prospectus. The information contained in this Prospectus will, however, not be supplemented subsequent to the date of the Prospectus, except for any significant new factor, material mistake or material inaccuracy relating to the information included in this Prospectus which may affect the assessment of the Shares and which arises or is noted between the time when this Prospectus is approved and the time when trading of the Company's shares on the regulated market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, on the sub-segment of the regulated market with additional post-admission obligations (Prime Standard) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) commences, which will be disclosed in a supplement to this Prospectus pursuant to Article 23 of the Prospectus Regulation without undue delay.

The Company's LEI is: 222100KIY63U7PV8N251.

The Company's website is (http://www.novem.com/). Information contained on the Company's website is not incorporated by reference in this Prospectus and is not part of this Prospectus.

2.1 Purpose of this Prospectus

The purpose of this Prospectus is the admission of:

- 3,030,303 newly issued ordinary shares in dematerialized form with no nominal value from a capital increase out of the authorised share capital of the Company against contribution in cash (the "**Capital Increase**") resolved by the management board of the Company (the "**Management Board**") and issued on July 14, 2021 (the "**New Shares**"); and

- 40,000,000 existing ordinary shares in dematerialized form with no nominal value (the "**Existing Shares**" and together with the New Shares, the "**Shares**"),

to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) with simultaneous admission to the sub-segment of the regulated market with additional post-admission obligations (Prime Standard).

2.2 Forward-looking statements

This Prospectus contains forward-looking statements. A forward-looking statement is any statement that does not relate to historical facts or events or to facts or events as of the date of this Prospectus. This applies, in particular, to statements in this Prospectus containing information on Novem's future earnings capacity, plans and expectations regarding its business growth and profitability, and the general economic conditions to which it is exposed. In some cases, forward-looking statements can be identified by the use of forward-looking terminology or subjective assessments, which may include words such as "anticipate", "believe", "contemplate", "continue", "could", "expect", "intend", "plan", "potential", "predict", "project", "should", "target" and "would" or the negative of these words or other similar terms or expressions.

The forward-looking statements in this Prospectus are subject to risks and uncertainties, as they relate to future events, and are based on estimates and assessments made to the best of the Company's present knowledge. These forward-looking statements are based on assumptions, uncertainties and other factors, the occurrence or non-occurrence of which could cause Novem's actual results, including its financial condition and profitability, to differ materially from or fail to meet the expectations expressed or implied in the forward-looking statements. These expressions can be found in several sections in this Prospectus, particularly in the sections of this Prospectus describing risk factors, markets and competition, the Company's business and recent developments and outlook, and wherever information is contained in this Prospectus regarding the Company's intentions, beliefs, or current expectations relating to its future financial condition and results of operations, plans, liquidity, business outlook, growth, strategy and profitability, as well as the economic environment to which Novem is subject. See *1. Risk Factors*, *5. Management's Discussion and Analysis of Financial Condition and Results of Operations*, *6. Industry Overview*, *7. Business* and *15.O. Recent Developments and Outlook*. Forward-looking statements should not be relied upon as predictions of future events.

In light of these uncertainties and assumptions, it is also possible that the future events mentioned in this Prospectus will not occur. In addition, the forward-looking estimates and forecasts reproduced in this Prospectus from third party reports could prove to be inaccurate (for more information on the third-party sources used in this Prospectus, see *2.3 Sources of market data*). Actual results, performance or events may differ materially from those in such statements due to, among other reasons:

- the performance of the global economy, political uncertainty and the performance of the economy in the jurisdictions in which we operate;
- cyclicality of the automotive industry, competitiveness of the markets for our products, the financial condition of OEMs or other customers or suppliers and market trends and developments;
- our ability to correctly anticipate market trends and develop new products that are responsive to these market trends;
- a disruption in our supply or delivery chain causing one or more of our suppliers or customers to halt production;
- fluctuations in prices of raw materials and components as well as in currency exchange rates;
- our ability to recoup tooling and other start-up costs and to manage our labor and equipment resources effectively in connection with new products or programs;
- our ability to realize our revenue expectations represented by our Awarded Business;
- our ability to respond quickly enough to changes in materials, technology, technical standards and consumer preferences;
- our dependency on a limited number of key suppliers for certain products;
- our ability to obtain or maintain sufficient financing, including working capital financing, and credit insurance;
- our ability to obtain and maintain quality and product certifications for certain markets and customers; and
- our ability to maintain adequate insurance.

This list of important factors is not exhaustive. The foregoing factors and other uncertainties and events should be carefully considered, especially in light of the regulatory, political, economic, social and legal environments in which Novem operates.

Moreover, it should be noted that neither the Company nor the Underwriters (as defined below) assume any obligation, except as required by law, to update any forward-looking statement or to conform any such statement to actual events or developments. The Company may not actually achieve the plans, intentions or expectations disclosed in the forward-looking statements, and one should not place undue reliance on these forward-looking statements. These forward-looking statements do not reflect the potential impact of any future acquisitions, mergers, dispositions, joint ventures or investments.

See *1. Risk Factors* for a further description of various factors that could influence these forward-looking statements.

2.3 Sources of market data

To the extent not otherwise indicated, the information contained in this Prospectus on the markets in which Novem operates, as well as industry developments and trends, including growth rates, are based on the Company's assessments and estimates using underlying data from independent third parties. The Company obtained market data and certain industry forecasts used in this Prospectus from internal surveys, reports and studies, where appropriate, as well as market research, publicly available information and industry publications or commissioned reports, including reports, publications and data compiled by:

- LMC Automotive;
- Commissioned Roland Berger market study, March 2021 (the "**Roland Berger Report**").

It should be noted in particular that references have been made in this Prospectus to information concerning markets and market trends. Such information was obtained from the above-mentioned sources. The Company has accurately reproduced such information and, as far as it is aware and is able to ascertain from information published by such third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Nevertheless, prospective investors are advised to consider this data with caution. For example, market studies are often based on information or assumptions that may be inaccurate or inappropriate, and their methodology is inherently predictive and speculative.

Irrespective of the assumption of responsibility for the content of this Prospectus, neither the Company nor the Underwriters (as defined below) have independently verified the figures, market data or other information on which third parties have based their studies. Accordingly, the Company and the Underwriters (as defined below) make no representation or warranty as to the accuracy, completeness or verification of any such information from third party studies included in this Prospectus. Prospective investors should note that the Company's own estimates and statements of opinion and belief are not always based on studies of third parties. None of the Company, the Selling Shareholder or the Underwriters (as defined below), or any of their respective affiliates, is making any representation to any offeree or purchaser of any Shares regarding the legality of an investment in the Shares by such offeree or purchaser.

Information contained on any website mentioned in this Prospectus is not incorporated by reference in this Prospectus and is not part of this Prospectus and has not been scrutinized or approved by the competent authority.

2.4 Currency presentation and presentation of figures

In this Prospectus, "Euro", "EUR" and "€" refer to the single European currency of the Economic and Monetary Union of the EU, and "US dollar", "$" and "USD" refer to the official currency of the US.

Where financial data in tables in this Prospectus is labelled "audited", this means that it has been taken from the Audited Consolidated Financial Statements or the 2017/18 Audited Consolidated Financial Statements (each as defined in *2.5 Presentation of financial information*)). The label "unaudited" is used in tables in this Prospectus to indicate financial data that has not been taken from the Audited Consolidated Financial Statements or the 2017/18 Audited Consolidated Financial Statements, but was taken from the internal reporting system, or has been calculated based on financial data from the above-mentioned sources. All of the financial data presented in this Prospectus are shown in thousands of euros (in €/EUR thousand), except as otherwise stated. Certain financial data (including percentages) in this Prospectus have been rounded according to established commercial standards, whereby aggregate amounts (sum totals, sub-totals, differences or amounts put in relation) are calculated based on the underlying unrounded amounts. As a result, the aggregate amounts in tables in this Prospectus may not correspond in all cases to the corresponding rounded amounts contained in tables in this Prospectus. Furthermore, in those tables, these rounded figures may not add up exactly to the totals contained in those tables. Financial information presented in parentheses denotes the negative of such number presented. With respect to financial data set out in this Prospectus, a dash ("-") signifies that the relevant figure is not applicable, while a zero ("0") signifies that the relevant figure is available but is or has been rounded to zero.

2.5 Presentation of financial information

All financial and operational data included in this Prospectus, other than to the extent otherwise indicated, has been taken from the Audited Consolidated Financial Statements of the Company (as defined below) or the audited consolidated financial statements of Novem Beteiligungs GmbH as of and for the fiscal year ended March 31, 2018 (the "**2017/18 Audited Consolidated Financial Statements**"). With respect to all financial and operational data included in this Prospectus for historic periods, other than where otherwise indicated, references to Novem or the Novem Group in this Prospectus are to the Company and its subsidiaries.

This Prospectus includes the audited consolidated financial statements of the Company as of and for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019 (the "**Audited Consolidated Financial Statements**").

The Audited Consolidated Financial Statements were prepared in accordance with the International Financial Reporting Standards, as adopted by the EU ("**IFRS**") and audited by Ernst & Young S.A., a public company limited by shares (*société anonyme*), organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 35E, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B88019 ("**EY Luxembourg**"), as stated in their independent auditor's report thereon.

The Company was formed as a private limited liability company (*société à responsabilité limitée*) for an unlimited period of time under the laws of Luxembourg pursuant to a deed of incorporation on July 12, 2011 and registered with the Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) under the number B162537 (see *9.1 Formation, incorporation and governing law*). It was converted into a *société anonyme* on June 30, 2021. Other than the Audited Consolidated Financial Statements, the Company has not issued any audited financial statements since its incorporation.

The 2017/18 Audited Consolidated Financial Statements have been audited by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft ("**EY Germany**"), independent auditors, as stated in their report appearing therein. The 2017/18 Audited Consolidated Financial Statements have been prepared in accordance with IFRS.

In fiscal year ended March 31, 2018 ("**Fiscal Year 2017/18**"), Novem Beteiligungs GmbH was a wholly-owned direct subsidiary of the Company. The Company was a holding company with no revenue-generating activities of its own and the Company did not have any business operations, material assets or liabilities other than its shares in Novem Beteiligungs GmbH, claims and rights under intercompany loans and liabilities under loans owed to its direct and indirect shareholders.

2.5.1 Segmentation

The Group is organized and managed primarily at regional level. The Group's three reportable operating segments are Europe, the Americas (referred to as "America" in the Audited Consolidated Financial Statements) and Asia. The product portfolio in these three regions are broadly similar.

2.5.2 Alternative performance measures

This Prospectus contains certain alternative performance measures (collectively, "**APMs**") including total operating performance, Adjusted EBITDA, Adjusted EBITDA margin, EBIT, EBIT margin, Adjusted EBIT, Adjusted EBIT margin, Free Cash Flow, Cash Conversion, Trade Working Capital, Total Working Capital and Net Financial Debt.

These APMs are not required by, or presented in accordance with, IFRS or any other generally accepted accounting principles. Certain of these measures are derived from the IFRS accounts of the Company and others are derived from management reporting or the accounting or controlling systems of the Group. These are APMs as defined in the guidelines issued by the European Securities and Markets Authority (ESMA) on October 5, 2015 on alternative performance measures.

We present these APMs because they are used by management in monitoring, evaluating and managing its business and management believes these measures provide an enhanced understanding of our underlying financial results and related trends. We consider total operating performance, Adjusted EBITDA, Adjusted EBITDA margin, EBIT, EBIT margin, Adjusted EBIT, Adjusted EBIT margin, Free Cash Flow and Cash Conversion to be useful metrics for evaluating our trading performance as they facilitate comparisons of our core operating results from period to period. In addition, Adjusted EBIT and Free Cash Flow will be key measures in determining management compensation under our incentive programs, see *11.3.3 Short Term Incentive* and *11.3.4 Long Term Incentive*. We monitor Trade Working Capital and Total Working Capital to evaluate how efficient we are at operating our cash conversion cycle. Our Net Financial Debt provides an indication of the overall strength of our statement of financial position and can be used to assess the impact of our cash position as compared to our indebtedness. Further, management believes these, and similar measures are frequently used by securities analysts, investors and other interested parties in evaluating companies in its industry. For a definition and reconciliation of APMs to results or any other performance measures derived in accordance with IFRS, *see 5.7 Alternative Performance Measures*.

The definitions of the APMs may not be comparable to other similarly titled measures of other companies and have limitations as analytical tools and should, therefore, not be considered in isolation or as a substitute for analysis of our operating results as reported under IFRS. APMs such as total operating performance, Adjusted EBITDA, Adjusted EBITDA margin, EBIT, EBIT margin, Adjusted EBIT, Adjusted EBIT margin, Free Cash Flow, Cash Conversion, Trade Working Capital, Total Working Capital and Net Financial Debt are not measurements our performance or liquidity under IFRS and should not be considered as alternatives to results for the period or any other performance measures derived in accordance with IFRS or any other generally accepted accounting principles or as alternatives to cash flow from operating, investing or financing activities. For a definition and reconciliation of APMs to results or any other performance measures derived in accordance with IFRS, see *5.7 Alternative Performance Measures*.

We defined each of the following APMs as follows:

- "**Total operating performance**" as the sum of revenue and increase or decrease in finished goods and work in progress.

- "**Adjusted EBITDA**" as profit for the year before income tax result, financial result and amortization, depreciation and write-downs as adjusted for certain adjustments which management considers to be non-recurring in nature, as we believe such items are not reflective of the ongoing performance of our business.

- "**EBIT**" profit for the year before income tax result and financial result.

- "**Adjusted EBIT**" as EBIT as adjusted for certain adjustments which management considers to be non-recurring in nature, as we believe such items are not reflective of the ongoing performance of our business..

- "**Adjusted EBITDA margin**" as Adjusted EBITDA divided by revenue.

- "**Adjusted EBIT margin**" as Adjusted EBIT divided by revenue.

- "**Free Cash Flow**" as the sum of cash flow from operating activities and cash flow from investing activities.

- "**Cash Conversion**" as Adjusted EBITDA less payments for investments in intangible assets and payments for investments in property, plant and equipment divided by Adjusted EBITDA.

- "**Trade Working Capital**" as the sum of inventories non-tooling and trade receivables related to non-tooling less trade payables related to non-tooling.

- "**Total Working Capital**" as the sum of inventories, trade receivables and contract assets excluding expected losses less trade payables, tooling received advance payments received and other provisions related to tooling.

- "**Net Financial Debt**" as the sum of liabilities from bonds and liabilities to banks less cash and cash equivalents.

2.6 Documents available for inspection

For the period during which this Prospectus is valid, the following documents will be available for inspection during regular business hours at the Company's offices at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg:

- the Company's articles of association (the "**Articles of Association**"); and
- the Audited Consolidated Financial Statements.

The aforementioned documents will also be available in electronic form as long as this Prospectus is valid from the Company on its website (www.novem.com). The Company's future consolidated annual and interim financial statements and unconsolidated annual financial statements will be available from the Company on its website (www.novem.com). Information on this website and information accessible via this website is neither part of nor incorporated by reference in this Prospectus.

In accordance with Article 461-8 of the Luxembourg law of August 10, 1915 on commercial companies, as amended (*loi du 10 août 1915 sur les sociétés commerciales*, the "**1915 Companies Act**"), the annual accounts and the annual financial reports are also filed with the Luxembourg Trade and Companies Register (*Registre de Commerce et des Sociétés, Luxembourg*) and an extract is published in the Luxembourg central electronic platform of official publications for companies and associations (*Recueil Electronique des Sociétés et Associations*).

2.7 Enforcement of civil liabilities

The Company is a public limited liability company (*société anonyme or S.A*) governed by the laws of Luxembourg and all or a substantial portion of its assets are located primarily outside the US. In addition, the members of the Management Board and the supervisory board (the "**Supervisory Board**") of the Company as well as the members of the Senior Management are non-residents of the US and most of their assets are located outside the US. As a result, it may not be possible for investors to effect service of process within the US upon the Company or such persons or to enforce against them or the Company judgments of courts of the US, whether or not predicated upon the civil liability provisions of the federal securities laws of the US or other laws of the US or any state thereof. The US and Luxembourg do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters. Therefore, a final judgment for payment of money rendered by a federal or state court in the US based on civil liability, whether or not predicated solely upon US federal securities laws, may not be enforceable, either in whole or in part, in Luxembourg. However, the party in whose favor such final judgment is rendered, may initiate enforcement proceedings in a competent court in Luxembourg. Under such circumstances, a judgment by a federal or state court of the US against the Company or such persons will be enforceable in Luxembourg, subject to the ordinary rules on enforcement (*exequatur*) of foreign judgements of Luxembourg. There is no statutory prohibition for courts of Luxembourg to review foreign judgements on their merits. In addition, awards of punitive damages in actions brought in the US or in other jurisdictions may be unenforceable in Luxembourg.

2.8 The Listing of Shares

2.8.1 Preceding Private Placement of Shares

On July 8, 2021, in anticipation of the expected admission to trading of the Shares on the regulated market segment of the Frankfurt Stock Exchange (Frankfurter Wertpapierbörse) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard) (the "**Listing**"), the Issuer, J.P. Morgan AG, Taunustor 1, TaunusTurm, 60310 Frankfurt am Main, Germany, LEI 549300ZK53CNGEEI6A29 ("**J.P. Morgan**"), Joh. Berenberg, Gossler & Co. KG, Neuer Jungfernstieg 20, 20354 Hamburg, Germany, LEI 529900UC2OD7II24Z667 ("**Berenberg**"), COMMERZBANK Aktiengesellschaft, Kaiserstr. 16 (Kaiserplatz), 60311 Frankfurt am Main, Germany, LEI 851WYGNLUQLFZBSYGB56 ("**Commerzbank**" and together with J.P. Morgan and Berenberg, the "**Joint Global Coordinators**"), Jefferies GmbH, Bockenheimer Landstraße 24, 60323 Frankfurt, Germany, LEI 5493004I3LZM39BWHQ75 ("**Jefferies**"), UniCredit Bank AG, Arabellastraße 12, 81925 Munich, Germany, LEI 2ZCNRR8UK83OBTEK2170 ("**UniCredit**" and together with Jefferies and the Joint Global Coordinators, the "**Joint Bookrunners**" or the "**Underwriters**") initiated a private placement for up to 17,284,848 ordinary shares in dematerialized form, each such share with no nominal value and with full dividend rights from April 1, 2021 (the "**Private Placement**"), consisting of (i) up to 3,030,303 New Shares in dematerialized form with no nominal value from a capital increase out of the authorised share capital against contribution in cash resolved by the Management Board on July 14, 2021; (ii) up to 10,000,000 ordinary shares in dematerialized form with no nominal value from the holdings of the Selling Shareholder (the "**Base Shareholder Shares**" and together with the New Shares, the "**Base Shares**") in a base deal; (iii) up to 2,000,000 ordinary shares in dematerialized form with no nominal value from the holdings of the Selling Shareholder, subject to the exercise of an upsize option (the "**Upsize Option**") upon decision of the Selling Shareholder (the "**Additional Shares**"), and (iv) up to 2,254,545 ordinary shares in dematerialized form with no nominal value from the holdings of the Selling Shareholder to cover a potential over-allotment (the "**Over-Allotment Shares**" and, together with the Base Shareholder Shares and the Additional Shares, the "**Secondary Shares**" and together with the Base Shares and the Additional Shares, the "**Offer Shares**").

On July 14, 2021, the Company and the Shareholders, together with the Joint Bookrunners, set the price per Offer Share at EUR 16.50 (the "**Offer Price**").

The Selling Shareholder has made 1,954,545 Over-Allotment Shares from the holdings of the Selling Shareholder available to J.P Morgan as stabilization manager (the "**Stabilization Manager**"), acting for the account of the Underwriters, in the form of a securities loan to cover potential over-allotments (the "**Over-Allotment**").

The total number of Over-Allotment Shares will not exceed 15% of the sum of the placed Base Shares and Additional Shares. The Selling Shareholder has granted the Underwriters an option to acquire all or a portion of the shares borrowed under the securities loan at the Offer Price less agreed fees and commissions (the "**Greenshoe Option**").

2.8.2 Reasons for the Listing

The Issuer seeks to list its shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (*Prime Standard*) to achieve better access to the capital markets and to optimize its financing structure.

2.8.3 Cost of the Listing

The costs and expenses of the Issuer and the Selling Shareholder related to Listing are expected to total approximately EUR 48.2 thousand. Of such total costs, the Selling Shareholder will bear approximately EUR 38.5 thousand and the Issuer will bear the remaining approximately EUR 9.7 thousand.

Investors will not be charged expenses by the Issuer, the Shareholders or the Underwriters. Investors will have to bear customary transaction and handling fees charged by their brokers or other financial institutions through which they hold their securities.

2.8.4 Information on the shares

2.8.4.1 *Share capital; form of the shares*

On July 14, 2021, 3,030,303 new ordinary shares in dematerialized form with no nominal value have been issued from the Company's authorized share capital against contributions in cash by resolution of the management board of the Company of the same day.

Therefore, as of the date of this Prospectus, the share capital of the Company amounts to EUR 430,303.03 and is divided into 43,030,303 ordinary shares in a dematerialized from with no nominal value. Each share of the Company represents a par value of EUR 0.01 in the Company's share capital. All Shares are fully paid up. The Company will apply for admission of all such Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard).

For a description of the development of Novem's share capital, see *10. Description of the Company's Share Capital and Applicable Regulations*.

2.8.4.2 *Certification of the shares*

As of the date of this Prospectus, all of the Shares are ordinary shares in dematerialized form. The Shares are recorded in the single securities issuance account (*compte d'émission*) maintained by LuxCSD S.A. ("**LuxCSD**") as settlement organization in accordance with the Luxembourg law on Dematerialized Securities. Dematerialized shares are only represented, and the ownership of the shareholder over such shares is only established by a record in the securities account. LuxCSD may, however, issue or request the Company to issue certificates relating to the Shares for the purposes of the international circulation thereof. The transfer of shares in dematerialized form occurs by transfer of the book entry rights from one securities account to another (*virement de compte à compte*).

2.8.4.3 *Voting rights*

Each share in the Company carries one vote at the Company's general shareholders' meeting. There are no restrictions on voting rights. No shareholders of the Company have different voting rights.

2.8.4.4 *Dividend and liquidation rights*

The Shares carry full dividend rights as of April 1, 2021. In the event of the Company's liquidation, any proceeds remaining after satisfaction of all liabilities of the Company will be distributed to the holders of the Shares in proportion to their interest in the Company's share capital.

2.8.4.5 *Delivery and Settlement*

The delivery and settlement of the Shares is expected to take place on July 20, 2021 (the "**Closing Date**").

At the Shareholder's option, the Offer Shares purchased in the Private Placement will be credited either to a securities deposit account maintained by a German bank with Clearstream Banking AG or to a securities account of a participant in Euroclear Bank S.A./N.V., 1, Boulevard du Roi Albert II, 1210 Brussels, Belgium ("**Euroclear**"), as the operator of the Euroclear system, or to CLEARSTREAM BANKING S.A., 42, Avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B9248.

2.8.4.6 *Currency of the Securities Issue*

The Shares are denominated in euros.

2.8.5 ISIN/WKN/Ticker Symbol

International Securities Identification Number (ISIN)	LU2356314745
German Securities Code (Wertpapierkennnummer, WKN)	A3CSWZ
Common Code	235631474

Trading Symbol	NVM

2.8.6 Transferability of the shares, lock-up

The Shares are freely transferable in accordance with the legal requirements for ordinary shares in dematerialized form, except for the restrictions set forth in "*2.8.10 Lock-up agreements*, there are no prohibitions on disposals or restrictions with respect to the transferability of the Shares.

2.8.7 Information on the Selling Shareholder

Rokoko Automotive Holdings (Jersey) Limited (the "**Selling Shareholder**") is a limited company with registered office at 2nd Floor Windward House, La Route de la Liberation, St Helier, JE2 3BQ, Jersey, Channel Islands, registered with the Jersey Financial Services Commission with number 80592 and with number LEI 9845009DF85C5C053729. Upon delivery and settlement of the Shares on the Closing Date following the Listing, the Selling Shareholder will, through its 100% participation in Automotive Investments (Luxembourg) S.à r.l. ("**Automotive Investments**") continue to hold a controlling stake in the Company. For further details on the ownership structure of the Company, see *8. Shareholder Information*.

2.8.8 Stabilization measures, Over-Allotments and Greenshoe Option

In connection with the admission of the Shares to trading on the regulated market (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard), J.P. Morgan, acting for the account of the Underwriters, will act as the stabilization manager (the "**Stabilization Manager**") and may, as Stabilization Manager acting in accordance with legal requirements (Article 5 paragraph 4 and 5 of the Market Abuse Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse ("**Market Abuse Regulation**") in conjunction with Articles 5 through 8 of the Commission Delegated Regulation (EU) 2016/1052), take stabilization measures on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in order to support the market price of the Shares during the Stabilization Period (as defined below) and thereby counteract any selling pressure.

The Stabilization Manager is under no obligation to take any stabilization measures. Therefore, no assurance can be provided that any stabilization measures will be taken. Where stabilization measures are taken, these may be terminated at any time without notice. Such measures may be taken from the date the Shares are listed on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and must be terminated no later than the thirtieth calendar day after such date (the "**Stabilization Period**").

These measures may result in the market price of the Shares being higher than would otherwise have been the case. Moreover, the market price may temporarily be at an unsustainable level.

Under the possible stabilization measures, investors may, in addition to the Base Shares and Additional Shares, if any, be allocated the Over-Allotment Shares as part of the allocation of the Offer Shares (the "**Over-Allotment**"). For the purpose of a potential Over-Allotment, the Stabilization Manager, for the account of the Underwriters, has been provided with 1,954,545 Over-Allotment Shares from the holdings of the Selling Shareholder in the form of a securities loan; the number of Over-Allotment Shares will not exceed 15% of the sum of the placed Base Shares and Additional Shares. In addition, the Selling Shareholder has granted the Underwriters an option to acquire a number of Shares equal to the borrowed shares at the Offer Price less agreed commissions (the "**Greenshoe Option**"). The Greenshoe Option will terminate 30 calendar days after commencement of the stock exchange trading of the Shares expected to take place on or about July 19, 2021.

The Stabilization Manager is entitled to exercise the Greenshoe Option up to the extent to which Over-Allotments were initially made; the number of shares from the holdings of the Selling Shareholder for which the Greenshoe Option is exercised is to be reduced by the number of shares held by the Stabilization Manager as of the date on which the Greenshoe Option is exercised and that were acquired by the Stabilization Manager in the context of stabilization measures.

Once the Stabilization Period has ended, an announcement will be made within one week in various media outlets distributed across the entire EEA as to whether stabilization measures were taken, the date when price stabilization started and finished, and the price range within which the stabilization measures were taken, for each occasion on which price stabilization measures were taken and the trading venue(s) on which the stabilization measures were carried, where applicable.

2.8.9 Target Market Assessment

Information for Distributors: Solely for the purpose of the product governance requirements contained within (i) Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended ("**MiFID II**"), (ii) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and (iii) local implementing measures (together, the "**MiFID II Requirements**"), and disclaiming any and all liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Requirements) may otherwise have with respect thereto, the Offer Shares have been subject to a product approval process. As a result, it has been determined that the Offer Shares are (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II, and (ii) eligible for distribution through all distribution channels permitted by MiFID II (the "**Target Market Assessment**").

Notwithstanding the Target Market Assessment, the price of the Offer Shares may decline, and investors could lose all or part of their investment. The Offer Shares offer no guaranteed income and no capital protection, and an investment in the Offer Shares is suitable only for investors who:

- do not need a guaranteed income or capital protection;
- either alone or together with an appropriate financial or other adviser, are capable of evaluating the merits and risks of such an investment; and
- who have sufficient resources to be able to bear any losses that may result from such investment, including up to the total amount invested.

The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Underwriters will only procure investors who meet the criteria of professional clients and eligible counterparties. For the avoidance of doubt, the Target Market Assessment does not constitute (i) an assessment of suitability or appropriateness for the purposes of MiFID II or (ii) a recommendation to any investor or group of investors to invest in, purchase, or take any other action whatsoever with respect to, the Offer Shares. Each distributor is responsible for undertaking its own Target Market Assessment in respect of the Offer Shares and determining appropriate distribution channels.

2.8.10 Lock-up agreements

On July 8, 2021, the Underwriters, the Company and the Selling Shareholder entered into an underwriting agreement relating to the Private Placement and Listing (the "**Underwriting Agreement**"). In the Underwriting Agreement, the Company has agreed with each Underwriter that neither the Company, the Management Board nor the Supervisory Board will, and will not agree to without the prior written consent of the Joint Global Coordinators for a period of 180 calendar days following the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on or about July 19, 2021):

- announce or execute any capital increase from authorized capital;
- propose a capital increase to its shareholders' meeting;
- announce, execute or propose to its shareholders' meeting any issuance of financial instruments that carry conversion or option rights to shares in the Company; or
- enter into other transactions or perform any actions with a similar economic effect,

in each case of the four bullets above other than as expressly described in this Prospectus. The Company may, however, (i) issue or sell any shares or other securities, including actual or virtual options, under current and future management participation plans to former and future employees, supporters, former, current and future members of executive bodies, service providers and business partners of the Company or its subsidiaries or their respective investment vehicles, and (ii) pursue any corporate actions undertaken by the Company for the purposes of entering into any agreement regarding or resolution upon, the entering into any joint venture or the acquisition of any companies, provided that in the case of (i), the Company will, with respect to future management participation plans only, use its best efforts that the relevant beneficiary of such future management participation plan or, in the case of (ii), the parties to the joint venture or acquiring entity to which such shares will be issued agree towards the Underwriters to be bound by the same lock-up undertaking as the Company.

The Shareholders have undertaken, not to, without the prior written consent of the Joint Global Coordinators, which consent shall not to be unreasonably withheld or delayed, for a period of 180 calendar days following the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on July 19, 2021):

- offer, pledge, allot, distribute, sell, contract to sell, sell any option or contract to purchase, purchase any option to sell, grant any option, right or warrant to purchase, transfer or otherwise dispose of, directly or indirectly (including, but not limited to, the issuance or sale of any securities exchangeable into shares of the Company), any shares of the Company;

- cause or approve, directly or indirectly, the announcement, execution or implementation of any increase in the share capital of the Company or a direct or indirect placement of shares of the Company;

- propose, directly or indirectly, any increase in the share capital of the Company to any shareholders' meeting for resolution, or vote in favor of such a proposed capital increase; or

- enter into a transaction or perform any action economically similar to those described in the bullets above, in particular enter into any swap or other arrangement that transfers to another, in whole or in part, the economic risk of ownership of shares of the Company, whether any such transaction is to be settled by delivery of shares of the Company, in cash or otherwise.

The foregoing shall not apply to (i) transfers to affiliates or shareholders of the Shareholders, provided that the relevant transferee(s) has/have agreed in advance towards the Joint Global Coordinators to be bound by the same lock-up undertaking, (ii) a disposal in accordance with a court order or as required by law or regulation, (iii) any disposal of Shares pursuant to a general offer made to all holders of Shares in the Company made in accordance with takeover regulations on terms which treat all such holders alike, (iv) any disposal of Shares for the purposes of pledging or charging any Share to or for the benefit of an Underwriter acting as margin loan lender in connection with a margin loan given to the Shareholders or (v) any disposal for the purposes of transferring, selling and/or appropriating any Shares pursuant to and following any enforcement of the security over Shares granted by the Shareholders to or for the benefit of such margin loan lender, provided that in the case of (iv), in relation to such Shares each margin loan lender, transferee or purchaser has agreed in advance to towards the Joint Global Coordinators to be bound by the same lock-up undertaking, which may only be waived with the consent of the Joint Global Coordinators, and (vi) transfers or disposals of Shares acquired after the date hereof.

In addition, the members of the Management Board as well as five other employees of the Group have, with regards to Shares allocated to them concurrently to the Private Placement, undertaken, not to, without the prior written consent of the Joint Global Coordinators, which consent shall not to be unreasonably withheld or delayed, for a period of 720 calendar days following the first day of trading of the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (currently expected to take place on July 19, 2021):

- sell, distribute, transfer or otherwise dispose of any of their shares or securities in the Company; or

- grant, issue or sell any option or conversion rights on the shares of the Company; or

- vote in favor of a proposed increase of the share capital of the Company or issuance of financial instruments that carry conversion or option rights to shares in the Company; or

- enter into other transactions or perform any actions with a similar economic effect to those described above.

The foregoing does not apply to (i) transfers to affiliates of the undersigned, (ii) transfers to any other shareholder immediately prior to the Private Placement, (iii) future pledges granted to one or more of the

Underwriters or their affiliates, and (iv) any transfers of shares to any of the Underwriters or their respective affiliates pursuant to enforcement of any pledge entered into in accordance with (iii), provided in each case that such transferee(s) agree(s) towards the Underwriters to be bound by the same lock-up undertaking. The foregoing further does not apply to members of the Management Board who within the lock-up period will incur tax liabilities due to an exercise of their respective call options or due to the Private Placement itself, but only insofar as the sale of the shares is necessary to pay such tax liabilities. In addition, the foregoing does not apply with respect to transfers between shareholders of the Company, provided in each case that such transferee(s) agree(s) towards the Underwriters to be bound by the same lock-up undertaking.

2.8.11 Admission to the Frankfurt Stock Exchange and commencement of trading

The Company will apply for admission of the Shares to trading on the regulated market segment (*regulierter Markt*) of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). Commerzbank is acting as listing agent. The listing approval (admission decision) for the Shares is expected to be granted and announced on or about July 16, 2021. The decision on the admission of the Shares to trading will be made solely by the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) at its discretion. Trading in the Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is expected to commence on or about July 19, 2021.

2.8.12 Designated sponsors

J.P. Morgan and Berenberg have been mandated as designated sponsors of the Shares traded on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) for a period of at least two years from the first day of trading of the Shares. Pursuant to the designated sponsor agreements expected to be concluded among each of the designated sponsors and the Company, the designated sponsors will, among other things, place limited buy and sell orders for the Shares in the electronic trading system of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) during regular trading hours. This is intended to achieve greater liquidity in the market for the Shares. The designated sponsors are entitled to delegate their duties under the designated sponsor's agreements to third parties. In accordance with Sections 81 and 82 of the Rules of the Frankfurt Stock Exchange (*Börsenordnung für die Frankfurter Wertpapierbörse*), the designated sponsor's agreements stipulate the duties and responsibilities of the designated sponsors. Among other things, the designated sponsors shall be available during trading hours and, upon receipt of a request for a quote, shall promptly supply quotes and enter into transactions on such basis. In addition, the designated sponsors shall provide quotes throughout the auction.

2.8.13 Interests of parties participating in the Listing

The Underwriters act for the Issuer and the Selling Shareholders in connection with the Listing and coordinate the structuring and execution of the Listing. Upon successful implementation of the Listing, the Underwriters will receive a commission, and the size of this commission depends on the results of the Private Placement. As a result of these contractual relationships, the Underwriters have a financial interest in the success of the Private Placement and the Listing at the best possible terms.

Furthermore, in connection with the Listing, each of the Underwriters and any of their respective affiliates may take up a portion of the Offer Shares in the Listing as a principal position and in that capacity may retain, purchase or sell for its own account such shares or related investments and may offer or sell such shares or other investments otherwise than in connection with the Offer Placement. In addition, certain of the Underwriters or their affiliates may enter into financing arrangements (including swaps or contracts for differences) with investors in connection with which Underwriters (or their affiliates) may from time to time acquire, hold or dispose of shares in the Issuer. None of the Underwriters intend to disclose the extent of any such investment or transactions otherwise than in accordance with any legal or regulatory obligation to do so.

Some of the Underwriters or their affiliates have, and may from time to time in the future continue to have, business relations with our Group or may perform services for our Group in the ordinary course of business for which they have received or may receive customary fees and commissions. In particular, certain of the Underwriters or their respective affiliates are lenders under the Revolving Credit Facility, which is expected to be cancelled following the Listing (see *7.15.2 Revolving Credit Facility*) and certain of the Underwriters or their respective affiliates are mandated lead arrangers and/or lenders under the New Senior Facilities Agreement.

Following the Listing, on the Closing Date, the Selling Shareholder will receive the proceeds from the sale of the Secondary Shares in the Private Placement (after deduction of Underwriters' base fees and expenses) in an amount of approximately EUR 191 million, or 79.8% of the total net proceeds from the Private Placement.

Accordingly, the Selling Shareholder has an interest in the success of the Private Placement and the Listing at the best possible terms.

The funds advised by Bregal Capital LLP, sub-advised by Bregal Unternehmerkapital GmbH ("**Bregal**" and the "**Bregal Funds**") and invested in the Company (see *8. Shareholder Information*) and funds affiliated with those funds have investment activities that are independent of and may from time to time conflict with the Company's interests. Certain employees of Bregal Unternehmerkapital GmbH serve or may serve as members of the Supervisory Board of the Company. They may also serve as management or supervisory board members of or in a similar function for other companies directly or indirectly owned by the Bregal Funds or affiliated Bregal funds, including companies that operate in the same sectors as, and may compete with, Novem. At the date of this Prospectus, the following members of the Company's supervisory board are affiliated with Bregal: Florian Schick is Managing Director of Bregal Unternehmerkapital GmbH and investment committee member of Bregal Funds III LP and Philipp Struth is an employee of Bregal Unternehmerkapital GmbH with the title Partner.

The members of the Management Board Günter Brenner and Dr. Johannes Burtscher, five other employees of the Company and the chairman of the Supervisory Board Dr. Stephan Kessel, indirectly over investments in limited partnerships, hold profit participation rights in the Selling Shareholder and are entitled to participate in the profits, the hidden reserves, the liquidation proceeds or a certain compounding yield of the Selling Shareholder under a co-investment program without, directly or indirectly, holding shares or voting rights in the Company (see *11.4.1 Co-Investment Program*) and will indirectly, through the Selling Shareholder, receive proceeds from the sale of the Secondary Shares in the Private Placement following the Listing on or around the Closing Date, corresponding to an aggregate indirect economic interest in the Company of approximately 10% as of the date of this Prospectus. In addition, following the Listing, the members of the Management Board Christine Hollmann and Frank Schmitt as well as four other employees of the Company will receive transaction and retention bonuses under exit bonus agreements with an indirect shareholder of the Selling Shareholder, in an aggregate amount of approximately €1 million, while 50% of this amount is subject to a continued employment with Novem of two years. Accordingly, these individuals had and have an interest in the success of the Listing.

Except for the aforementioned interests, there are no interests, including conflicting ones, that are material to the Listing.

3. DIVIDEND POLICY, RESULTS AND DIVIDENDS PER SHARE, USE OF PROFITS

3.1 General provisions relating to profit allocation and dividend payments

The shareholders' share of profits is determined based on their respective interests in the Company's share capital. In a Luxembourg public limited liability company (*société anonyme*), resolutions concerning the distribution of dividends for a given financial year, and the amount thereof, are adopted by the annual general meeting of shareholders related to such financial year.

The annual general meeting of shareholders decides on the allocation of the annual profit, if any. In accordance with the requirements of the laws of Luxembourg, every year at least 5% of the net profit of the Company must be set aside in order to build up the legal reserve. This allocation ceases to be compulsory when the legal reserve amounts to one-tenth of the issued share capital but shall again be compulsory if the reserve falls below such threshold of one-tenth. The remaining balance of the net profit will be at the disposal of the general meeting of shareholders. The general meeting of shareholders will also allocate profits to reserves other than the legal reserve, if such allocation is foreseen in the Articles of Association (as defined herein) as resolved at such general meeting.

The annual general meeting of shareholders shall determine how the remainder of the annual net profits shall be disposed of and it may decide to declare and pay dividends from time to time, as in its discretion it believes best suits the corporate purpose and policy and within the limits of the 1915 Companies Act. Dividends, when payable, will be declared and paid in any currency selected by the Company's Management Board and will be paid at the time and place fixed by the Management Board within the limits of the decision of the general meeting of shareholders.

Furthermore, interim dividends may be declared by the Management Board and paid by the Company according to the following conditions:

(i) interim accounts shall be drawn-up showing that the funds available for distribution are sufficient;

(ii) the amount to be distributed may not exceed total profits made since the end of the last financial year for which the annual accounts have been approved, plus any profits carried forward and sums drawn from reserves available for this purpose, less losses carried forward and any sums to be placed to reserve pursuant to the requirements of the law or the Articles of Association;

(iii) the decision of the Management Board to distribute an interim dividend may not be taken more than two months after the date at which the interim accounts referred to under point (i) above have been made up;

(iv) the approved statutory auditor (*réviseur d'entreprises*) in its report to the Management Board shall verify if the above conditions for a distribution of interim dividends have been satisfied.

No dividend distribution may be decided by the annual general meeting of shareholders when, on the closing date of the last financial year, the net assets as set out in the annual accounts are, or following such distribution would become, lower than the amount of the subscribed share capital plus the legal reserve or any other reserves that may not be distributed by virtue of the Articles of Association or the 1915 Companies Act.

Dividend distributions that have not been claimed within five years as from the date that they have become available shall lapse in favor of the Company in accordance with the prevailing interpretation of article 2277 of the Luxembourg Civil Code. There are no specific dividend restrictions or procedures for non-resident shareholders.

The Shares carry dividend rights as of April 1, 2021.

3.2 Dividend policy and dividend per share

During Fiscal Year 2018/19 to Fiscal Year 2020/21, the Company paid the following interim dividends and repaid shareholder loans in the following amounts:

On November 15, 2018 the board of managers of the Company decided to distribute and pay an interim dividend of €120,000,000.00 to its then sole shareholder Automotive Investments.

In addition, in Fiscal Year 2018/19, shareholder loans have been repaid to Rokoko, the sole shareholder of Automotive Investments, in an amount of €7,500,000.00, €70,200,000.00 and €90,000,000.00.

In Fiscal Year 2019/20, a recapitalization took place. On June 4, 2019 the Company repaid outstanding shareholder loans of €73,367,463.23 to Rokoko. On June 3, 2019 the board of managers of the Company decided to distribute an interim dividend to Automotive Investments in the amount of €604,394,319.00 which, however, was only paid in cash in an amount of €187,434,072.54 with the remainder being converted into shareholder loans. See also *5.9 Equity*. In Fiscal Year 2020/21, no shareholder loans were repaid and no interim dividends paid.

The dividends per share, adjusted for the share capital as of the date of this Prospectus amounted to €2.79 and €14.05 for the Fiscal Year 2018/19 and Fiscal Year 2019/20, respectively. As outlined above, in Fiscal Year 2020/21, no dividends were paid.

Following the Listing, we expect to start paying dividends in 2022 for the fiscal year ending March 31, 2022.

The Company has not paid any dividends or made any other distributions between April 1, 2021 and the date of this Prospectus.

Our dividend policy will be reviewed from time to time and declaration and payment of any dividends will be at the discretion of the Management Board of the Company and the general meeting of shareholders of the Company after taking into account various factors, including, without limitation, our business prospects, future earnings, cash requirements, financial condition, expansion plans and the requirements of Luxembourg law (as described above) and/or the laws of the jurisdictions where our subsidiaries are organized. Our general dividend policy following the Listing is to pay dividends at levels consistent with our growth and development plans, while maintaining a reasonable level of liquidity. Pursuant to this policy, we expect to pay dividends in respect of the financial year ending March 31, 2022, subject to market conditions, our profitably and other factors. In line with this policy, our current intention is to pay approximately 35% of our consolidated net profit in dividends subject to market conditions, our growth and development plans and the need to maintain a reasonable level of liquidity. However, there can be no assurance that we will be able to meet this target.

In addition to the limitations described above, the terms of our financing arrangements, including the new senior facilities agreement ("**New Senior Facilities Agreement**"), also restrict the ability to pay dividends, requiring the Company to meet or exceed certain financial thresholds prior to paying dividends, see *7.15.3 New Senior Facilities Agreement*.

4. CAPITALIZATION AND INDEBTEDNESS, STATEMENT ON WORKING CAPITAL AND SIGNIFICANT CHANGES

The following tables set forth Novem's actual capitalization and indebtedness (i) as of May 31, 2021, (ii) the effects of pre listing capital measures, (iii) the Private Placement and (iv) effects of the repayment of debt.

On June 30, 2021, the Company's share capital was increased from its then current amount of €62,500 to €400,000 by the creation and the issuance of 33,750,000 new shares with no nominal value each by way of incorporation of an amount of €337,500 which was then booked under the freely distributable share premium account of the Company. In the context of the Private Placement and the issuance of the New Shares, the Company's share capital was further increased from €400,000 to €430,303.03 by the creation and the issuance of 3,030,303 new shares with no nominal value each against contribution in cash. Upon Listing and fulfilment of certain customary conditions, the Senior Secured Notes (as defined and described under *7.15.1 Senior Secured Floating Rate Notes due 2024*) will be repaid with the borrowings from the New Senior Facilities Agreement (as defined and described under *7.15.3 New Senior Facilities Agreement*) and from existing cash including the net proceeds raised in the Private Placement.

Investors should read the following tables in conjunction with the Section 5. Management's Discussion and Analysis of Financial Condition and Results of Operations, the consolidated financial statements of the Novem Group included in this Prospectus, including the related notes thereto, and additional financial information contained elsewhere in this Prospectus.

4.1 Capitalization

	As of May 31, 2021	Effects of the Pre Listing Capital Measures[(1)]	Private Placement[(2)]	Effects of the repayment of debt[(3)]	Total
			(in € thousand) (unaudited)		
Total current debt (including current portion of non-current debt)[(4)]	**182,051**	**0**	**0**	**0**	**182,051**
Thereof guaranteed	0				0
Thereof secured[(5)]	0				0
Thereof unguaranteed/unsecured	182,051				182,051
Total non-current debt (excluding current portion of non-current debt)[(6)]	**937,407**	**(469,280)**	**0**	**(147,311)**	**320,816**
Thereof guaranteed	0				0
Thereof secured[(6)]	395,148			(147,311)	247,837
Thereof unguaranteed/unsecured	542,259	(469,280)			72,979
Shareholders' equity[(7)]	**(509,655)**	**466,088**	**48,425**	**(4,852)**	**6**
Share capital	62	338	30		430
Legal reserves[(8)]	21,891	468,942	48,395		539,228
Other reserves[(9)]	(531,608)	(3,192)	0	(4,852)	(539,652)
Total[(10)]	**609,803**	**(3,192)**	**48,425**	**(152,163)**	**502,873**

(1) On June 30, 2021 the issued share capital of the Company has been increased from its then current amount of €62,500 to €400,000 by the issue of 33,750,000 new shares with no nominal value (while keeping the accounting par value of the shares at one euro cent (€0.01) each) for an aggregate subscription price corresponding to the par value of the new shares issued and payment of the subscription price by way of incorporation of an amount of €337,500 booked under the freely distributable capital reserves account of the Company. On July 14, 2021, Automotive Investments contributed receivables of an aggregate amount of €469,280,246.55 it held against the Company resulting from shareholder loans to the freely distributable reserve account (number 115) of the Company named "contribution to equity capital without issue of shares ("capital contribution")" pursuant to the Grand Ducal decree dated September 12, 2019 on the presentation and content of standard chart of accounts. In this context, Other reserves decreased by interest expenses related to the shareholder loans as incurred between May 31, 2021 and the date of contribution amounting to €3,192,466.31.

(2) The adjustments reflect the increase of the Company's share capital by €30,303.03 from €400,000 to €430,303.03 against cash contributions, and expected net proceeds from the Private Placement in connection with this Offering attributable to the Company of €48.4 million (based on the issuance of 3,030,303 New Shares at an Offer Price of €16.50 per share and related costs of the Private Placement and Listing attributable to the Company (excluding payment of discretionary incentive fees to the Underwriters)).

(3) The adjustment reflects the refinancing of the Senior Secured Notes in an amount of €400.0 million by a secured term loan facility in an amount of €250.0 million following the Listing. Upon the repayment of the Senior Secured Notes, so far unamortized transaction costs in an amount of approximately €4.9 million will be recognized as an expense.

(4) Referred to as total current liabilities in the consolidated statement of financial position.

(5) Referred to as total non-current liabilities in the consolidated statement of financial position.

(6) 'Non-current debt' which are secured are the Senior Secured Notes. The Senior Secured Notes are secured by certain shares in subsidiaries of Novem Group GmbH, certain intercompany receivables as well as certain bank accounts.

(7) 'Shareholders' equity' refers to "Total equity", as shown in the consolidated statement of financial position.

(8) Referred to as "Capital reserves" in the consolidated statement of financial position.

(9) Referred to as "Retained earnings/(accumulated losses)" and "Currency translation reserve" in the consolidated statement of financial position; excluding profit and loss of the reporting period April 1, 2021 to May 31, 2021 but including other comprehensive income for this period.

(10) Sum of "Total current debt", "Total non-current debt" and "Shareholders' equity".

4.2 Indebtedness

	As of May 31, 2021	Effects of the Pre-Listing Capital Measures(1)	Private Placement(2)	Effects of the repayment of debt(3)	Total
			(in € thousand) (unaudited)		
A. Cash(4)	168,997	0	48,425	(152,196)	**65,226**
B. Cash equivalents(3)	-				0
C. Other current financial assets	-				0
D. Liquidity (A + B + C)	**168,997**	**0**	**48,425**	**(152,196)**	**65,226**
E. Current financial debt (including debt instruments, but excluding current portion of non-current financial debt) (5)	1,297				1,297
F. Current portion of non-current financial debt(6)	7,026				7,026
G. Current financial indebtedness (E + F)	**8,323**	**0**	**0**	**0**	**8,323**
H. Net current financial indebtedness (G - D)	**(160,675)**	**0**	**(48,425)**	**152,196**	**(56,903)**
I. Non-current financial debt (excluding current portion and debt instruments)(7)	27,749				27,749
J. Debt instruments(8)	860,863	(469,280)		(152,196)	239,387
K. Non-current trade and other payables(9).	11				11
L. Non-current financial indebtedness (I + J + K)	**888,623**	**(469,280)**	**0**	**(152,196)**	**267,147**
M. Total financial indebtedness (H +L)	**727,948**	**(469,280)**	**(48,425)**	**0**	**210,244**

(1) On July 14, 2021 Automotive Investments contributed receivables of an aggregate amount of €469,280,246.55 it held against the Company resulting from shareholder loans to the freely distributable reserve account (number 115) of the Company named "contribution to equity capital without issue of shares ("capital contribution")" pursuant to the Grand Ducal decree dated September 12, 2019 on the presentation and content of standard chart of accounts.

(2) The adjustments reflect the increase of the Company's share capital by €30,303.03 from €400,000 to €430,303.03 against cash contributions, and expected net proceeds from the Private Placement in connection with this Offering attributable to the Company of €48.4 million (based on the issuance of 3,030,303 New Shares at an Offer Price of €16.50 per share and related costs to the Company (excluding payment of discretionary incentive fees to the Underwriters)).

(3) The adjustment reflects the refinancing of the Senior Secured Notes in an amount of €400.0 million by a secured term loan facility in an amount of €250.0 million following the occurrence of a Listing. Upon the repayment of the Senior Secured Notes, so far unamortized transaction costs in an amount of €4.9 million will be recognized as an expense.

(4) 'Cash' comprises cash at banks, cash on hand and short-term deposits with an original maturity of three months or less and is referred to as "Cash and cash equivalents" in the consolidated statement of financial position.

(5) Reflects current "Financial liabilities" as presented in the consolidated statement of financial position.

(6) Reflects the current portion of the non-current lease liabilities recognized in the current "Other liabilities" in the consolidated statement of financial position.

(7) Reflects the non-current portion of the lease liabilities recognized in the non-current "Other liabilities" in the consolidated statement of financial position.

(8) Referred to as non-current "Financial liabilities" in the consolidated statement of financial position and consisting of the Senior Secured Notes and the shareholder loan.

(9) Reflects 'other financial liabilities' recognized in the current "Other liabilities" in the consolidated statement of financial position.

4.3 Statement on working capital

In our own opinion, our working capital is sufficient to meet our present requirements over at least the next twelve months from the date of this Prospectus.

4.4 Statement regarding significant changes

Other than as described in *16. Recent Developments and Outlook*, between March 31, 2021, as the end of the last financial period for which financial information has been published, and the date of this Prospectus, no significant change in the financial position or in the financial performance of the Group has occurred.

For information on current trading and management's view on future trends, see *16.1. Current Trading*.

5. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following is a discussion and analysis of our financial condition and results of operations for Fiscal Year 2018/19, Fiscal Year 2019/20 and Fiscal Year 2020/21 as derived from our Audited Consolidated Financial Statements, which are included elsewhere in this Prospectus. The financial information marked as "audited" in tables in this section has been extracted from the Audited Consolidated Financial Statements or the 2017/18 Audited Consolidated Financial Statements. The label "unaudited" is used in tables in this section to indicate financial data that has not been taken from the Audited Consolidated Financial Statements or the 2017/18 Audited Consolidated Financial Statements, but was taken from the internal reporting system, or has been calculated based on financial data from the above-mentioned sources.

Certain numerical figures set out in this Prospectus, including financial data presented in thousands and percentages, have been subject to rounding adjustments and, as a result, the totals of the data in this Prospectus may vary slightly from the actual arithmetic totals of such information. Percentages and amounts reflecting ratios and changes over time periods relating to financial and other data set forth in this Prospectus are calculated using the numerical data, subject to rounding, in the narrative description thereof.

Financial information presented in parentheses denotes the negative of such number presented. In respect of financial information set out in this Prospectus, a dash ("–") signifies that the relevant figure is not available, while a zero signifies that the relevant figure is available but has been rounded to zero or is zero.

You should read this discussion in conjunction with the sections entitled 2.5 Presentation of financial information and *4. Capitalization and Indebtedness, Statement on Working Capital and Significant Changes which are included elsewhere in this Prospectus. This discussion includes forward-looking statements, which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied by the forward-looking statements. See 2.2 Forward-looking statements and, for a discussion of the risks and uncertainties which we face, 1. Risk Factors.*

5.1 Overview

We are the leading supplier of premium decorative interior trim elements, with an estimated global market share of approximately 46% by sales in Fiscal Year 2019/20, which we believe is more than twice that of our next competitor (Source: Roland Berger Report, March 2021). Our product portfolio includes door trims, trim elements for the center console and dashboard as well as trim elements for driver and passenger instrument panels. Our products combine high-quality raw materials with advanced technology and high-quality craftsmanship and are predominantly used in the premium and sport utility vehicle ("**SUV**") segments of the automotive industry. We are one of only two manufacturers of premium decorative interior trim elements with a significant global footprint offering products across all surface materials, including wood, aluminum, carbon and premium synthetics (Source: Roland Berger Report, March 2021). We have a global presence with eight manufacturing facilities in seven countries across Europe, the Americas and Asia that are strategically located in all major vehicle producing regions, close to our OEM customers' production hubs. As of March 31, 2021, we had 5,717 employees (total, by headcount and including 49 inactive employees in Kulmbach). Our Group is organized and managed at regional level, our three reportable segments are Europe, Americas and Asia, with a broadly similar product portfolio across the segments (see *5.6 Segment Reporting* for a breakdown of our historical revenue by segment).

We have strong and long-standing relationships with many of our customers, including long-term relationships with Audi, BMW, Daimler, General Motors, Porsche and Volvo over many decades. Our customer base includes almost all of the OEMs active in the premium vehicle market. We maintain strategic relationships with our key customers and typically supply multiple platforms for each customer. We supply our customers on more than 100 different platforms, each with individual production cycles, and thus are not dependent on any single platform with each customer. Moreover, through the combination of our long-standing customer relationships and the importance of our products to our OEM customers' own end-products, we are deeply embedded in our customers' supply chains and product development. This also provides us with good revenue visibility. As of March 31, 2021, our Awarded Business amounted to approximately €4.5 billion compared to €602,718 thousand in revenue for Fiscal Year 2020/21.

We work closely with our OEM customers to design and engineer interior trim elements that meet their high-quality standards and offer innovative surfaces and looks. Our engineering and design division is predominantly located in Vorbach, Germany and, as of March 31, 2021, we employed approximately 218 engineers, designers and technicians who work exclusively on new designs and product innovation. Due to our manufacturing and product expertise, we are embedded in our customers' pre-development and product development processes and are often engaged by OEMs to work on innovation projects, design concepts and new engineering solutions during the pre-development phase up to four years prior to the start of production for a new platform. If we are awarded a platform, a decision taken typically around two to three years prior to the planned start of production, we work closely with our OEM customers throughout the development process to respond to design changes and additional requirements until the interior design concept is frozen, which may be as late as six months prior to start of production. Furthermore, our customer proximity, through engineers working on-site at our OEM customers, provides us with continuous product feedback, ideas and direct input into the OEM's development process.

The segment of the global automotive market in which we are active is driven by favorable underlying general trends, such as premiumization, individualization and increasing integration of technological features into trim elements. Global premium vehicle production has grown at a compound annual growth rate ("**CAGR**") of 2.4% between 2015/16 and 2019/20 and is forecast to continue to grow at a CAGR of 6.0% between 2020/21 and 2025/26 (Source: Roland Berger Report, March 2021). Within the wider automotive market, the premium segment, which is particularly relevant to us, has outgrown total light vehicle (i.e. all passenger cars, vans and light trucks with a gross vehicle weight of less than six tons) production and this trend is forecast to continue (Source: Roland Berger Report, March 2021). Over the longer term, prior to the COVID-19 pandemic, our sales revenue increased at a CAGR of approximately 8% over the past 15 years (CAGR based on German GAAP management reporting sales revenue from 2004/05 of former holding company and 2019/20 sales revenue based on IFRS reporting). In addition to these general growth trends, we are exposed to trends specific to the premium decorative interior trim sector such as the growing emphasis on premium quality, materials and customization. We believe these trends will continue to drive the importance of vehicles' interior design and appearance through an increasing use of high-quality materials and surfaces, and therefore provide opportunities to expand our content per vehicle. Given our strong market position and materials processing expertise across all surface materials, we believe we are well-positioned to benefit from these attractive long-term growth trends in the premium vehicle market. In addition, demand for our interior trim elements is generally powertrain agnostic. We believe we may benefit from the trend towards the electrification of the powertrain as we expect electric vehicles to have more interior surface space for which our trim elements are used.

We have been majority owned by funds advised by Bregal since 2011 which has supported our growth and international expansion through its long-term commitment. For further information on our current shareholder structure see *8. Shareholder Information*.

5.2 Factors Affecting Our Results of Operations

Our results of operations are affected by the following factors, among others:

5.2.1 Global automotive industry and general macroeconomic conditions

Our business and results of operations are significantly influenced by developments in the global automotive markets, which are impacted by general macroeconomic conditions. Demand for our products and, in turn, our sales volumes and revenue levels, is driven by demand for our OEM customers' vehicles which depends to a large extent on general economic conditions in the countries, regions and localities in which we and our OEM customers operate (such as GDP growth, consumer confidence and the various macroeconomic factors which influence consumer spending, such as developments in unemployment rates, tax rates and the availability of consumer credit and financing). Additional factors that influence automotive production include changing demographics (e.g., population growth, increase of median age, urbanization), consumer preferences, levels of disposable income, regulations and government policies (such as increasingly strict standards for CO_2 emissions) replacement rates of old vehicles and affordability of new vehicles. During the global financial and economic crisis, the (German GAAP) revenue of the Novem group (including its predecessors) fell by approximately 10% from the fiscal year ended March 31, 2008 to the fiscal year ended March 31, 2009, and by another approximately 8% in the following fiscal year. Even so, we remained EBITDA-positive during both years on a German GAAP basis. Revenue recovered to pre-crisis levels by the fiscal year ended March 31, 2011, having grown at a CAGR of more than 3% from the fiscal year ended March 31, 2007 to the fiscal year ended March 31, 2011.

While, according to the Roland Berger Report, global light vehicle production decreased by a CAGR of 1.5% between 2015/16 and 2019/20 (Source: Roland Berger Report, March 2021), the relevant light vehicle production volume of the global automotive market grew at a CAGR of 1.8% (Source: LMC Automotive; relevant light vehicle production volume is defined as total light vehicle production volume excluding non-premium vehicles and out of scope regions outside Europe, the Americas and Asia, e.g. Africa or South America; however, non-premium platforms with premium interior are included) and the premium segment of the global automotive market grew at a CAGR of 2.4% during the same period (Source: Roland Berger Report, March 2021), supported by, among other factors, the global increase in disposable income per capita and the increasing social middle-class in China and other emerging markets. While our global addressable market has grown with a CAGR of 6.6% over the period from 2015/16 to 2019/20 (Source: Roland Berger Report, March 2021), we outperformed the market with a series net sales (excluding tooling) CAGR of 8.8% in the same period. Over the longer term, prior to the COVID-19 pandemic, our sales revenue increased at a CAGR of approximately 8% over the past 15 years (CAGR based on German GAAP management reporting sales revenue from 2004/05 of former holding group company and 2019/20 sales revenue based on IFRS reporting).

In 2020/21, both global light vehicle production and the premium segment contracted sharply by 8.2% and 3.7% respectively (Source: Roland Berger Report, March 2021), mainly due to the COVID-19 pandemic and the government measures implemented to contain its spread (See “*COVID-19*”). According to the Roland Berger Report, global light vehicle production as well as the premium segment thereof are expected to recover from the impact of the ongoing COVID-19 pandemic beginning in 2021/22 and are estimated to grow at a CAGR of 5.5% and 6.0%, respectively, between 2020/21 and 2025/26 (Source: Roland Berger Report, March 2021).

5.2.2 COVID-19

The COVID-19 pandemic had a significant negative impact on the global economy and automotive market. Global light vehicle production decreased by 8.2% in 2020/21 with the premium segment recording a decrease of 3.7% (Source: Roland Berger Report, March 2021). In the first half of 2020, as the COVID-19 pandemic spread around the globe, we temporarily suspended production in all of our facilities due to government ordered lockdowns or due to lack of demand from our OEM customers and implemented work-from-home protocols for our employees who are able to work remotely. The suspensions started in China early in 2020, followed by Europe in the spring of 2020 and also affected our facilities in Honduras and Mexico later in 2020. The COVID-19 pandemic and the measures taken by the authorities to contain its spread began to negatively affect our revenue and Adjusted EBITDA by February 2020, with the most pronounced effects in April and May 2020. Starting in June 2020, revenue and Adjusted EBITDA started to recover, as many restrictions in Europe and America were lifted. In July 2020, our revenue and Adjusted EBITDA had largely recovered to levels at or above the corresponding month in 2019.

As a result of the suspension of production, the global disruptions in economic activities and the negative impact on our main OEM customers' business from falling consumer confidence, our revenue in Fiscal Year 2020/21 decreased to €602,718 thousand from €652,194 thousand in Fiscal Year 2019/20 and €711,140 thousand in Fiscal Year 2018/19. In addition, our Adjusted EBIT margin was impacted and decreased from 17.7% in Fiscal Year 2018/19 to 14.3% in Fiscal Year 2019/20 and then remained at 14.3% in Fiscal Year 2020/21.

For comparison, in the three fiscal years prior to the start of the COVID-19 pandemic, revenue increased from €587,321 thousand in the fiscal year ended March 31, 2017 to €646,309 thousand in the fiscal year ended March 31, 2018, both on the level of Novem Beteiligungs GmbH group, and to €711,140 thousand in Fiscal Year 2018/19 on the level of the Novem Group. Revenue from the sale of series trim elements increased from €501,109 thousand in the fiscal year ended March 31, 2017 to €585,089 thousand in the fiscal year ended March 31, 2018, both on the level of Novem Beteiligungs GmbH group and to €605,831 thousand in Fiscal Year 2018/19 on the level of the Novem Group. The increase in revenue during this period was driven by the expansion of our production capacity mainly in the Americas and Asia, strong demand for SUVs as well as the general trend towards individualization and premiumization of vehicles, including with respect to platforms that historically did not contain premium trim parts, which resulted in an increased content per vehicle for our products. During the same period Adjusted EBITDA and Adjusted EBIT increased from €115.6 million and €91.0 million, respectively, in the fiscal year ended March 31, 2017 to €138.4 million and €119.2 million, respectively, in the fiscal year ended March 31, 2018, each on the level of Novem Beteiligungs GmbH group and to €152.9 million and €125.9 million, respectively, in Fiscal Year 2018/19 on the level of the Novem Group, whereas Adjusted EBIT margin, prior to COVID-19, was 15.5% and 18.4% as well as 17.7% in the fiscal years ended March 31, 2017 and 2018, both on the level of Novem Beteiligungs GmbH group as well as 2019 on the level of the Novem Group, respectively.

In response to the COVID-19 pandemic, we implemented short-term measures to reduce our costs and protect our cash flow. In particular, we utilized furlough or short-time work schemes where available and required our employees to consume flexible time accounts. Benefits from the utilization of short-time work amounted to €10 million in Fiscal Year 2020/21 and no impact is expected for the current Fiscal Year.

While the global automotive market has recovered to a certain extent and all of our production facilities are open as of the date of this Prospectus, we expect the COVID-19 pandemic to be a factor in our results of operations at least in the near-term.

5.2.3 Platform life cycle and ramp-up costs

Life cycles of vehicle models and the design and development phase prior to the start of production can vary in length. The life cycle of a vehicle model is typically in the range of five to seven years. We estimate our customers' product life cycles on a case by case basis, given the close contacts we have with our customers and the parameters of a tender offer. New product platforms may entail significant upfront costs, including engineering and design support in the early stage, tooling costs in advance of the start of production and elevated manufacturing costs and scrap levels in the production ramp-up phase (prior to implementation of manufacturing and process improvement measures). For example, in Fiscal Year 2018/19, we incurred exceptional costs in connection with the parallel ramp-up of the production for several complex high-volume platforms, such as higher material costs due to additional freight costs and packaging costs as well as costs incurred in connection with the expansion of manufacturing facilities in Queretaro, Mexico and Langfang, China. In Fiscal Year 2020/21, we supplied more than 100 platforms across 18 customers with approximately 4.2 million trim sets consisting of approximately 26.8 million individual trim elements. Due to the large number of platforms we supply annually and at any given time, platform life cycles and ramp-up costs do not typically result in material fluctuations in our consolidated results of operations. However, our incurrence of significant ramp-up costs for a large new platform during the same period as the end of a platform life cycle for a large product platform could adversely impact our results of operations and profitability for that period.

5.2.4 Continuous manufacturing and process improvement measures

Our profitability is dependent, to a significant degree, on our ability to identify and implement productivity improvements to manage annually scheduled price reductions customary to our industry. We in particular believe that our scrap rates are a key driver of profitability in our industry and differentiating factor. In order to offset price reductions contractually agreed with our customers, we are continuously focused on various manufacturing and process improvement measures to enhance our operational efficiency. These include improving resources management to reduce overall materials consumption and scrap material, measures to further streamline our manufacturing processes, such as optimizing the layout of production steps and machinery, as well as reducing production times to meet shorter lead times. We also remain focused on streamlining purchasing and procurement in order to achieve purchase savings and enhancing the management of inventory and receivables. Our continuous productivity improvement process extends beyond efficiency gains in our manufacturing processes and is applied across all regions and functions of the Group, with annual targets set for function heads and plant managers.

5.2.5 Exchange rate fluctuations

We are a global company with manufacturing facilities in eight locations in China, the Czech Republic, Germany, Honduras, Italy, Mexico and Slovenia as well as two logistics and assembly locations and one sales office in the United States. For Fiscal Year 2020/21, 51.6% of our revenue from third parties was generated in Europe, 33.2% was generated in the Americas and 15.2% was generated in Asia, in each case based on invoicing entity. We are primarily exposed to fluctuations in the euro to Chinese renminbi and U.S. dollar to Mexican peso exchange rates. To a lesser degree we are exposed to the exchange rates of the euro to the Czech koruna, the Mexican peso and the U.S. dollar and the U.S. dollar to the Honduran lempira. Consequently, our results of operations may be significantly affected by both transaction effects and translation effects of foreign currency exchange fluctuations.

We are exposed to transaction effects when our subsidiaries generate revenues or incur costs in a currency different from their respective functional currency. Although changes in foreign exchange rates have in the past affected and will in the future affect the amount of revenues and costs we recognize, we believe that we are in part "naturally" hedged against such fluctuations because the effects of revenues and costs in foreign currencies usually offset each other to a significant degree. For example, foreign currency translation gains included in "other operating costs" are often higher in periods, when expenses from foreign currency translation included in "other operating expenses" are also elevated, thereby providing a netting effect across different line items in our consolidated statement of comprehensive income.

We use derivative financial instruments to manage current and future currency risks. The instruments serve to secure the underlying transactions from our operating activities required by the company. The transactions are made exclusively in marketable instruments and are not made for speculative purposes.

We prepare our consolidated financial statements in euro, while the financial statements of each of our subsidiaries are prepared in their respective functional currencies. Therefore, we are exposed to translation risk through fluctuations in the exchange rate of the currencies of countries that are not part of the European Monetary Union and their impact on our results of operations and consolidated statement of financial position when we translate the financial results from our subsidiaries in those countries to the euro. See *1.2.5 We are exposed to risks associated with changes in currency exchange rates.*

5.2.6 Raw material costs

Cost of materials for use in the manufacture of our products account for the largest portion of our costs. For Fiscal Years 2018/19, 2019/20 and 2020/21, cost of materials represented 48.2%, 47.0% and 48.1% of our total operating performance, respectively. The primary raw materials and components used in many of our products are chrome and plastic parts, wood, aluminum, granulates, glue and synthetic materials. The prices for these and other raw materials, commodities and components required for the manufacture and assembly of our products are influenced by macroeconomic factors as well as other factors, including supply and demand dynamics and industry cycles. We typically purchase our raw materials at spot prices. As a result, the development of commodity prices has an impact on our production cost, but to varying degrees based on changes in product mix and product volumes and our ability to achieve better pricing for certain materials based on larger volumes and supplier management. And while our contracts with customers do not typically include contractual mechanisms for passing on price adjustments, we endeavor to pass through higher input costs to some extent and continually seek to implement measures to offset increases in the costs of materials, such as through supplier base optimization, enhanced bargaining power and improved vendor management.

5.2.7 Shareholder loans and financing arrangements

Historically, we incurred significant interest expense. Finance costs, which mainly comprise interest paid to banks, interest paid on shareholders loans, interest paid on bond, expenses from unwinding the discounting on provisions, interest expense arising from leases and other interest expense, amounted to €91,982 thousand, €61,820 thousand and €51,292 thousand in Fiscal Year 2018/19, 2019/20 and 2020/21, respectively. Our interest expense mainly related to interest payments on our shareholder loan liabilities and, since Fiscal Year 2019/20, the €400.0 million Senior Secured Notes which carry interest at a rate of EURIBOR (subject to a zero floor) plus 5.25% per annum. During the period under review, our liabilities to shareholders increased from €94,452 thousand as of March 31, 2019 to €436,976 thousand as of March 31, 2020 and €461,885 thousand as of March 31, 2021.

We expect that our interest expense following completion of the Listing will be significantly lower. On July 14, 2021, Automotive Investments has resolved to contribute its shareholder loan receivable into the capital reserves without issue of shares of the Company and, as a result of this contribution, such receivable has ceased to exist. In addition, we intend to refinance the Senior Secured Notes following the completion of the Listing from cash on balance, the proceeds from the offering of the New Shares and a drawdown under the term facility provided New Senior Facilities Agreement. The New Senior Facilities Agreement was entered into on June 18, 2021 and provides for a new term facility of €250.0 million and a revolving credit facility of €60.0 million. Borrowings under the New Senior Facilities Agreement will initially bear interest at 1.75% per annum in respect of the term facility and 1.50% per annum in respect of the revolving credit facility both of which may be increased or reduced to a margin range between 2.00% and 0.75% per annum subject to total net leverage test.

5.3 Factors Affecting the Comparability of Our Results of Operations

There are no specific factors affecting the comparability of our results of operations of the Fiscal Years 2018/19 to 2020/21.

5.4 Description of Key Income Statement Line Items

Below is a summary description of our key line items in our consolidated statement of comprehensive income:

5.4.1 Revenue

Our revenues are mainly derived from the sale of our decorative trim elements. Sales of wood decorative trim elements as a surface material account for the largest contribution to revenue, followed by aluminum and, to a small extent, carbon and synthetics. In addition, we generate a small portion of our revenue from the provision of development services as well as the construction of tools necessary for the production of decorative trim elements.

We usually conclude multiple-element contracts with customers, which contain more than one performance obligation. In this regard, two or more agreements are generally combined as these are negotiated as a package with one single economic purpose. The agreements relate to the sale of decorative trim elements, the provision of development services as well construction of tools necessary for production of the trim and function elements. Whereas in the case of the agreements for providing development services and the construction of tools, signing of the contract generally satisfies the criteria of an agreement pursuant to IFRS 15, a contract within the meaning of IFRS 15 is typically established for agreements for the delivery of serial parts only as of the date of initial delivery of serial parts. In the case of subsequent, later deliveries, this then involves contract modifications that are to be accounted for separately from the contracts. Furthermore, individual contracts may have a financing component as the payment date deviates significantly from the date of transfer of power over the goods and services.

In terms of type of revenue recognition, it is necessary to differentiate between performance obligations that are fulfilled over time and those that are fulfilled at a point in time.

Performance obligations that are satisfied at a point in time

This category relates to agreements where we are commissioned by customers to develop special tools, which are sold to the customer upon completion. In such constellations, the development work and subsequent sale of the tools constitute one single performance obligation. The associated revenue is recognized upon completion and sale of the tool to the customer, i.e. at a point in time.

The point in time of revenue recognition from the sale of goods generally corresponds – depending on the respective customer contract and respective order – to the date of delivery or acceptance, as control of the good transfers as of this point in time to the customer and the Group has thus fulfilled its contractual performance obligation. The payment terms contractually agreed on with customers are generally between 30 and 90 days.

Advance payments received from customers for tools are shown as contract liabilities under other liabilities.

Performance obligations that are satisfied over time

This category relates to agreements where we are commissioned by the customer to manufacture customized serial parts. An asset with no alternative use generally arises as of the point in time when the serial part is customized. Furthermore, in such cases we have an enforceable right to payment for services rendered to such date. As a result, revenue for these serial parts is recognized over time and a contract asset is recognized, amounting to at least any costs of performance completed to date plus a reasonable profit margin.

Revenue from service agreements is recognized over time in those periods in which the service is rendered.

5.4.2 Increase or decrease in finished goods and work in process

Increase or decrease in finished goods and work in process represents the variation of work in process and finished products stocks over the period. Work in process and finished goods as well as tools and purchased tools are valued at production cost (direct costs and a proportionate share of material, production and administrative overheads), applying the lower of cost or market principle.

5.4.3 Other operating income

Other operating income primarily comprises effects from currency translation and income from charging out to third parties. Other income also includes insurance indemnifications and income from the reversal of provisions as well as income from the disposal of property, plant and equipment and intangible assets.

5.4.4 Cost of materials

Cost of materials comprises the consumption of the raw materials, consumables and supplies and of purchased merchandise as well as cost of purchased services. The main raw materials, components and supplies we use in our manufacturing processes are chrome and plastic parts, wood, veneer, aluminum, tools, electronic components, granulates, glue and synthetic materials.

The cost of purchased services reflected in cost of materials, mainly comprises all third-party services used in production. This includes, in particular, contract processing and certain leased employees. Cost of purchased services accounts for a relatively small portion of cost of materials.

5.4.5 Personnel expenses

Salaries and social expenses comprise primarily wages and salaries and, to a lesser extent, social security costs and pension costs.

5.4.6 Depreciation, amortization and impairment

Depreciation, amortization and impairment primarily relates to property, plant and equipment and to a small degree to intangible assets. Property, plant and equipment are valued at cost less accumulated depreciation and impairment losses. Property, plant and equipment are depreciated on a straight-line basis in line with the economic useful life.

5.4.7 Other operating expenses

Other operating expenses primarily comprise expenses from currency translation, order related expenses, maintenance capex, personnel-related expenses and legal and consulting costs.

5.4.8 Finance income

Finance income primarily comprises interest income and income from currency translation. Interest income is mostly attributable to interest income from customer tools.

5.4.9 Finance costs

Finance costs primarily relate to interest expenses for shareholder loans and, from Fiscal Year 2019/20, interest paid on the Senior Secured Notes.

5.4.10 Income taxes

Income taxes represent current income taxes for the period and deferred taxes. Current tax comprises the expected tax payable or receivable on the taxable income or loss for the financial year, based on the tax rates applicable or shortly to become applicable on the reporting date, and any adjustment to tax payable for prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any.

5.4.11 Deferred Taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the consolidated statement of financial position and the amounts used for taxation purposes. A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized.

5.5 Results of Operations

The following table provides an overview of our consolidated results of operations for Fiscal Year 2018/19, Fiscal Year 2019/20 and Fiscal Year 2020/21:

	Fiscal Year		
	2018/19	**2019/20**	**2020/21**
	(audited, € in thousands)		
Revenue	711,140	652,194	602,718
Increase or decrease in finished goods and work in process	(9,968)	2,059	(12,716)
Total operating performance	**701,172**	**654,252**	**590,002**
Other operating income	18,388	12,652	17,858
Cost of materials	338,051	307,230	284,045
Personnel expenses	159,617	156,416	144,440
Depreciation, amortization and impairment	26,955	30,255	30,940
Other operating expenses	79,864	90,504	76,152
Operating Result (EBIT)	**115,074**	**82,499**	**72,285**
Finance income	3,224	5,659	8,222
Finance costs	91,982	61,820	51,292
Financial result	**(88,758)**	**(56,161)**	**(43,070)**
Income taxes	25,669	18,390	21,122
Deferred taxes	(2,003)	3,992	(1,641)
Income tax result	**23,667**	**22,382**	**19,480**
Consolidated profit or loss	**2,649**	**3,955**	**9,735**

5.5.1 Fiscal Year 2019/20 compared to Fiscal Year 2020/21

5.5.1.1 *Revenue*

Revenue decreased by €49,476 thousand, or 7.6%, from €652,194 thousand for Fiscal Year 2019/20 to €602,718 thousand for Fiscal Year 2020/21. The decrease was due primarily to lower demand from our OEM customers as a result of the economic slowdown caused by the COVID-19 pandemic as well as the measures implemented by authorities to contain its spread.

The following table provides a breakdown of revenue generated from the sale of series trim elements and tooling related sales:

	Fiscal Year			
	2019/20		**2020/21**	
	(unaudited, € in thousands)	**%**	**(unaudited, € in thousands)**	**%**
Series trim elements	586,923	90.0	544,944	90.4
Tooling	65,271	10.0	57,774	9.6
Total	**652,194**	**100.0**	**602,718**	**100.0**

Revenue from the sale of series trim elements decreased by €41,979 thousand, or 7.2% from €586,923 thousand in Fiscal Year 2019/20 to €544,944 thousand for Fiscal Year 2020/21. The decrease in revenue from tooling related sales was higher at 11.5% from €65,271 thousand in Fiscal Year 2019/20 to €57,774 thousand in Fiscal Year 2020/21 due to the postponement and cancellation of the start of production for several platforms.

In Fiscal Year 2019/20 and Fiscal Year 2020/21, we generated the majority of our revenue from wood trim parts, followed by aluminum trim parts and, to a significantly lower extent, trim elements made of synthetics. The following table provides a breakdown of revenue by surface area:

	Fiscal Year			
	2019/20		**2020/21**	
	(audited, € in thousands)	**%**	**(audited, € in thousands)**	**%**
Wood	501,266	76.9	468,150	77.6
Aluminum	137,685	21.1	110,656	18.4
Synthetics	13,243	2.0	23,912	4.0
Total	**652,194**	**100.0**	**602,718**	**100.0**

Revenue from aluminum trim elements mainly declined due to lower series sales in Europe whereas the increase in revenue from synthetic trim elements was mainly driven by trim elements produced with a new film insert molding technology, which we expect to drive further growth in synthetic trim elements.

The following table provides a breakdown of revenue generated from third parties by geographic segment:

	Fiscal Year			
	2019/20		**2020/21**	
	(audited, € in thousands)	**%**	**(audited, € in thousands)**	**%**
Europe	346,024	53.1	311,123	51.6
Americas	228,118	35.0	199,893	33.2
Asia	78,052	12.0	91,702	15.2
Total	**652,194**	**100.0**	**602,718**	**100.0**

Europe

Revenue generated from third parties in our Europe segment decreased by €34,901 thousand, or 10.1%, from €346,024 thousand for Fiscal Year 2019/20 to €311,123 thousand for Fiscal Year 2020/21. The decrease was due primarily to lower demand from our OEM customers as a result of the economic slowdown caused by the COVID-19 pandemic as well as the measures implemented by authorities to contain its spread.

Americas

Revenue generated from third parties in our Americas segment decreased by €28,225 thousand, or 12.4%, from €228,118 thousand for Fiscal Year 2019/20 to €199,893 thousand for Fiscal Year 2020/21. The decrease was due primarily to lower demand from our OEM customers as a result of the economic slowdown caused by the COVID-19 pandemic as well as the measures implemented by authorities to contain its spread.

Asia

Revenue generated from third parties in our Asia segment increased by €13,650 thousand, or 17.5%, from €78,052 thousand for Fiscal Year 2019/20 to €91,702 thousand for Fiscal Year 2020/21. Our Asia segment benefitted from higher demand by our OEM customers in the region and the win of new platforms. Unlike in our Europe and Americas segment, the COVID-19 related slowdown and closure of manufacturing facilities in China mostly affected the first calendar quarter of 2020 and therefore our Fiscal Year 2019/20. In addition, demand in China was positively affected by government incentives for the vehicle market in Fiscal Year 2020/21.

5.5.1.2 *Increase or decrease in finished goods and work in process*

Changes in goods and work in progress decreased by €14,775 thousand from an increase of €2,059 thousand for Fiscal Year 2019/20 to a decrease of €12,716 thousand for Fiscal Year 2020/21. This development was due primarily to timing effects related to tooling projects.

5.5.1.3 *Other operating income*

Other operating income increased by €5,206 thousand, or 41.1%, from €12,652 thousand for Fiscal Year 2019/20 to €17,858 thousand for Fiscal Year 2020/21. The increase was due primarily to an increase in the income from charging out to third parties from €545 thousand for Fiscal Year 2019/20 to €4,325 thousand for Fiscal Year 2020/21. Foreign currency translation gains and other income remained broadly stable.

5.5.1.4 *Cost of materials*

The following table sets out a breakdown of our cost of materials for Fiscal Year 2019/20 and Fiscal Year 2020/21:

	Fiscal Year	
	2019/20	**2020/21**
	(audited, € in thousands)	
Cost of raw materials and consumables and of purchased goods	287,951	267,354
Cost of purchased services	19,279	16,689
Total	**307,230**	**284,045**

Cost of materials decreased by €23,185 thousand, or 7.5%, from €307,230 thousand for Fiscal Year 2019/20 to €284,045 thousand for Fiscal Year 2020/21. At 48.1% for Fiscal Year 2020/21, cost of materials as a percentage of total operating performance was slightly higher than in the prior fiscal year (47.0%) as a result of the start of production for several new platforms in Fiscal Year 2020/21 and the build-up of safety stocks in response to the COVID-19 pandemic. We typically experience higher scrap rates (the amount of material leftover and unused after a manufacturing job) and lower efficiency at start of production for a new platform, which results in higher cost of materials.

5.5.1.5 *Personnel expenses*

Personnel expenses decreased by €11,976 thousand, or 7.7%, from €156,416 thousand for Fiscal Year 2019/20 to €144,440 thousand for Fiscal Year 2020/21. The decrease was due primarily to cost saving measures introduced in response to the economic slowdown caused by the COVID-19 pandemic such as short-time work, salary freezes and the use of furlough schemes. We also slightly decreased the average number of salaried employees to 2,000 (Fiscal Year 2019/20: 2,012) employed in production and administration and the average number of wage earners to 3,765 (Fiscal Year 2019/20: 3,902). As a result of these measures, personnel expenses as a percentage of total operating performance only increased slightly from 23.9% for Fiscal Year 2019/20 to 24.5% for Fiscal Year 2020/21.

5.5.1.6 *Depreciation, amortization and impairment*

Depreciation, amortization and impairment increased by €685 thousand, or 2.3%, from €30,255 thousand for Fiscal Year 2019/20 to €30,940 thousand for Fiscal Year 2020/21. Depreciation and impairment loss of property, plant and equipment increased slightly from €29,717 thousand for Fiscal Year 2019/20 to €30,282 thousand for Fiscal Year 2020/21 as a result of our elevated investment activity, in particular in Queretaro, Mexico, in previous years. We only recorded minor impairment losses on property, plant and equipment in Fiscal Year 2019/20 and Fiscal Year 2020/21.

5.5.1.7 *Other operating expenses*

Other operating expenses decreased by €14,352 thousand, or 15.9%, from €90,504 thousand for Fiscal Year 2019/20 to €76,152 thousand for Fiscal Year 2020/21. The following table sets out a breakdown of our other operating expenses for Fiscal Year 2019/20 and Fiscal Year 2020/21:

	Fiscal Year	
	2019/20	2020/21
	(audited, in thousands)	
Order-related expenses	26,997	21,097
Personnel-related expenses	8,992	12,151
Maintenance expenses	9,679	8,320
Expenses for environmental protection	1,724	1,778
Legal and advisory fees	6,739	9,699
Expenses for current and low-value leases as well as for variable lease payments not contained in the lease liability	4,659	3,814
Expenses for insurance, fees and contributions	3,351	3,971
Other services	3,328	3,221
Loss allowances on receivables	2,323	(2,189)
Expenses from foreign currency translation	15,951	7,578
Expenses relating to other periods	278	1,273
Expenses from remeasuring derivative financial instruments at fair value	691	406
Other expenses	5,792	5,033
Total	**90,504**	**76,152**

The decrease was due primarily to lower expenses from currency losses as a result of favorable exchange rates as well as a decrease in order related expenses such as freight costs due to lower sales as well as loss allowances on receivables. These effects were only partially offset by higher legal and advisory fees and higher personnel related expenses incurred in connection with the closure of our manufacturing facility in Kulmbach, Germany.

5.5.1.8 *Finance income*

Finance income increased by €2,563 thousand, or 45.3%, from €5,659 thousand for Fiscal Year 2019/20 to €8,222 thousand for Fiscal Year 2020/21. The increase was due primarily to higher income from currency translation as a result of favorable exchange rate effects. Generally the effects from currency translation in the line items finance income and finance costs are presented as a net position of both line items. This effect was only partially offset by lower income interest, which decreased from €5,530 thousand for Fiscal Year 2019/20 to €3,229 thousand for Fiscal Year 2020/21, mainly as a result of lower interest income from customer tools due to the economic slowdown caused by the COVID-19 pandemic.

5.5.1.9 *Finance costs*

Finance costs decreased by €10,528 thousand, or 17.0%, from €61,820 thousand for Fiscal Year 2019/20 to €51,292 thousand for Fiscal Year 2020/21. The decrease was due primarily to lower interest paid on shareholder loans. Interest paid on bond increased from €17,617 thousand for Fiscal Year 2019/20 to €21,292 thousand for Fiscal Year 2020/21, reflecting the first full fiscal year in which the Senior Secured Notes issued in June 2020 were outstanding.

5.5.1.10 *Income taxes*

Income taxes increased by €2,732 thousand, or 14.9%, from €18,390 thousand for Fiscal Year 2019/20 to €21,122 thousand for Fiscal Year 2020/21. The increase was due primarily to increased sales volume in Asia.

5.5.2 Fiscal Year 2018/19 compared to Fiscal Year 2019/20

5.5.2.1 *Revenue*

Revenue decreased by €58,946 thousand, or 8.3%, from €711,140 thousand for Fiscal Year 2018/19 to €652,194 thousand for Fiscal Year 2019/20. The decrease was due primarily to the start of the COVID-19 pandemic in China in the first calendar quarter of 2020 as well as an economic slowdown in Europe towards the end of calendar year 2019. In addition, revenue in Fiscal Year 2018/19 was significantly positively affected by one-time effects from tooling related sales due to the start of production of several high-volume platforms in Europe and the Americas. As a result, tooling related revenue decreased by €40,038 thousand, or 38.0% from

€105,309 thousand in Fiscal Year 2018/19 to €65,271 thousand in Fiscal Year 2019/20. In contrast, revenues from the sale of series trim elements remained relatively stable at €586,923 thousand in Fiscal Year 2019/20 compared to €605,831 thousand in Fiscal Year 2018/19, representing a decrease by €18,908 thousand or 3.1%.

The following table provides a breakdown of revenue generated from the sale of series trim elements and tooling related sales:

	Fiscal Year			
	2018/19		2019/20	
	(unaudited, € in thousands)	%	(unaudited, € in thousands)	%
Series trim elements	605,831	85.2	586,923	90.0
Tooling	105,309	14.8	65,271	10.0
Total	**711,140**	**100.0**	**652,194**	**100.0**

Revenue from tooling related sales was in Fiscal Year 2018/19 was significantly positively affected by one-time effects from tooling related sales due to the start of production of several high-volume platforms in Europe and the Americas. Accordingly, the share of revenue from tooling related sales was elevated in Fiscal Year 2018/19 at 14.8% of total sales. It decreased to 10.0% Fiscal Year 2019/20, which management considers to be a typical share of tooling related revenue.

In Fiscal Year 2018/19 and Fiscal Year 2019/20, we generated the majority of our revenue from wood trim parts, followed by aluminum trim parts and, to a significantly lower extent, trim elements made of synthetics. The following table provides a breakdown of revenue by surface area:

	Fiscal Year			
	2018/19		2019/20	
	(audited, € in thousands)	%	(audited, € in thousands)	%
Wood	543,520	76.4	501,266	76.9
Aluminum	144,869	20.4	137,685	21.1
Synthetics	22,751	3.2	13,243	2.0
Total	**711,140**	**100.0**	**652,194**	**100.0**

The decrease in revenue from wood trim elements was mainly due to the timing of the recognition of tooling revenue in the Europe and Americas segments. Revenue from aluminum trim elements mainly declined due to lower series sales in Europe.

The following table provides a breakdown of revenue generated by third parties by geographic segment:

	Fiscal Year			
	2018/19		2019/20	
	(audited, € in thousands)	%	(audited, € in thousands)	%
Europe	397,756	55.9	346,024	53.1
Americas	218,795	30.8	228,118	35.0
Asia	94,589	13.3	78,052	12.0
Total	**711,140**	**100.0**	**652,194**	**100.0**

Europe

Revenue generated from third parties in our Europe segment decreased by €51,732 thousand, or 13.0%, from €397,756 thousand for Fiscal Year 2018/19 to €346,024 thousand for Fiscal Year 2019/20. The decrease was due primarily to an economic slowdown in Europe towards the end of calendar year 2019 as well as high tooling revenues in Fiscal Year 2018/19 in connection with the start of production for several new platforms, which did not re-occur in Fiscal Year 2019/20.

Americas

Revenue generated from third parties in our Americas segment increased by €9,323 thousand, or 4.3%, from €218,795 thousand for Fiscal Year 2018/19 to €228,118 thousand for Fiscal Year 2019/20. This increase primarily reflects the full year effect of several newly won, high-volume SUV platforms with start of production in Fiscal Year 2018/19, which were therefore only partially included in revenue for Fiscal Year 2018/19.

Asia

Revenue generated from third parties in our Asia segment decreased by €16,537 thousand, or 17.5%, from €94,589 thousand for Fiscal Year 2018/19 to €78,052 thousand for Fiscal Year 2019/20. The decrease was due primarily to the outbreak of the COVID-19 pandemic in China at the beginning of calendar year 2020 which resulted in lower demand and the temporary suspension of production in our Langfang facility.

5.5.2.2 *Increase or decrease in finished goods and work in process*

Changes in goods and work in progress increased by €12,027 thousand from a decrease of €9,968 thousand for Fiscal Year 2018/19 to an increase of €2,059 thousand for Fiscal Year 2019/20. This development was due primarily to timing effects related to tooling projects.

5.5.2.3 *Other operating income*

Other operating income decreased by €5,736 thousand, or 31.2%, from €18,388 thousand for Fiscal Year 2018/19 to €12,652 thousand for Fiscal Year 2019/20. This decrease primarily reflects lower income from charging out to third parties, which decreased from €4,865 thousand for Fiscal Year 2018/19 to €545 thousand for Fiscal Year 2019/201 as well as significant income from the release of provisions in Fiscal Year 2018/19, which did not re-occur in Fiscal Year 2019/20.

5.5.2.4 *Cost of materials*

The following table sets out a breakdown of our cost of materials for Fiscal Year 2018/19 and Fiscal Year 2019/20:

	Fiscal Year	
	2018/19	**2019/20**
	(audited, € in thousands)	
Cost of raw materials and consumables and of purchased goods	313,707	287,951
Cost of purchased services	24,344	19,279
Total	**338,051**	**307,230**

Cost of materials decreased by €30,821 thousand, or 9.1%, from €338,051 thousand for Fiscal Year 2018/19 to €307,230 thousand for Fiscal Year 2019/20. At 47.0% for Fiscal Year 2019/20, cost of materials as a percentage of total operating performance was slightly higher than in the prior fiscal year (48.2%) as a result of a substantial decline in tooling material costs following the start of production for several new platforms, favourable changes to the product mix and ongoing efficiency measures.

5.5.2.5 *Personnel expenses*

Personnel expenses decreased by €3,201 thousand, or 2.0%, from €159,617 thousand for Fiscal Year 2018/19 to €156,416 thousand for Fiscal Year 2019/20. The decrease was due primarily to a decrease in the average number of wage earners from 4,000 for Fiscal Year 2018/19 to 3,902 for Fiscal Year 2019/20. Personnel expenses were also positively impacted by a continuing increase in the number of employees in our manufacturing facilities in Queretaro, Mexico and Zalec, Slovenia and a corresponding reduction in other locations. These effects were only partially offset by an increase of our engineering & design headcount in Vorbach, Germany. Personnel expenses as a percentage of total operating performance only increased slightly from 22.8% for Fiscal Year 2018/19 to 23.9% for Fiscal Year 2019/20.

5.5.2.6 *Depreciation, amortization and impairment*

Depreciation, amortization and impairment increased by €3,300 thousand, or 12.2%, from €26,955 thousand for Fiscal Year 2018/19 to €30,255 thousand for Fiscal Year 2019/20. Depreciation of property, plant and equipment increased from €26,439 thousand for Fiscal Year 2018/19 to €29,717 thousand for Fiscal Year 2019/20 mainly as a result of elevated investment activity, in particular in Queretaro, Mexico and Langfang, China in previous periods. We only recorded minor impairment losses on property, plant and equipment in Fiscal Year 2018/19 and Fiscal Year 2019/20.

5.5.2.7 *Other operating expenses*

Other operating expenses increased by €10,640 thousand, or 13.3%, from €79,864 thousand for Fiscal Year 2018/19 to €90,504 thousand for Fiscal Year 2019/20. The following table sets out a breakdown of our other operating expenses for Fiscal Year 2018/19 and Fiscal Year 2019/20:

	Fiscal Year	
	2018/19	**2019/20**
	(audited, in thousands)	
Order-related expenses	20,785	26,997
Personnel-related expenses	10,770	8,992
Maintenance expenses	11,209	9,679
Expenses for environmental protection	1,831	1,724
Legal and advisory fees	7,945	6,739
Expenses for current and low-value leases as well as for variable lease payments not contained in the lease liability	6,021	4,659
Expenses for insurance, fees and contributions	3,344	3,351
Other services	3,047	3,328
Loss allowances on receivables	1,807	2,323
Expenses from foreign currency translation	4,546	15,951
Expenses relating to other periods	438	278
Expenses from remeasuring derivative financial instruments at fair value	2,435	691
Other expenses	5,686	5,792
Total	**79,864**	**90,504**

The increase was due primarily to higher expenses from currency losses as a result of unfavorable exchange rate effects as well as an increase in order related expenses such as freight costs due to an increased use of premium freights as a result of higher customer call-offs.

5.5.2.8 *Finance income*

Finance income increased by €2,435 thousand, or 75.5%, from €3,224 thousand for Fiscal Year 2018/19 to €5,659 thousand for Fiscal Year 2019/20. The increase was due primarily to higher income from currency translation and higher interest income from customer tools and bank interest in China.

5.5.2.9 *Finance costs*

Finance costs decreased by €30,162 thousand, or 32.8%, from €91,982 thousand for Fiscal Year 2018/19 to €61,820 thousand for Fiscal Year 2019/20. The decrease was due primarily to lower interest paid on shareholder loans, which decreased from €84,711 thousand for Fiscal Year 2018/19 to €39,849 thousand for Fiscal Year 2019/20 as well as lower expenses from currency translation. Generally the effects from currency translation in the line items finance income and finance costs are presented as a net position of both line items.

5.5.2.10 *Income taxes*

Income taxes decreased by €7,279 thousand, or 28.4%, from €25,669 thousand for Fiscal Year 2018/19 to €18,390 thousand for Fiscal Year 2019/20. The decrease primarily reflects a decrease in the profit before tax, which was only partially offset by an increase in non-deductible expenses. Non-deductible expenses mainly relate to non-deductible interest in the context of the German interest rate cap.

5.6 Segment Reporting

Our Group is organized and managed at regional level, our three reportable segments are Europe, Americas and Asia. The product portfolio in these three regional segments is broadly similar.

The following table provides certain financial information for each of our segments for the periods indicated:

	Fiscal Year		
	2018/19	**2019/20**	**2020/21**
		(audited, € in thousands)	
External revenue			
Europe	397,756	346,024	311,238
Americas	218,795	228,118	199,893
Asia	94,589	78,052	91,702
Revenue between segments			
Europe	63,151	46,414	43,025
Americas	47,742	50,765	54,848
Asia	15,674	19,269	21,781
Total revenue			
Europe	460,907	392,438	354,263
Americas	266,537	278,883	254,741
Asia	110,263	97,321	113,483

5.7 Alternative Performance Measures

In addition to our IFRS reporting, we track certain key performance indicators to track our operating performance. These include total operating performance, Adjusted EBITDA, Adjusted EBITDA margin, EBIT, EBIT margin, Adjusted EBIT, Adjusted EBIT margin, Free Cash Flow, Cash Conversion, Trade Working Capital, Total Working Capital and Net Financial Debt. These alternative performance measures ("**APMs**") are not required by, or presented in accordance with, IFRS or any other generally accepted accounting principles. We present these APMs because we use such information in monitoring our business and because we believe that it is frequently used by analysts, investors and other interested parties in evaluating companies in our industry and it may contribute to a more comprehensive understanding of our business. See also *2.5.2 Alternative performance measures*.

We present total operating performance, Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow and Cash Conversion as supplemental measures of our operating performance. We believe that Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow and Cash Conversion are useful to investors in evaluating our operating performance. In addition, Adjusted EBIT and Free Cash Flow will be key measures in determining management compensation under our incentive programs, see *11.3.3 Short Term Incentive* and *11.3.4 Long Term Incentive.* We monitor Trade Working Capital and Total Working Capital to evaluate how efficient we are at operating our cash conversion cycle. Our Net Financial Debt provides an indication of the overall strength of our statement of financial position and can be used to assess the impact of our cash position as compared to our indebtedness.

Other companies may calculate total operating performance, Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow, Cash Conversion, Trade Working Capital, Total Working Capital or Net Financial Debt differently than we do. Therefore, you should exercise caution in comparing total operating performance, Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow, Cash Conversion, Trade Working Capital, Total Working Capital and Net Financial Debt as reported by us to total operating performance, Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow, Cash Conversion, Trade Working Capital, Total Working Capital and Net Financial Debt of other companies. Total operating performance, Adjusted EBITDA, EBIT, Adjusted EBIT, Free Cash Flow, Cash Conversion, Trade Working Capital, Total Working Capital and Net Financial Debt are not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

The table below sets forth an overview of certain of our APMs for the periods indicated:

	Fiscal Year		
	2018/19	2019/20	2020/21
	(unaudited, unless indicated otherwise € in thousands unless indicated otherwise)		
Adjusted EBITDA*	152,866	123,781	117,315
Adjusted EBITDA margin (in %)	21.5	19.0	19.5
Operating Result (EBIT) *	115,074	82,499	72,285
EBIT margin (in %)	16.2	12.6	12.0
Adjusted EBIT*	125,923	93,525	86,435
Adjusted EBIT margin (in %)	17.7	14.3	14.3
Revenue*	711,140	652,194	602,833
Free Cash Flow	75,092	84,507	89,741
Cash Conversion (in %)	73.0	81.3	83.8

* Audited

5.7.1 Adjusted EBITDA

We define Adjusted EBITDA as consolidated profit or loss before income tax result, financial result and depreciation, amortization and impairments as well as the adjustments set out below which management considers to be non-recurring in nature, as we believe such costs are not reflective of the ongoing performance of our business. The non-recurring nature of these adjustments is determined by strict criteria, which are prescribed by our group accounting manual. We define Adjusted EBITDA margin as Adjusted EBITDA divided by revenue.

5.7.1.1 *The Company*

The following table provides a reconciliation of our consolidated profit or loss to Adjusted EBITDA for the periods indicated:

	Fiscal Year		
	2018/19	2019/20	2020/21
	(audited, € in thousands)		
Consolidated profit or loss	2,649	3,955	9,735
Income tax result	23,667	22,382	19,480
Financial result	88,758	56,161	43,070
Depreciation and amortization (not including impairments)	26,944	30,255	30,880
Restructuring(a)	-	-	6,008
Exceptional ramp-up costs(b)	6,792	2,864	2,599
Material quality claims(c)	-	7,168	-
COVID-19 costs(d)	-	-	1,018
Single provision(e)	-	-	2,960
Others(f)	4,057	994	1,565
Adjusted EBITDA	**152,866**	**123,781**	**117,315**

(a) Reflects severances and other costs and expenses incurred in connection with the closing of our production facility in Kulmbach, Germany and to a smaller extent a reduction of workforce in Bergamo, Italy.

(b) Reflects exceptional costs we incurred in connection with the unusual ramp-up of production for several complex high-volume platforms, such as higher material costs, including as a result of additional freight costs and packaging costs as well as costs incurred in connection with the expansion of manufacturing facilities in Queretaro, Mexico, Langfang China and Vorbach, Germany.

(c) Represents a provision we recorded for a potential warranty claim in connection with temporary quality issued for a specific platform.

(d) Represents additional costs and expenses incurred in connection with the COVID-19 pandemic, such as costs for personal protection equipment and cleaning as well as additional transportation costs for our workforce.

(e) Represents accrual provision for an impending loss for future expected inefficiencies in Vorbach, Germany in relation to a specific platform.

(f) Includes severance payments (€1,501 thousand), project costs mainly relating to the conversion of the accounting system and the introduction of a manufacturing execution system (€809 thousand), one-off import duties (€1,704 thousand) and miscellaneous in Fiscal Year 2018/19.

As a supplemental information to our consolidated income statement in accordance with IAS 1, we present below an adjusted income statement is based on our segmental reporting and which shows the impact of each of the adjustments discussed above has on each of the line items of our consolidated income statements:

	Fiscal Year		
	2018/19	**2019/20**	**2020/21**
	(audited, € in thousands)		
Revenue*[(a)]	711,140	652,194	602,833
Increase or decrease in finished goods and work in process	(9,968)	2,059	(12,716)
Total operating performance*	**701,172**	**654,252**	**590,117**
Cost of materials*[(b)]	336,406	306,862	284,043
Personnel expenses*[(c)]	159,617	156,280	141,334
Other operating expenses*[(d)]	70,569	79,982	65,222
Other operating income*[(e)]	18,286	12,652	17,797
Adjusted EBITDA	**152,866**	**123,781**	**117,315**
Depreciation, amortization and impairment*[(f)]	26,944	30,255	30,880
Adjusted operating result (Adjusted EBIT)	**125,923**	**93,525**	**86,435**
Adjustments**	10,849	11,027	14,150
Operating result (EBIT)	**115,074**	**82,499**	**72,285**
Financial result	**(88,758)**	**(56,161)**	**(43,070)**
Income tax result	**(23,667)**	**(22,382)**	**(19,480)**
Consolidated profit or loss	**2,649**	**3,955**	**9,735**

* Represents consolidated income statement items from a segmental reporting perspective when deviating from the respective items in the consolidated statement of profit or loss.

** Add-back of the sum of the adjustments related to restructuring costs and exceptional items as outlined in notes (a) to (f) below excluded in the line items above.

(a) The adjustment to revenue in Fiscal Year 2020/21 comprises effects of changing business.

(b) The adjustments to cost of materials mainly comprise material costs related to the unusual ramp-up of production for several complex high-volume platforms in Fiscal Year 2018/19 and 2019/20.

(c) The adjustments to personnel expenses mainly relate to effects of onerous contracts and for organizational changes, including costs incurred in connection with the closure of our production facility in Kulmbach, Germany in Fiscal Year 2020/21.

(d) The adjustments to other operating expenses mainly relate to effects of changing business and COVID-19 related costs in Fiscal Year 2020/21, a special customer effect in Fiscal Year 2019/20 and exceptional ramp-up costs and other effects in Fiscal Year 2018/19.

(e) The adjustments to other operating income mainly include effects from the release of accruals, which had a negative impact in the previous period.

(f) The adjustments to depreciation, amortization and impairment relate to onerous contracts.

5.7.1.2 *Novem Beteiligungs GmbH*

The following table provides a reconciliation of Novem Beteiligungs GmbH's consolidated profit or loss to Adjusted EBITDA for the periods indicated:

	Fiscal Year	
	2016/17	**2017/18**
	(audited, € in thousands)	
Consolidated profit or loss	54,551	76,829
Income tax result	20,512	26,746
Financial result	15,398	14,620
Depreciation and amortization (not including impairments)	24,602	19,177
Non-recurring items[(a)]	517	1,018

	Fiscal Year	
	2016/17	2017/18
	(audited, € in thousands)	
Adjusted EBITDA[(b)]	**115,580**	**138,390**

(a) Includes severance payments, advisory services for defined projects and depreciation and amortization as well as restructuring.

(b) Presented as "Operating result" in the segment information in the 2017/18 Audited Consolidated Financial Statements.

5.7.2 EBIT and Adjusted EBIT

EBIT is defined as profit for the year before income tax result and financial result and it is presented as operating result (EBIT) in our consolidated statement of comprehensive income. Adjusted EBIT represents EBIT as adjusted for the adjustments set out below which management considers to be non-recurring in nature, as we believe such items are not reflective of the ongoing performance of our business. The non-recurring nature of these adjustments is determined by strict criteria, which are prescribed by our group accounting manual. We define EBIT margin and Adjusted EBIT margin as EBIT or Adjusted EBIT, as applicable, divided by revenue.

5.7.2.1 *The Company*

The following table provides a reconciliation of our revenue to EBIT and Adjusted EBIT for the periods indicated:

	Fiscal Year		
	2018/19	2019/20	2020/21
		(audited, € in thousands)	
Revenue	711,140	652,194	602,718
Increase or decrease in finished goods and work in progress	(9,968)	2,059	(12,716)
Other operating income	18,388	12,652	17,858
Cost of materials	(338,051)	(307,230)	(284,045)
Personnel expenses	(159,617)	(156,416)	(144,440)
Depreciation, amortization and impairments	(26,955)	(30,255)	(30,940)
Other operating expenses	(79,864)	(90,504)	(76,152)
EBIT	**115,074**	**82,499**	**72,285**
Restructuring[(a)]	-	-	6,008
Exceptional ramp-up costs[(b)]	6,792	2,864	2,599
Material quality claims[(c)]	-	7,168	-
COVID-19 costs[(d)]	-	-	1,018
Single provision[(e)]	-	-	2,960
Others[(f)]	4,057	994	1,565
Adjusted EBIT	**125,923**	**93,525**	**86,435**

(a) Reflects severances and other costs and expenses incurred in connection with the closing of our production facility in Kulmbach, Germany and to a smaller extent a reduction of workforce in Bergamo, Italy.

(b) Reflects exceptional costs we incurred in connection with the unusual ramp-up of production for several complex high-volume platforms, such as higher material costs, including as a result of additional freight costs and packaging costs as well as costs incurred in connection with the expansion of manufacturing facilities in Queretaro, Mexico, Langfang China and Vorbach, Germany.

(c) Represents a provision we recorded for a potential warranty claim in connection with temporary quality issued for a specific platform.

(d) Represents additional costs and expenses incurred in connection with the COVID-19 pandemic, such as costs for personal protection equipment and cleaning as well as additional transportation costs for our workforce.

(e) Represents a provision for an impending loss for future expected inefficiencies in Vorbach, Germany in relation to a specific platform.

(f) Includes severance payments (€1,501 thousand), project costs mainly relating to the conversion of the accounting system and the introduction of a manufacturing execution system (€809 thousand), one-off import duties (€1,704 thousand) and miscellaneous in Fiscal Year 2018/19.

5.7.2.2 *Novem Beteiligungs GmbH*

The following table provides a reconciliation of Novem Beteiligungs GmbH's revenue to EBIT and Adjusted EBIT for the periods indicated:

	Fiscal Year	
	2016/17	**2017/18**
	(audited, € in thousands)	
Revenue	587,321	646,309
Increase or decrease in finished goods and work in progress	(12,666)	23,558
Other operating income	15,653	15,313
Cost of materials	(264,359)	(322,784)
Personnel expenses	(132,823)	(147,338)
Depreciation, amortization and impairments	(24,794)	(19,187)
Other operating expenses	(77,871)	(77,675)
Operating result (reported EBIT)	**90,461**	**118,195**
Non-recurring items[(a)]	517	1,018
Adjusted EBIT[(b)]	**90,978**	**119,213**

(a) Includes severance payments, advisory services for defined projects and depreciation and amortization as well as restructuring.

(b) Presented as "Recurring EBIT" in the segment information in the 2017/18 Audited Consolidated Financial Statements.

5.7.3 Free Cash Flow

We define Free Cash Flow as the sum of cash flow from operating activities and cash flow from investing activities. The following table provides a calculation of Free Cash Flow for the periods indicated:

	Fiscal Year		
	2018/19	**2019/20**	**2020/21**
	(unaudited, unless indicated otherwise € in thousands)		
Cash flow from operating activities*	112,736	104,451	105,506
Cash flow from / (used in) investing activities*	(37,644)	(19,944)	(15,765)
Free Cash Flow	**75,092**	**84,507**	**89,741**

* Audited

5.7.4 Cash Conversion

We define Cash Conversion as Adjusted EBITDA less payments for investments in intangible assets and payments for investments in property, plant and equipment divided by Adjusted EBITDA. The following table provides a calculation of Cash Conversion for the periods indicated:

	Fiscal Year		
	2018/19	**2019/20**	**2020/21**
	(unaudited, unless indicated otherwise € in thousands, unless indicated otherwise)		
Adjusted EBITDA	152,866	123,781	117,315
Cash paid for investments in property plant and equipment*	(39,870)	(22,312)	(18,122)
Cash paid for investments in intangible assets*	(1,407)	(817)	(901)
	111,589	**100,652**	**98,292**
divided by Adjusted EBITDA[(f)]	152,866	123,781	117,315
Cash Conversion (in %)	**73.0**	**81.3**	**83.8**

* Audited

5.7.5 Trade Working Capital and Total Working Capital

We calculate Trade Working Capital as the sum of inventories – non tooling and receivables from third parties less payables to third parties and we calculate Total Working Capital as Trade Working Capital plus tooling net and contract assets, each as shown in the table below for the periods indicated.

	As of March 31,		
	2019	**2020**	**2021**
	(audited, € in thousands)		
Inventories – non-tooling[(a)]	53,234	54,660	57,669
Receivables from third parties[(b)]	69,153	45,549	47,102
Payables to third parties[(c)]	(54,672)	(53,184)	(54,689)
Trade Working Capital	**67,715**	**47,025**	**50,082**
Tooling net[(d)]	67,126	69,976	62,922
Contract assets[(e)]	7,736	10,134	12,017
Total Working Capital	**142,578**	**127,134**	**125,020**

(a) Represents inventories excluding tools and advance payment for tools (March 31, 2021 €37,800 thousand; March 31, 2020 €46,166 thousand and March 31, 2019 €46,997 thousand).

(b) Receivables from third parties represents trade receivables excluding tooling (current: March 31, 2021 €5,901 thousand, March 31, 2020 €10,972 thousand and March 31, 2019 €12,607 thousand; non-current: March 31, 2021 €49,645 thousand, March 31, 2020 €54,878 thousand and, March 31, 2019 €45,056 thousand).

(c) Payables to third parties represents trade payables excluding tooling (March 31, 2021 €7,159 thousand, March 31, 2020 €4,659 thousand and March 31, 2019 €12,354 thousand).

(d) Tooling net represents tooling inventories (March 31, 2021 €37,334 thousand, March 31, 2020 €45,708 thousand and March 31, 2019 €46,968 thousand), current tooling trade receivables (March 31, 2021 €5,901 thousand, March 31, 2020 €10,972 thousand and March 31, 2019 12,607 thousand), non-current tooling trade receivables (March 31, 2021 €49,645 thousand, March 31, 2020 €54,878 thousand and March 31, 2019 €45,056 thousand), tooling related trade payables (March 31, 2021 €7,159 thousand, March 31, 2020 €4,659 thousand and March 31, 2019 €12,354 thousand), advance payment for tools (March 31, 2021 €466 thousand, March 31, 2020 €458 thousand and March 31, 2019 €29 thousand), tooling received advanced payments current (March 31, 2021 €15,491 thousand, March 31, 2020 €31,292 thousand and March 31, 2019 €19,925 thousand), other provisions (provision suppliers tooling) non-current (March 31, 2021 €4,849 thousand, March 31, 2020 €3,848 thousand and March 31, 2019 €4,608 thousand), other provisions current (provision for outstanding tooling invoices) (March 31, 2021 €2,927 thousand, March 31, 2020 €2,242 thousand and March 31, 2019 €645 thousand).

(e) Represents non-current and current contract assets excluding expected credit losses (March 31, 2021 €30 thousand, March 31, 2020 €39 thousand and March 31, 2019 €47 thousand).

5.8 Liquidity and Capital Resources

Our principal sources of funds have been cash generated from our operating activities, the €400,000,000 senior secured notes due 2024 issued by Novem Group GmbH (the "**Senior Secured Notes**") and utilizations of our factoring arrangements. We expect to repay the Senior Secured Notes following the listing from cash on hand, the proceeds of a drawdown under the New Senior Facilities Agreement and net proceeds from the Private Placement. Our principal source of liquidity on an ongoing basis is expected to be cash generated from our operating activities and utilizations of our factoring arrangements. On June 18, 2021, we also entered into the New Senior Facilities Agreement which provides for a term loan facility with aggregate commitments of €250.0 million and a revolving credit facility with aggregate commitments of €60.0 million. However the availability of the credit facilities under the New Senior Facilities Agreement will be dependent upon certain conditions as described under *7.15.3 New Senior Facilities Agreement*.

Although we believe that our expected cash flows from operating activities will be adequate to meet our anticipated liquidity needs and debt service obligations, there can be no assurance that our business will generate sufficient cash flows from operating activities to meet these needs or that future debt financing will be available to us in an amount sufficient to enable us to fund our liquidity needs. Our ability to arrange financing and our cost of capital depend on numerous factors, including general economic conditions, the availability of credit from banks, other financial institutions and the capital markets, restrictions on instruments governing our debt and our general financial performance. See *1. Risk Factors*.

Certain of our subsidiaries have entered into factoring agreements with respect to our trade receivables. All of our factoring arrangements are non-recourse and on an off-balance sheet basis. As of March 31, 2019, 2020 and 2021, receivables for a purchase price of €23,209 thousand, €24,558 thousand and €40,073 thousand, respectively, were sold as part of these factoring agreements.

5.8.1 Cash flows

The following table sets forth the principal components of our consolidated cash flows for Fiscal Year 2018/19, Fiscal Year 2019/20 and Fiscal Year 2020/21:

	Fiscal Year		
	2018/19	**2019/20**	**2020/21**
	(audited, € in thousands)		
Cash flow from operating activities	112,736	104,451	105,506
Cash flow from / (used in) investing activities	(37,644)	(19,944)	(15,765)
Cash flow from / (used in) financing activities	(146,730)	15,827	(110,702)
Cash and cash equivalents at the beginning of the reporting period	168,025	97,057	196,166
Cash and cash equivalents at the end of the reporting period	97,057	196,166	175,299

5.8.2 Cash flows from operating activities

5.8.2.1 *Comparison of Fiscal Year 2019/20 and Fiscal Year 2020/21*

Cash flow from operating activities changed by €1,055 thousand, or 1.0%, from €104,451 thousand for Fiscal Year 2019/20 to €105,506 thousand for Fiscal Year 2020/21. Despite lower revenue, cash flow from operating activities remained stable mainly as a result of lower tooling net due to the postponement or cancellation of the start of production for new platforms in response to the COVID-19 pandemic.

5.8.2.2 *Comparison of Fiscal Year 2018/19 and Fiscal Year 2019/20*

Cash flow from operating activities changed by €8,285 thousand, or 7.3%, from €112,736 thousand for Fiscal Year 2018/19 to €104,451 thousand for Fiscal Year 2019/20. This change was due primarily to lower revenues and an increase in contract assets as a result of timing effects related to tooling projects which were only partially offset by lower trade receivables.

5.8.3 Cash flows from / (used in) investing activities

5.8.3.1 *Comparison of Fiscal Year 2019/20 and Fiscal Year 2020/21*

Cash flow from / (used in) investing activities changed by €4,179 thousand, or 21.0%, from a cash outflow of €19,944 thousand for Fiscal Year 2019/20 to a cash outflow of €15,765 thousand for Fiscal Year 2020/21. This change was due primarily to lower cash paid for investments in property, plant and equipment as a result of strict capital expenditure management measures imposed in light of the COVID-19 pandemic.

5.8.3.2 *Comparison of Fiscal Year 2018/19 and Fiscal Year 2019/20*

Cash flow from / (used in) investing activities changed by €17,700 thousand, or 47.0%, from a cash outflow of €37,644 thousand for Fiscal Year 2018/19 to a cash outflow of €19,944 thousand for Fiscal Year 2019/20. This change was due primarily to lower cash paid for investments in property, plant and equipment and, to a lesser extent, to a decrease in cash paid for intangible assets. Cash paid for investments in property, plant and equipment decreased as a result of the completion of expansion projects at our manufacturing facilities in Queretaro, Mexico and Langfang, China in Fiscal Year 2018/19.

5.8.4 Cash flows from / (used in) financing activities

5.8.4.1 *Comparison of Fiscal Year 2019/20 and Fiscal Year 2020/21*

Cash flow from / (used in) financing activities changed by €126,529 thousand from a cash inflow of €15,827 thousand for Fiscal Year 2019/20 to a cash outflow of €110,702 thousand for Fiscal Year 2020/21. Cash flow from financing activities was positively affected by the issue of the Senior Secured Notes in June 2019 as well as the full drawdown under the Revolving Credit Facility in March 2020, which was only partially offset by the repayment of a shareholder loan of €73,367 thousand and a dividend in the amount of €187,434 thousand. These factors did not re-occur in Fiscal Year 2020/21. Cash outflow from / (used in) financing activities in Fiscal Year 2020/21 mainly related to the repayment of the drawdown under the Revolving Credit Facility in December 2020 as well as interest paid on the Senior Secured Notes.

5.8.4.2 *Comparison of Fiscal Year 2018/19 and Fiscal Year 2019/20*

Cash flow from / (used in) financing activities changed by €162,557 thousand from a cash outflow of €146,730 thousand for Fiscal Year 2018/19 to a cash inflow of €15,827 thousand for Fiscal Year 2019/20. The cash outflow in Fiscal Year 2018/19 mainly related to repayments of shareholder loans and interest paid, which was only partially offset by the proceeds from drawdowns a syndicated loan facility.

5.8.5 Capital Expenditures

We calculate Capital Expenditure as the sum of cash paid for investments in property, plant and equipment and cash paid for investments in intangible assets as shown in the table below for the periods indicated.

	Fiscal Year		
	2018/19	**2019/20**	**2019/21**
	(audited, unless indicated otherwise, € in thousands)		
Cash paid for investments in property plant and equipment	39,870	22,312	18,122
Cash paid for investments in intangible assets	1,407	817	901
Capital Expenditure*	**41,277**	**23,129**	**19,023**

* Unaudited

Our Capital Expenditures primarily related to capacity expansion projects at our manufacturing facility in Queretaro, Mexico, investments to ensure compliance with heightened environmental standards at manufacturing facility in Langfang, China and investments into our new design center in Vorbach, Germany in Fiscal Year 2018/19. In Fiscal Year 2019/20, our Capital Expenditure mainly related to continued investments in environmental technology in Langfang, China and into new film insert molding technology in Germany. The reduced Capital Expenditure in Fiscal Year 2020/21 is mainly a result of cost saving measures introduced in response to the economic slowdown caused by the COVID-19 pandemic.

For comparison, in the fiscal years ended March 31, 2017 and 2018, the Capital Expenditure of Novem Beteiligungs GmbH and its consolidated subsidiaries amounted to €38,775 thousand and €34,074 thousand, respectively. The table below provides a calculation of Capital Expenditures of Novem Beteiligungs GmbH in the periods presented:

	Fiscal Year	
	2016/17	**2017/18**
	(audited, unless indicated otherwise, € in thousands)	
Cash paid for investments in property plant and equipment	37,765	33,073
Cash paid for investments in intangible assets	1,010	1,001
Capital Expenditure*	**38,775**	**34,074**

* Unaudited

Capital expenditure in the fiscal year ended March 31, 2017 mainly related to expansion investments in Zalec (Slovenia) and Pilsen (Czech Republic) due to new platform launches. Capital expenditure in the fiscal year ended March 31, 2018 was also focused on expansion measures in Slovenia and the Czech Republic.

There are no further material investments that are in progress for which firm commitments have already been made.

5.8.6 Trade Working Capital and Total Working Capital

We calculate Trade Working Capital as the sum of inventories – non tooling and receivables from third parties less payables to third parties and we calculate Total Working Capital as Trade Working Capital plus tooling net and contract assets. For a calculation of Trade Working Capital and Total Working Capital, see *5.7.5 Trade Working Capital and Total Working Capital*.

Trade Working Capital as of March 31, 2021 increased by €3,057 thousand from €47,025 thousand as of March 31, 2020 to €50,082 thousand as of March 31, 2020. The increase primarily related to higher inventories – non tooling as a result of the build-up of safety stock in connection with the COVID-19 pandemic. Total Working Capital as of March 31, 2021 decreased by €2,114 thousand from €127,134 thousand as of March 31, 2020 to €125,020 thousand as of March 31, 2021. The decrease primarily related to lower tooling net as a result of the postponement or cancellation of the start of production for new platforms in response to the COVID-19 pandemic.

Trade Working Capital as of March 31, 2020 decreased by €20,690 thousand from €67,715 thousand as of March 31, 2019 to €47,025 thousand as of March 31, 2020. The decrease primarily related to lower receivables from third parties as a result of lower revenue in the last quarter of Fiscal Year 2019/20, which was negatively affected by the beginning of the COVID-19 pandemic in China. Total Working Capital as of March 31, 2020 decreased by €15,444 thousand from €142,578 thousand as of March 31, 2019 to €127,134 thousand as of March 31, 2020. The decrease was mainly driven by lower Trade Working Capital, which was only partially offset by an increase in contract assets as a result of timing effects related to tooling projects.

The following table presents our Total Working Capital days outstanding for the periods indicated:

	As of March 31,		
	2019	2020	2021
		(unaudited)	
Days inventory outstanding[(a)]	29.0	34.4	32.2
Days sales outstanding[(b)]	41.9	35.0	32.9
Days payables outstanding[(c)]	(55.9)	(71.0)	(53.4)

(a) Days inventory outstanding is calculated by dividing inventories (as shown in the consolidated statement of financial position, but excluding tooling) by revenue generated from the sale of series trim elements in the three months period ended March 31, 2021.

(b) Days sales outstanding is calculated by dividing trade payables (as shown in the consolidated statement of financial position, but excluding tooling) by revenue generated from the sale of series trim elements in the three months period ended March 31, 2021.

(c) Days payables outstanding is calculated by dividing trade payables (as shown in the consolidated statement of financial position, but excluding tooling) by net costs series incurred in the three months period ended March 31, 2021.

5.8.6.1 *Financial liabilities*

As of March 31, 2021, our interest-bearing liabilities consisted of the Senior Secured Notes, liabilities under shareholder loans and lease liabilities. Following the completion of the Listing, our total interest-bearing liabilities will predominantly consist of drawdowns under the New Senior Facilities Agreement and lease liabilities.

The following table provides an overview of our interest-bearing liabilities as of March 31, 2019, 2020 and 2021, respectively:

	As of March 31,		
	2019	2020	2021
		(audited € in thousands)	
Liabilities to shareholders	94,452	436,976	461,885
Liabilities to banks	152,630	77,902	441
Lease liabilities	48,106	43,059	36,111
Liabilities from bonds	0	395,743	397,442
Loan (benefits fund)	19	15	11
Total	**295,207**	**953,695**	**895,890**

On July 14, 2021, Automotive Investments has resolved to contribute the shareholder loan receivable created in connection with the declaration of the dividend in 2019 into the capital reserves of the Company. For further information of the capitalization of the Company following completion of the Listing, see *4.1 Capitalization*.

The following table provides an overview of our Net Financial Debt as of March 31, 2021:

	As of March 31, 2021
	(audited, unless indicated otherwise € in thousands)
Liabilities from bond	397,442
Liabilities to banks	441
*less c*ash and cash equivalents	(175,299)
Net Financial Debt*	**222,584**

* Unaudited.

We intend to refinance the Senior Secured Notes following the completion of the Listing from cash on balance, the proceeds from the offering of the New Shares and a drawdown under the term facility provided New Senior Facilities Agreement. The following table provides an overview of our Net Financial Debt as of May 31, 2021 as adjusted to give effect to the Capital Increase, the refinancing of the Senior Secured Notes and the drawdown under the Senior Facilities Agreement:

	As adjusted as of May 31, 2021
	(unaudited € in thousands)
Liabilities from bond*	-
Liabilities to banks*	247,804
less cash and cash equivalents*	(65,482)
Net Financial Debt*	**182,312**

* Affected by the Capital Increase, the refinancing of the Senior Secured Notes and the drawdown under the Senior Facilities Agreement.

We estimate that our leverage ratio of Net Financial Debt to Adjusted EBITDA as of May 31, 2021 and as adjusted to give effect to the Capital Increase, the refinancing of the Senior Secured Notes and the drawdown under the Senior Facilities Agreement would have been approximately 1.3x. In the mid-term, we target a leverage ratio of Net Financial Debt to Adjusted EBITDA of 1.0 to 1.5x. We may temporarily exceed our leverage ratio target in connection with an acquisition or investment if attractive opportunities materialize.

5.8.6.2 *Contractual obligations and commitments*

We are party to purchase commitments in the amount of €27,785 thousand as of March 31, 2021 (March 31, 2020: €23,006 thousand and March 31, 2019: €23,018 thousand). Except as set out in *5.8.6.1 Interest-bearing liabilities* and *5.8.6.2 Contractual obligations and liabilities and commitments,* there are no other significant financial obligations.

5.8.6.3 *Pension and similar obligations*

We maintain defined benefit and defined contribution pension plans to employees in Germany and abroad. These pension plans are unfunded. Defined benefits are primarily granted in Germany and include employees' pension entitlements in the event of invalidity or when the retirement age is reached and, in specific cases, in the event of death. The general defined benefit is equal to a standard basic amount which increases by a fixed amount for each year of service. In addition, there are some individual final salary pension commitments in Germany. The present value of pension obligations was €34,644 thousand as of March 31, 2021 (March 31, 2020 and 2019; €31,442 thousand and €31,281 thousand, respectively). Benefit entitlements applicable to Germany encompassed defined benefit obligations amounted to €31,510 thousand as of March 31, 2021 (March 31, 2020 and 2019: €28,605 thousand and €28,583 thousand, respectively) and therefore accounted for 91.00% of our total pension obligations as of March 31, 2021. In Italy, Slovenia and Mexico, there are pension commitments with an entitlement to a lump-sum benefit based on statutory provisions.

5.8.6.4 *Off-balance sheet arrangements*

As of March 31, 2021, we have assumed guarantees in a total amount of €830 thousand. These guarantees were assumed to secure tax and import duty payments to foreign financial administrations. As of March 31, 2020 and 2019, such guarantees amounted to €1,323 thousand and €1,432 thousand, respectively.

On May 19, 2020, Novem Car Interior Design GmbH and Novem Car-Interior-Design Inc. (together, the Sellers) entered into a receivables purchase and servicing agreement (the "**Factoring Agreement**"). As of March 31, 2021, the Sellers have sold receivables for a purchase price of €40,073 thousand. The Factoring Agreement contains customary warranties, guarantees and information obligations of the Sellers and Edelweiss bears the risk of inability to pay off the debtors of the purchased receivables.

Other than as described above, we do not have any material off-balance sheet arrangements that have or are reasonably likely to have an effect on our operating results, financial position or cash flows.

5.9 Equity

5.9.1.1 *March 31, 2021 compared to March 31, 2020*

Total equity as of March 31, 2021 was negative €505,091 thousand compared to negative €511,166 thousand as of March 31, 2020. The increase of €6,075 thousand represents the total comprehensive income for Fiscal Year 2020/21.

5.9.1.2 *March 31, 2020 compared to March 31, 2019*

Total equity as of March 31, 2020 was negative €511,166 thousand compared to positive €70,246 thousand as of March 31, 2019. The change primarily resulted from a decrease in other retained earnings in connection with a recapitalization of the Group financed by the issuance of senior secured floating rate notes in an aggregate nominal amount €400 million (see *7.15.1 Senior Secured Floating Rate Notes due 2024*). In May 2019, a new intermediate holding company, Novem Group GmbH, was established as a wholly-owned subsidiary of the Company. In connection with this transaction, on May 23, 2019 the Company contributed its shares in Novem Beteiligungs GmbH, the previous German holding company of the operational group, to Novem Group at a value of €762 million. Of this value, €160 million were paid into capital reserves of Novem Group GmbH, with the remaining €602 million being converted into a shareholder loan.

As this was a transaction between parties under common control, the gain resulting from the contribution was not recognized in the Company's consolidated financial statements under IFRS. In the unconsolidated financial statements of the Company under Luxembourg legal and regulatory requirements as approved by the management board, this transaction however resulted in a significant capital gain equal to the difference between the book value of Novem Beteiligungs GmbH immediately prior to the contribution and the value of €762 million derived from valuation models for which one the main assumptions are the prospective earnings based on the management's best estimates and perpetual growth rates.

On June 3, 2019, Novem Group GmbH issued the Senior Secured Notes in an aggregate principal amount of €400 million and used a portion of the proceeds in an amount of approximately €185 million to partially repay the shareholder loan described above in part. On June 3, 2019, the Company in turn declared a dividend to Automotive Investment in an amount of €604,394 thousand of which €187,434 thousand were paid in cash with the remainder being converted into a shareholder loan.

The declaration of this dividend reduced the Company's equity position in its consolidated financial statements and resulted in a negative equity. However, in the unconsolidated balance sheet of the Company under Luxembourg legal and regulatory requirements, there still remained a significant positive equity position that resulted out of the gain from the contribution at fair value of Novem Beteiligungs GmbH described above. However, this increase in equity was decreased later due to the dividend distribution to the shareholder as also described above. As of March 31, 2021, the capital and reserves of the Company as shown in its unconsolidated annual accounts as at March 31, 2021 prepared in accordance with Luxembourg legal and regulatory requirements amounted to €162,128 thousand.

On July 14, 2021, Automotive Investment has further resolved to contribute the shareholder loan receivable created in connection with the declaration of the dividend in 2019 into the capital reserves of the Company. For further information of the capitalization of the Company following completion of the Listing, see *4.1 Capitalization*.

5.10 Liabilities to Shareholders

5.10.1.1 *March 31, 2021 compared to March 31, 2020*

Liabilities to shareholders increased from €436,976 thousand as of March 31, 2020 to €461,885 thousand as of March 31, 2021. The increase relates to the capitalization of interest payable on the shareholder loan granted in connection with the issue of the Senior Secured Notes and a recapitalization described under *5.9 Equity* above. No repayment of shareholder loan liabilities or payment of interest in relation to shareholder loan liabilities occurred in Fiscal Year 2020/21.

5.10.1.2 *March 31, 2020 compared to March 31, 2019*

Liabilities to shareholders as of March 31, 2019 represent liabilities under loans granted by affiliated companies in connection with the acquisition of Novem Beteiligungs GmbH by Bregal in 2011. In Fiscal Year 2018/19 these shareholder loans (together with accrued interest thereon) was partially repaid in an amount of €109,753 thousand. In Fiscal Year 2019/2020, the remaining shareholder loans granted in 2011 were repaid. Also in Fiscal Year 2019/20, in connection with the issue of the Senior Secured Notes and the recapitalization described under *5.9 Equity* above, a portion of the dividend declared by the Company was converted into a shareholder loan in an amount of €416,960 thousand. The shareholder loan is subordinated to all other obligations of the Company in case of a liquidation and carries interest at a rate of 5.70% per annum. The shareholder loan matures in December 2024.

5.11 Quantitative and Qualitative Disclosures about Market Risk

We are exposed to a wide range of risks and opportunities within the scope of our business activities. We are exposed to the following risks in particular: liquidity risk, credit risk, market risk and interest rate risk.

The Company's management has overall responsibility for establishing and overseeing the Group's risk management system. The finance department is responsible for developing and monitoring the risk management system and reports regularly on these matters to management.

5.11.1 Liquidity risk

Liquidity risk is the risk that we will not be able to meet our financial obligations as they fall due. Liquidity risks arise from current liabilities due to long-term rental agreements, interest and re-payments.

Funds are largely generated from operations and used to cover financing needs.

To monitor liquidity, we permanently track, optimize and document the current cash flows of all entities and established rolling twelve-month liquidity planning. The planning takes into account the maturities of financial investments and financial assets (e.g. receivables, other financial assets) as well as expected cash flows from the operating activities. Both the liquidity status (weekly) and the liquidity plan (monthly) are regularly reported to management and, if this results in changes in financing needs, measures are initiated.

To secure liquidity, as of March 31, 2021, we had a total of €75,000 thousand (March 31, 2020: €2,676 thousand; March 31, 2019: €2,568 thousand) in unused credit lines and funds from bond issues. The following overviews shows the contractually agreed terms of financial liabilities, which represent expected future cash outflows as of March 31, 2021:

	Less than one year	Between one and five years	More than five years	Total
		(audited € in thousands)		
Liabilities to shareholders	25,516	530,761	0	**556,277**
Liabilities to banks (non-derivative)	34	0	0	**34**
Liabilities to banks (derivative)	406	0	0	**406**
Liabilities from bonds	21,292	447,833	0	**469,125**
Trade payables	61,849	0	0	**61,849**
Lease liabilities	7,315	18,986	10,288	**36,589**

5.11.2 Credit risk

Credit risk is the risk of financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises from trade receivables, with the maximum credit risk corresponding to the carrying amount of the financial assets. Impairment losses are also recorded for contract assets. The following table provides an overview of accumulated impairment losses on trade receivables and contract assets for the periods indicated:

	Fiscal Year		
	2018/19	2019/20	2020/21
		(audited € in thousands)	
Trade receivables	2,638	3,876	1,535
Contract assets	47	39	30
Total	**2,685**	**3,915**	**1,565**

Credit risk relates in particular to a receivable being repaid late, partially or not at all. We use a number of measures to minimize this risk. As part of receivables management, we continuously monitor open positions, conduct maturity analyses and contact the customer at an early stage if payment delays emerge. The highest priority is placed on monitoring early indicators. On the statement of financial position, the residual risk for trade receivables is accounted for by calculating expected credit losses. In general, our exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables are spread essentially over the major manufacturers in the automotive industry.

5.11.3 Market risk

Market risk is the risk of changes in market prices such as exchange rates or interest rates that affect our earnings or the value of the financial instruments we hold. The objective of managing market risk is to manage and control market risk exposure within an acceptable range while optimizing income.

Foreign currency risks arise when group companies settle transactions in currencies other than their functional currency. Through its subsidiaries, we have assets and liabilities outside the Eurozone. These assets and liabilities are denominated in local currencies. If the value of net assets is translated into euro, exchange rate fluctuations from one period to the next result in changes to these net asset values. We mainly have foreign currency exposure to Czech koruna, US dollar, Mexican peso and Chinese renminbi, which arise from trade receivables/payables and from procurement. We counter our foreign currency risks through natural hedging, i.e. by raising the purchase volume in the foreign currency area or increasing local production. To further secure operating activities, the option of group netting foreign currency exposures within the Group is used. A further measure taken is to manage the volume of excess liquidity arising from the respective hedged items in foreign currency based on incremental FX spot transactions within a prescribed scope.

A sharp appreciation of the euro against currencies of other exporting countries could, however, negatively impact our profitability.

5.11.4 Interest rate risk

Net finance income/costs and financial performance can be influenced by interest rate and exchange rate developments. To allow prompt reactions to positive developments, the financial markets are monitored continuously.

5.12 Significant Accounting Policies

Application of our accounting policies requires us to make certain judgments, estimates and assumptions about the carrying amounts of assets and liabilities which are not readily available from other sources. The estimates and judgments are based on historical experience and other factors, including expectations of future events that are considered to be reasonable under the circumstances. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

For a description of our significant account policies, see *14. Financial Information* pages F-15 *et seqq*.

6. INDUSTRY OVERVIEW

The market information presented in this section is taken or derived from a market study prepared by Roland Berger (March 2021), external sources, management's estimates based upon information obtained from trade and business organizations and associations and other contacts within the industry in which we compete, internal surveys, competitive bidding processes for new platforms, our committed share for certain platforms and assumptions we deem reasonable, as well as information published by our competitors. Forecasts or market data are inherently forward-looking and all market data are subject to uncertainty and do not necessarily reflect actual market conditions. They are based on a market study prepared by Roland Berger (March 2021), LMC Automotive (August 2020) market research and management estimates, which itself is based on sampling and subjective judgments by both the researchers and respondents, including judgments about what types of products and competitors should be included in the relevant market. In addition, certain statements below are based on internal information, insights, subjective opinions or internal estimates, and not on any third-party or independent source; these statements contain words such as "we estimate", "we expect", "we believe" or "in our view" and as such do not purport to cite or to summarize any third-party or independent source and should not be read like that. Market shares and key competitor data as presented in this Prospectus are indicative market shares for high quality trim elements and decorative function elements for car interiors derived from management estimates, market sizes, competitor revenues, annual reports, expert interviews and the Roland Berger Report, March 2021.

6.1 Introduction

The automotive industry designs, develops, manufactures, markets, sells and services motor vehicles which are classified into light vehicles and heavy commercial vehicles. The light vehicle segment according to LMC Automotive comprises of passenger cars, vans and light trucks with a gross vehicle weight of less than six tons, while the heavy commercial vehicle segment consists of vehicles with gross vehicle weight greater than six tons. In 2020/21, approximately 77 million light vehicles were produced globally (LMC Automotive quarterly data aggregated to align with Novem's reporting standard of fiscal years ending on March 31) (Roland Berger Report, March 2021).

The automotive production value chain is split between OEMs such as BMW, Daimler, Ford, General Motors, Toyota and Volkswagen and automotive part suppliers, such as for example Bosch, Continental, Stabilus, Norma and Novem. Automotive part suppliers are then typically further categorized into different tiers. Tier 1 suppliers sell their products directly to OEMs. Typically, these products are larger modules or systems which integrate components from Tier 2 automotive suppliers. Tier 2 suppliers in turn typically integrate products from a further layer of suppliers (Tier 3 suppliers). A clear separation of suppliers as Tier 1, Tier 2 or Tier 3 is not always possible because suppliers often manufacture and sell numerous products or product groups or, like Novem, deliver their products both directly to OEMs and to other Tier 1 suppliers for integration into larger modules such as completed doors or interior panels.

Automotive part suppliers can also be categorized as captive or independent. Captive suppliers are fully or partially owned by OEMs or serve a single OEM (e.g. the Keiretsu system in Japan). Independent suppliers like Novem are not owned by or affiliated with OEMs and serve multiple OEMs.

6.1.1 Premium interior decorative trim elements market

The premium interior decorative trim elements market, a niche market in the automotive industry, refers to automotive part suppliers who design, develop, manufacture, market and sell interior decorative trim components. Premium interior decorative trim elements are made from a variety of genuine materials, such as wood, aluminum, carbon and premium synthetics, that require complex manufacturing processes. Interior decorative trim elements are located on the inside of a car, in particular on the doors and front panel, and primarily serve a design function, improving the "look and feel" of the car. However, these interior decorative trim elements can also be embedded with additional comfort- or driver control-related functionalities (See *6.3 Key trends*). We exclusively serve the premium interior decorative trim element market and believe we are the clear market leader in this segment.

6.2 Growth drivers

The most important driver of the automotive part supplier industry is the overall vehicle production volume, driven, in turn, by global vehicle sales. Although suppliers typically have contracts for particular vehicle platforms, which normally have an average life of five to seven years, the actual production volume is rarely fixed and will vary depending on specific end-customer demand. The economic environment and consumer confidence generally have a large impact on vehicle demand, with typically lesser impacts from regulation and government policies. The role of emerging markets in the automotive industry has also significantly increased over the last decade, with China now being the largest market by vehicle sales. Other specific factors that can influence demand for light vehicles include changing demographics (growing population, increase of median age, urbanization), consumer preferences (e.g. increased demand for higher comfort), specific levels of disposable income, replacement requirements of old vehicles, affordability and evolvement of new mobility models such as shared mobility.

Apart from the number of vehicles sold, key drivers for suppliers include the growth of specific market segments (e.g. premium vehicles versus mass market; Sedans versus SUVs) and the content increase/decrease delivered per specific supplier market segments.

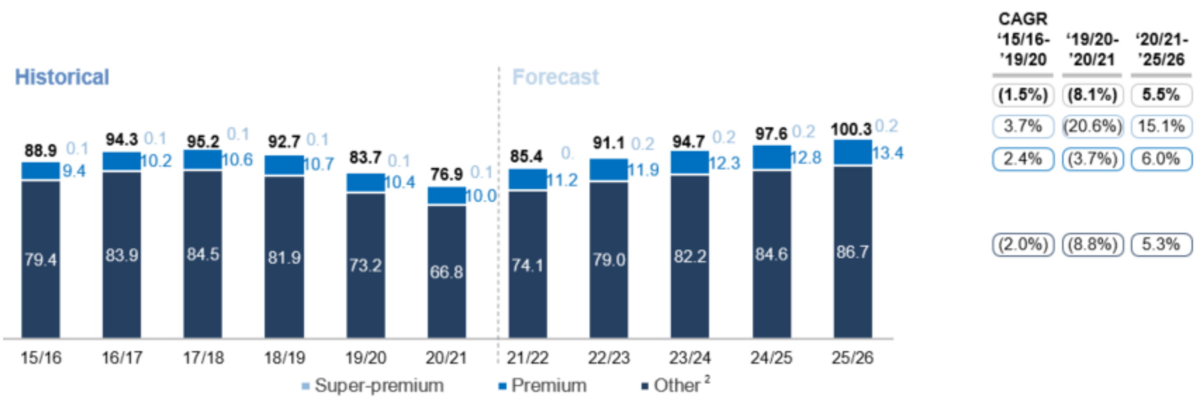
6.3 Key trends

6.3.1 Historical and forecast overall automotive market development

The following chart shows historical and forecast annual global light vehicle production volumes for the period from 2015/16 to 2025/26 (LMC Automotive's quarterly data aggregated to align with Novem's reporting standard of fiscal years ending on March 31). Both historical and forecast data are based on data published by LMC Automotive in August 2020.

Light vehicle production volumes are expected to recover from the overall decline in 2020/21 and reach approximately 100 million units in 2025/26. Production volumes already saw a decline before COVID-19, as OEMs faced problems in 2019/20 with obtaining certifications of their vehicles under new environmental regulations, such as the new emission standard WLTP. Generally, the global economic recovery is expected to drive overall production volume growth of 5.5% p.a. until 2025/26 (LMC Automotive; Roland Berger Report, March 2021).

Global light vehicle production[1] by OEM category (units in millions)



[1] Quarterly data aggregated according to the Novem reporting standard Q2 previous year until Q1 next year
[2] Non-premium LMC Automotive vehicle segments including economy, low-cost, non-premium and unclassified
Source: LMC Automotive; Roland Berger Report, March 2021

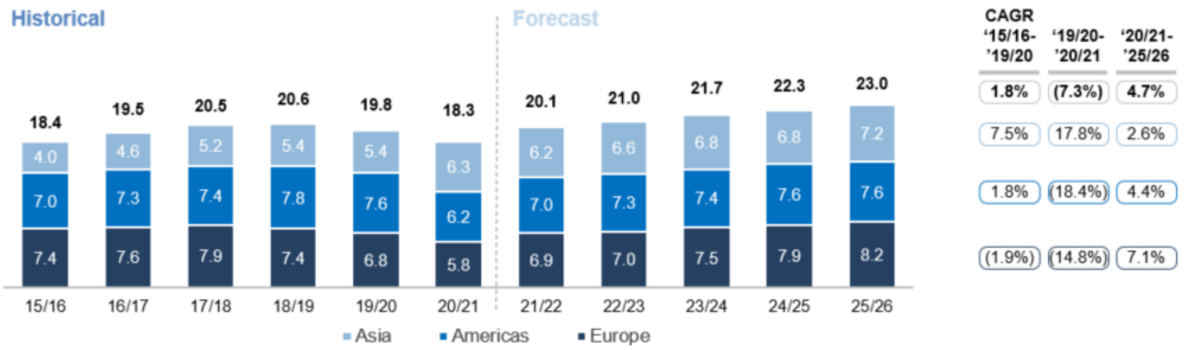
Increasing market share of premium cars: The premium car segment (according to LMC Automotive's market status definition; Non-premium LMC Automotive vehicle segments include economy, low-cost, non-premium and unclassified) has historically grown at a 3.7% CAGR for super-premium light vehicles and at a 2.4% CAGR for premium light vehicles between 2015/16 and 2019/20. The historical growth momentum can be attributed to two main drivers, namely the global increase in disposable income per capita and the increasing social middle-class in China and other emerging markets, resulting in above-average sales growth of premium OEMs (such as Audi, BMW and Daimler) in these markets. Growth of super-premium and premium categories is expected to grow again at a 15.1% and 6.0% CAGR from 2020/21 until 2025/26 (compared to a CAGR of 5.5% for total light vehicle production), when annual global super-premium / premium car production volume is expected to reach close to 14 million units (LMC Automotive, Roland Berger Report, March 2021).

6.4 Relevant trends for premium decorative trim interior

The market for premium interior decorative trim elements is an attractive sub-niche which is influenced by a range of complementary trends which in turn influence the performance of the individual trim element suppliers. The following key trends are most relevant for Novem:

The relevant light vehicle production volumes are expected to recover from an overall decline in 2020/21 and reach approximately 23 million in 2025/26, growing at a CAGR of 4.7%. Relevant light vehicle production volume is defined as total light vehicle production volume excluding non-premium vehicles and out of scope regions outside Europe, the Americas and Asia, e.g. Africa or South America; however, non-premium platforms with premium interior in the regions in scope are included. Subsequently, the relevant light vehicle production volumes are converted to the relevant addressable trim set volumes which is expected to outgrow the relevant light vehicle production volumes (5.5% CAGR 2020/21-2025/26). (Roland Berger Report, March 2021).

Relevant light vehicle production volumes[1,2] by region (units in millions)

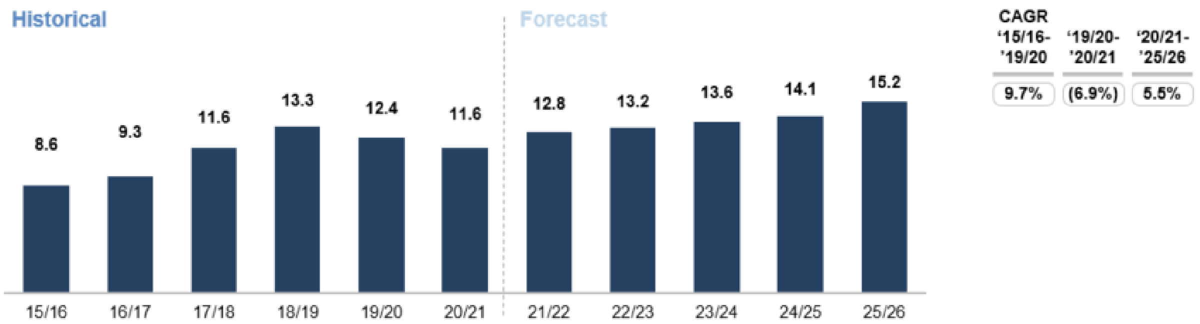


[1] *Quarterly data aggregated according to the Novem reporting standard Q2 previous year until Q1 next year*

[2] *Production forecast for Novem's relevant regions (out of scope regions are e.g. Africa, South America), super-premium & premium models and additional models included due to premiumization*

Source: Roland Berger Report, March 2021

Relevant global trim set volumes[1] by region (units in millions)



[1] *Quarterly data aggregated according to the Novem reporting standard Q2 previous year until Q1 next year*

Source: Roland Berger Report, March 2021

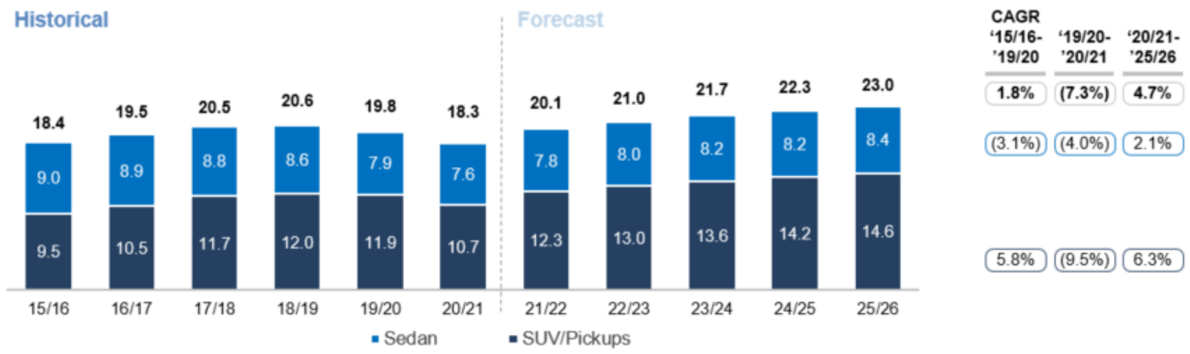
Key growth drivers include for example:

- **Increasing premiumization:** OEMs are constantly looking for ways to enhance the driving experience, comfort and convenience of their vehicles through new technologies and features. Interior decorative trim elements are commonly used by OEMs to provide the end-customer with a premium look and feel of the car. We expect the trend towards "premiumization" to continue, driven by an increasing penetration of premium features into the mid-tier automotive segment as well as the "trickling down" of premium features from flagship platforms into mid-tier platforms of premium OEMs which is resulting in a growing "upper middle" vehicle segment. Specifically, U.S. OEMs have been undergoing an upgrading process of interiors for several of their platforms whereby cheaper, non-premium plastic trim elements are replaced by more expensive premium interior decorative trim elements. Similarly, mid-tier platforms of premium OEMs (e.g. BMW 3-series) are increasingly offering interior decorative trim elements.

- **Increasing tech-integration:** Furthermore, we expect to see an increasing demand for tech-integration and tech-integrated trim solutions, which is also driven by increasing digitalization and connectivity. As a consequence, the focus on vehicle interiors and new "smart" surfaces is expected to increase, including for example enhanced lighting, and we expect this trend to evolve further in the coming years. In addition, also the use of innovative trim elements that have embedded sensors, haptic features and functionalities is increasing.

- **Further increasing penetration of SUVs**: SUVs form a category of motor vehicles which combine elements of on-road passenger cars with features from off-road vehicles, such as raised ground clearance and four-wheel drive. SUVs have on average a greater interior surface compared to passenger cars and are a relevant driver of increasing average content-per-vehicle with respect to premium interior decorative trim elements. The SUV car segment belongs to one of the fastest growing relevant light vehicle sub-segments and has historically grown at a 5.8% CAGR from 2015/16 to 2019/20 (LMC Automotive quarterly data aggregated according to the Novem reporting standard of fiscal years ending on March 31). LMC Automotive expects the growth of the SUV sub-segment with relevant light vehicle volumes to continue at a 6.3% CAGR from 2020/21 to 2025/26 (LMC Automotive quarterly data aggregated according to the Novem reporting standard of fiscal years ending on March 31), reaching approximately 15 million in 2025/26 versus approximately 8 million for sedans. The continued outperformance of SUV volumes is supported by increasingly strong customer demand for SUVs across regions relative to the sedan segment, especially in Europe with an expected growth of ca 10% p.a. and North America with ca 5% p.a. (Roland Berger Report, March 2021).

<u>Relevant light vehicle production volumes[1,2] by vehicle size (units in millions)</u>



[1] Quarterly data aggregated according to the Novem reporting standard Q2 previous year until Q1 next year

[2] Production forecast for Novem's relevant regions (out of scope regions are e.g. Africa, South America), super-premium & premium models and additional models included due to premiumization

Source: Roland Berger Report, March 2021

- **Emergence of autonomous driving:** Major OEMs and Tier 1 suppliers have committed significant resources to the development and production of autonomous cars. The technology for advanced driver assistance systems, such as parking, automated highway driving and emergency breaking is already commercially available (though the future regulatory framework for fully autonomous driving remains uncertain). When vehicles operate fully autonomously, additional surface area could become available for infotainment systems and smart and tech-enabled interior decorative trim elements through the absence of steering wheels and other controls. In addition, time previously actively spent driving is freed up, focus on engine power would be reduced and ultimately increasing the driver's and passengers' focus and emphasis on the car's interior. This increases the relevance of interior decorative trim elements, as well as multifunctional infotainment systems and other (partially trim integrated) features, increasing overall comfort and/or driving-independent productivity (concepts of the "mobile living room/office"). There are currently three different levels of autonomous driving which all have relevance for the premium interior trim market (Roland Berger Report, March 2021):

- Level 3 – “Eyes off”: Autonomous driving in selected driving situations. An exemplary use case would be a highway auto-pilot exit to exit or automated valet parking which would require the integration of sensors / cameras and physical knobs replaced by a smart surface area connected to electrical parts

- Level 4 – “Mind off”: The vehicle can operate alone in case of error, but this is still limited to selected driving situations. An exemplary use case would be a highway exit to exit or a city chauffeur with speed limit or a fully automated parking process. This would lead to a next level of smart surfaces, changing from classic cockpit to a multi-usage center console. Larger display sizes and fewer buttons will lead to larger surface areas

- Level 5 – “Driver off”: The car is like a chauffeur car / taxi with no limit to certain geo-fenced areas. An exemplary use case would be autonomously driving robo-shuttles. This would result in a demand for even more interior design elements such as tables, larger middle consoles, wood flooring or large TVs

- **Increasing connectivity / digitalization:** The connectivity of cars with devices, networks and services outside the car and the interconnectedness of car interior systems, is an increasingly important field with relevance for various applications, such as safety, navigation, infotainment and diagnostics. It will be a supporting growth driver as digital applications and their controls can be integrated into tech-enabled innovative interior decorative trim elements (Roland Berger Report, March 2021). Please also refer to “*Key success factors of the premium interior decorative trim element market*” for additional details.

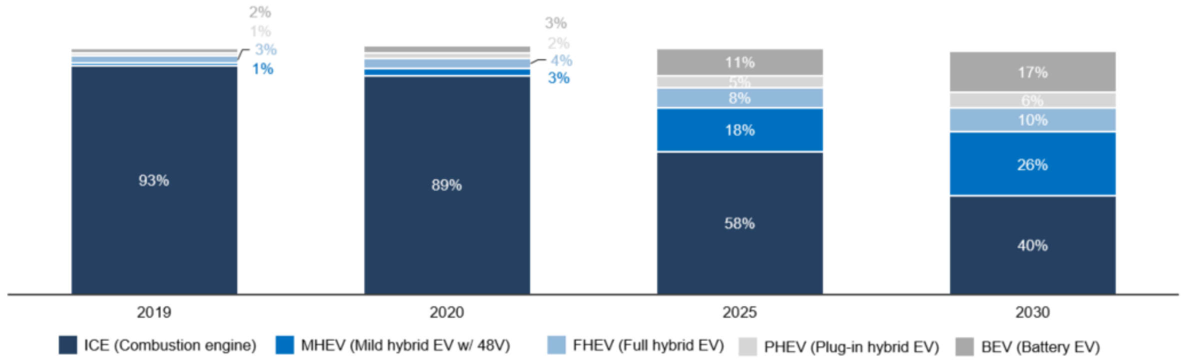
- **Increasing interior customization:** OEMs are increasingly offering tailored products and configurations that serve individual consumer preferences. Premium interior decorative trim elements are an important form of customization, given their prominence in the appearance of a car and interaction with the end-user. By offering different surface materials and added functionalities for interior decorative trim elements in an increasing number of models, also in platforms that traditionally did not include interior decorative trim options, the overall take rate of configurations with premium interior decorative trim elements has increased (Roland Berger Report, March 2021). Please also refer to “*Key success factors of the premium interior decorative trim element market*” for additional details.

6.4.1 Other general automotive OEM trends

Changes in the development, sourcing and production strategy of OEMs can also influence the automotive supplier market. These include:

- **Electrification:** To reduce CO_2 emissions and promote the shift towards “green energy”, regulators have set stringent emission targets that require a certain degree of engine electrification and introduced specific taxes or other limiting measures for combustion engine powered vehicles. Additionally, consumers are becoming increasingly environmentally conscious, focusing on environmentally-friendly technologies and fuel efficiency, which in turn is affecting their vehicle purchase choices. Regulations and customer demand for electric vehicles are also increasing in emerging markets following similar changes in developed markets. This is leading to an increase in demand for both hybrid and electric vehicles. We do not expect these powertrain shifts to have a substantial impact on our business, but given electric cars typically have no gear boxes and overall the number of other manual controls buttons reduces, additional surface space is freed up that may be used for interior decorative trim elements which we could benefit from. Additionally, this may further increase the relative importance of premium interior compared to engine power as a key purchase criterion for the end-customer. Lastly, electric and hybrid vehicle brands often focus on premium materials as well as (tech-) integrated solutions and sustainable options (Roland Berger Report, March 2021).

Global light vehicle production[1] by powertrain type (units in millions)



[1] Subsumes light commercial vehicles and passenger cars – Forecast until 2027 purely based on IHS, thereafter growth (CAGR) is extrapolated based on region and powertrain type

Source: Roland Berger Report, March 2021

- **Global vehicle platforms and consolidation of the supplier base:** Over the past decade, OEMs have increasingly shifted to global vehicle platforms with the aim of maximizing the commonality of components and systems and to derive cost savings via economies of scale. Consequently, OEMs are looking for global suppliers that can provide standardized components worldwide, at a competitive cost level and with close proximity to OEM production sites. We believe that this trend benefits suppliers like Novem that have a global presence, scale and the ability to deliver the same technological and quality standards at competitive costs across regions.

6.5 Novem's global addressable premium interior trim market

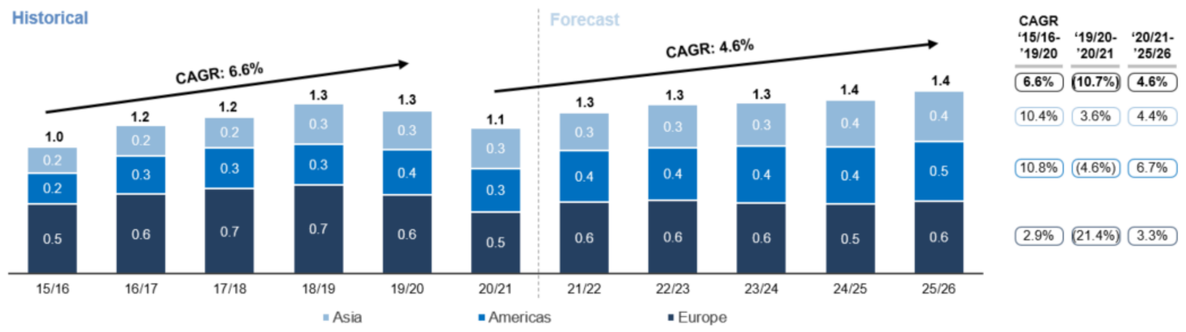
Conveying brand appeal and design is an increasingly important goal for automotive OEMs which has led to the increasing integration of premium interior decorative trim elements in passenger vehicles. With a superior look and feel, aesthetic properties and finish in focus, interior decorative trim elements manufacturers are using a variety of materials for various automotive interior components including doors, compartments, dashboard and other parts. Various wood composites, natural fiber components such as carbon, as well as aluminum and synthetic composites are being used in premium interior decorative trim elements to fulfill the design preferences of the end-customer.

In addition, we have recently observed an increasing demand for tech-integration and tech-integrated trim solutions, which has increased the scope for premium interior decorative trim elements as manufacturers are introducing new products combining interior decorative trim elements with innovative functional technology.

To define Novem's addressable market the relevant light vehicle production volumes (see *6.4 Relevant trends for premium decorative trim interior*) are converted to the relevant addressable trim set volumes, which are used to derive Novem's global addressable market. The global addressable market for premium interior trim has experienced strong growth historically. Novem's global addressable market has grown with a CAGR of approximately 7% over the period from 2015/16 to 2019/20, with strong growth across product surfaces. Return to growth post the COVID impact is expected for the current year 2021/22, the full recovery from COVID-19 is expected by 2023/24 when the addressable market will be back at pre-COVID levels. The market decline in 2019/20 was mainly driven by new regulations for environmental standards in China and Europe (e.g. WLTP) resulting in lower vehicle production, especially for larger premium vehicles. We expect the market to continue to grow at a CAGR of approximately 5% over the period from 2020/21 to 2025/26 (Roland Berger Report, March 2021).

Historically, premium OEMs made up most of the addressable market. However, OEMs that focused on the 'volume' segment in the past, e.g. VW, have recently entered the market due to increased 'premiumization' of interior trims, given that an increasing number of customers is willing to pay up for an upgraded and personalized interior. Premium interior trim elements are a high margin profit pool for OEMs (Roland Berger Report, March 2021), hence OEMs are increasing their efforts to differentiate vehicles via interiors. In addition, new OEMs like Tesla or Nio have emerged and are expected to further increase their market shares, which could be beneficial for the premium interior trim elements market since they are aiming to position themselves as premium vehicles (Roland Berger Report, March 2021).

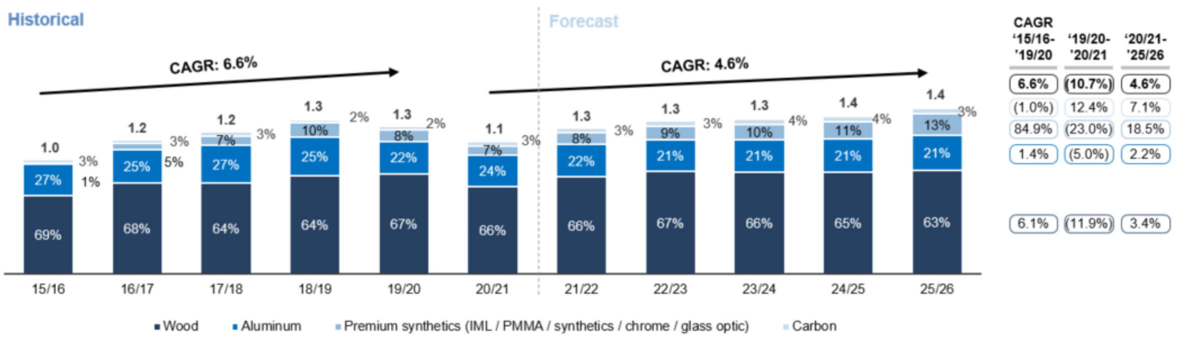
Novem's global addressable market volume[1] by region (in € billion)



[1] *Quarterly data aggregated according to the Novem reporting standard Q2 previous year until Q1 next year*
Source: Roland Berger Report, March 2021

Europe is the largest addressable production market for Novem. The overall growth is driven by production volume growth and also increasing demand for premium synthetics. The North American market growth has been, and is expected to continue to, be driven by, e.g. increasing production volumes of SUVs (in particular German OEMs producing their SUVs in the United States) and is also expected to benefit from volume growth of new electric vehicle OEMs. The development in Asia is mainly driven by China as most relevant Asian car market, where growth is expected to be slightly more moderate after a strong historical ramp-up. Beyond production volumes, special vehicle models only available in China (e.g. Mercedes E-class with extended wheel-base) are additional market drivers in the Asian market. Growth of the addressable market for Novem in the Americas and Asia is expected to outpace production volume growth as a result of an increasing value of decorative trim elements per vehicle (Roland Berger Report, March 2021).

Novem's global addressable market volume[1] by surface material (in € billion)



[1] *Quarterly data aggregated according to the Novem reporting standard Q2 previous year until Q1 next year*
Source: Roland Berger Report, March 2021

With respect to surface materials, wood and aluminum trim elements dominate the global premium interior market:

- *Wood*: The market for wood-based decorative trim elements is expected to grow at a 3.4% CAGR from 2020/21 until 2025/26, mainly driven by the Americas, the popularity of open pore finishes and also the green and sustainable image wood has.

- *Aluminum*: The market for aluminum-based decorative trim elements is expected to grow at a ca. 2% CAGR from 2020/21 until 2025/26 is primarily driven by demand from Asia.

Overall a slight shift towards premium synthetics is expected which would result in high growth rates driven by the functional integration of electronics, new material trends as well as end-customer design preferences (especially in China). Carbon is a niche product mainly used in high-end trim modules for sports cars (Roland Berger Report, March 2021).

6.6 Key success factors of the premium interior decorative trim element market

There is a number of factors that make the premium interior decorative trim element market a special niche within the broader automotive supplier sector. Other examples of special automotive niches where leaders enjoy growth and margins in excess of the automotive supplier sector average include automotive gas springs (market leader: Stabilus) and automotive connectors (market leader: Norma). Key success factors of the premium decorative trim element market for vehicles include:

6.6.1 Premium look and feel

Interior decorative trim elements are highly visible in a vehicle and are considered by OEMs as a high-end feature. In addition, owners of premium vehicles are frequently exposed to other premium products and appreciate the quality of the materials and the finishing of the surfaces as well as the opportunity to individualize the interior. As a result, superior product quality and a premium look and feel (next to purchase price) represent some of the OEMs' most important selection criteria for a supplier, especially as OEMs observe a growing number of customers who are willing to pay for an upgraded and personalized interior (Roland Berger Report, March 2021).

6.6.2 Innovation

- **Design innovation**: Interior decorative trim suppliers add substantial value to OEMs by contributing to the product development process. In particular, suppliers (Roland Berger Report, March 2021):
  - Focus on engineering and latest design trends and materials;
  - Take responsibility for product feasibility with respect to design; and
  - Design and develop concepts, prototypes and molds.
- **Material trends**: There is increasing customer demand for new high-end materials as well as for sustainable materials at the same time (Roland Berger Report, March 2021):
  - New high-end materials:
    - Properties of new materials may need to be adjusted to make them suitable and safe for automotive interior which requires experience and operational excellence; and
    - Due to a new combination of materials, the manufacturing processes could becoming more complex, in consequence suppliers may have to innovate in order to find cost-efficient solutions.
  - Sustainability / health:
    - Due to the increased focus on sustainability, the use of up-cyclable organic materials is expected to increase
    - The reduction of substances that are hazardous to health (solvents, lacquers, plasticizers, etc.) is gaining increasing attention
- **Inclusion of functional features**: Customers are increasingly looking for smart integration solutions of screens, sensors and services / commands into the surface. In addition, interior lighting (ambient and functional) is expected to continue to grow strongly driven by user preferences. Examples for the integration of electronics include (Roland Berger Report, March 2021):

- Device integration: Seamless integration of screens, sensors and services / commands
- Interior lighting: Ambient lighting, dome lighting, small lamps
- Smart surfaces: Replacement of physical knobs, buttons with touch sensitive surfaces
- Gesture control: Mainly for intelligent in-vehicle infotainment features

6.6.3 Global presence and customer proximity

The three main automotive OEM production hubs are Western and Central Europe, North America and China. OEMs are looking for suppliers that are able to supply high quality products globally. In addition, both product development and production process of premium interior decorative trims require close interaction and cooperation between the OEMs and the suppliers. Hence, both global presence and close proximity to the OEMs are of great importance for suppliers to allow effective co-development of the components, responsiveness and direct on-site support, including through supplier engineer presence directly at OEM production plants.

6.6.4 Comprehensive product offering

Leading premium interior decorative trim element manufacturers are able to offer the full suite of relevant surface materials, such as genuine wood, aluminum, carbon and premium synthetics as well as trim elements made from a combination of premium materials. Besides that, also the offering of tech-integrated trim solutions is becoming increasingly important. The ability to offer customers a wide choice of premium interior trim products to customize their vehicle is a key attraction of the leading suppliers.

6.6.5 Ability to attract qualified human capital

The production of premium interior decorative trims is often based on highly complex manufacturing processes consisting of multiple individual steps many of which require meticulous manual labor, which is a major driver of productivity increases and scrap rate reduction. The attraction and retention of skilled labor represents a cornerstone for every premium interior decorative trim manufacturer’s competitive position.

6.6.6 Effective cost structure

The process of awarding platforms to a supplier depends, among other items, on competitive pricing. An effective cost structure depends on the ability of the suppliers to minimize production costs through scale, operational excellence, integration of all key production steps and a low-cost production footprint. Given the limited size of the premium genuine interior decorative trim elements market, only few suppliers can reach the critical scale required to be successful. Our process and manufacturing excellence with industry-leading scrap rates ahead of our competitors (Roland Berger Report, March 2021; based on feedback from market participants) which we consider to be a major differentiating factor as the management of scrap rates is a key driver of profitability in our industry.

6.7 Competition

We are the leader in the premium interior decorative trim market for vehicles with an estimated market share of approximately 46% globally (in Fiscal Year 2019/20) (Roland Berger Report, March 2021). We estimate the global market share (in Fiscal Year 2019/20) of the second and third largest players, JoysonQuin and China-headquartered NBHX, to be approximately 18% and approximately 15% respectively (Roland Berger Report, March 2021). Furthermore, we estimate that all other market participants currently have market shares below 10% (Roland Berger Report, March 2021).

We are one of only two fully diversified, truly global premium decorative interior trim suppliers with complete product offering. We believe that only we and NBHX have the manufacturing footprint required in order to compete on a global scale with a comparable range of products and technologies offering products across all four surface materials (wood, aluminum, premium synthetics and carbon). Other competitors in the market are either focused on a particular region and / or cover only a subset of surface materials and technologies (Roland Berger Report, March 2021). JoysonQuin, also operates on a global scale, but does not compete on a comprehensive range of products as it does not offer aluminum trim elements. Joyson acquired Germany-based Quin in 2014 and, in 2020, was acquired by Guangdong Senssun Weighing Apparatus Group Ltd. (Senssun).

JoysonQuin had a share of the global market for premium decorative trim elements of approximately 18% in Fiscal Year 2019/20 (Source: Roland Berger Report, March 2021).

We estimate our market share in Europe to be 49% (in Fiscal Year 2019/20) (Roland Berger Report, March 2021). Our competitors in Europe include JoysonQuin (market share: approximately 19% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021) for wood and premium synthetics trim elements and, to a lesser extent, NBHX (market share: 14% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021), Faurecia (market share: 10% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021) and Mono (market share: 3% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021).

We estimate our market share in Asia to be 25% (Roland Berger Report, March 2021). In Asia, our main competitors are JoysonQuin (market share: 23% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021) and NBHX (market share: 21% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021). Additional regional competitors include Yamaha (market share: 17% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021) as well as Faurecia.

We estimate our market share in the Americas to be 59% (in in Fiscal Year 2019/20) (Roland Berger Report, March 2021). Competitors include NBHX (market share: 13% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021), Yamaha (market share: 10% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021), JoysonQuin (market share: 10% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021) and Faurecia (market share: 4% in Fiscal Year 2019/20 according to the Roland Berger Report, March 2021).

In addition, there is a number of small local competitors across Europe, Asia and the Americas. In the past few years, we are not aware of any new entrants in the premium interior decorative trim sector, while Faurecia has decided to exit the market (Roland Berger Report, March 2021).

In addition, there is also the group of automotive generalists consisting of a few international players offering a broader product portfolio beyond interior solutions. However, due to their reduced focus on premium interior trims and the limited product similarity, these companies are not considered as direct competitors (Roland Berger Report, March 2021).

Overall, the competitive landscape for premium decorative trims is fairly consolidated for wood and metal surfaces. However, there is a long and fragmented group of competitors focusing on, for example, premium synthetics (Roland Berger Report, March 2021).

7. BUSINESS

7.1 Overview

We are the leading supplier of premium decorative interior trim elements, with an estimated global market share of approximately 46% by sales in Fiscal Year 2019/20, which we believe is more than twice that of our next competitor (Source: Roland Berger Report, March 2021). Our product portfolio includes door trims, trim elements for the center console and dashboard as well as trim elements for driver and passenger instrument panels. Our products combine high-quality raw materials with advanced technology and high-quality craftsmanship and are predominantly used in the premium and SUV segments of the automotive industry. We are one of only two manufacturers of premium decorative interior trim elements with a significant global footprint offering products across all surface materials, including wood, aluminum, carbon and premium synthetics (Source: Roland Berger Report, March 2021). We have a global presence with eight manufacturing facilities in seven countries across Europe, the Americas and Asia that are strategically located in all major vehicle producing regions, close to our OEM customers' production hubs. As of March 31, 2021, we had 5,717 employees (total, by headcount and including 49 inactive employees in Kulmbach).

We have strong and long-standing relationships with many of our customers, including long-term relationships with Audi, BMW, Daimler, General Motors, Porsche and Volvo over many decades. Our customer base includes almost all of the OEMs active in the premium vehicle market. We maintain strategic relationships with our key customers and typically supply multiple platforms for each customer. We supply our customers on more than 100 different platforms, each with individual production cycles, and thus are not dependent on any single platform with each customer. Moreover, through the combination of our long-standing customer relationships and the importance of our products to our OEM customers' own end-products, we are deeply embedded in our customers' supply chains and product development. This also provides us with good revenue visibility. As of March 31, 2021, our Awarded Business amounted to approximately €4.5 billion compared to €602,718 thousand in revenue for Fiscal Year 2020/21.

We work closely with our OEM customers to design and engineer interior trim elements that meet their high-quality standards and offer innovative surfaces and looks. Our engineering and design division is predominantly located in Vorbach, Germany and, as of March 31, 2021, we employed approximately 218 engineers, designers and technicians who work exclusively on new designs and product innovation. Due to our manufacturing and product expertise, we are embedded in our customers' pre-development and product development processes and are often engaged by OEMs to work on innovation projects, design concepts and new engineering solutions during the pre-development phase up to four years prior to the start of production for a new platform. If we are awarded a platform, a decision taken typically around two to three years prior to the planned start of production, we work closely with our OEM customers throughout the development process to respond to design changes and additional requirements until the interior design concept is frozen, which may be as late as six months prior to start of production. Furthermore, our customer proximity, through engineers working on-site at our OEM customers, provides us with continuous product feedback, ideas and direct input into the OEM's development process.

The segment of the global automotive market in which we are active is driven by favorable underlying general trends, such as premiumization, individualization and increasing integration of technological features into trim elements. Global premium vehicle production has grown at a CAGR of 2.4% between 2015/16 and 2019/20 and is forecast to continue to grow at a CAGR of 6.0% between 2020/21 and 2025/26 (Source: Roland Berger Report, March 2021). Within the wider automotive market, the premium segment, which is particularly relevant to us, has outgrown total light vehicle production and this trend is forecast to continue (Source: Roland Berger Report, March 2021). Over the longer term, prior to the COVID-19 pandemic, our sales revenue increased at a CAGR of approximately 8% over the past 15 years (CAGR based on German GAAP management reporting sales revenue from 2004/05 of former holding company and 2019/20 sales revenue based on IFRS reporting). In addition to these general growth trends, we are exposed to trends specific to the premium decorative interior trim sector such as the growing emphasis on premium quality, materials and customization. We believe these trends will continue to drive the importance of vehicles' interior design and appearance through an increasing use of high-quality materials and surfaces, and therefore provide opportunities to expand our content per vehicle. Given our strong market position and materials processing expertise across all surface materials, we believe we are well-positioned to benefit from these attractive long-term growth trends in the premium vehicle market. In addition, demand for our interior trim elements is generally powertrain agnostic. We believe we may benefit from the trend towards the electrification of the powertrain as we expect electric vehicles to have more interior surface space for which our trim elements are used.

We have been majority owned by funds advised by Bregal since 2011 which has supported our growth and international expansion through its long-term commitment. For further information on our current shareholder structure see *8. Shareholder Information.*

For Fiscal Year 2020/21, we generated revenue of €602,718 thousand and our Adjusted EBIT amounted to €86,435 thousand, corresponding to an Adjusted EBIT Margin of 14.3%. Our Cash Conversion Rate in Fiscal Year 2020/21 was 83.8%.

7.2 Our Key Strengths

We believe that we benefit from a number of key strengths that enable us to compete effectively and successfully in our market:

7.2.1 Attractive and growing market benefiting from global megatrends

As a global provider of premium decorative interior trim elements to almost all OEMs that are active in the premium vehicle market, we are well-placed to benefit from attractive fundamentals and long-term megatrends. These megatrends include the expected growth in global vehicle production volumes relevant to our business, the increasing trend towards "premiumization" and customization of vehicles, tech-integration and digitalization, the electrification of vehicles and the emergence of autonomous driving. We believe that the market for premium decorative interior trim elements will benefit from these megatrends and support continued market growth in particular due to the following factors:

- The relevant light vehicle production volumes are expected to grow at a CAGR of 4.7% from 2020/21 until 2025/26 according to the Roland Berger Report, March 2021. The global addressable market for premium decorative interior trim elements has been growing at a CAGR of approximately 7% from 2015/16 to 2019/20 and this market is forecast to grow at a CAGR of approximately 5% from 2020/21 to 2025/26, expected to reach approximately €1.4 billion in size by 2025/26 (all according to the Roland Berger Report, March 2021). Key growth drivers include the ongoing premiumization of volume platforms and the SUV growth (Roland Berger Report, March 2021).

- We also expect the trend towards "premiumization" to continue as trim elements made from genuine materials are not only used in the most prestigious platforms of a premium OEM (e.g. the BMW 7-series, Mercedes S-Class, etc.), but increasingly also in mid-tier platforms (e.g. the BMW 3-series) and also within certain platforms of traditional volume OEMs. This also enables more end-customers to customize and individualize their vehicle interior.

- Furthermore, we expect an increasing demand for tech-integration and tech-integrated trim solutions, driven by increasing digitalization and connectivity. As a consequence, the focus on vehicle interiors and new "smart" surfaces is expected to increase, including for example enhanced lighting, and we expect this trend to evolve further in the coming years. In addition, also the use of innovative trim elements that have embedded sensors, haptic features and functionalities is increasing. We expect the trend of increasing tech-integration to continue in the future.

- Lastly, both powertrain electrification and autonomous driving technology may also increase the surface that is available for decorative interior trim surfaces through the streamlining of control elements. We believe this will lead to a decrease in the relative importance of engine power as key purchasing criterion for the end-customer and in turn increase the importance of interior design and appearance as differentiating aspect to the OEMs' customers further. As OEMs respond to these trends by focusing more on enhancing the comfort and appearance of vehicle interiors, which might in turn increase the potential demand for premium materials and trims per vehicle, we believe we are well-positioned to benefit from a growing market.

7.2.2 The leading global supplier of premium decorative interior trim elements

We believe we are the leading global supplier of premium decorative interior trim elements, an attractive niche market of the automotive industry. Based on the Roland Berger Report (Source: Roland Berger Report, March 2021), we estimate our global share of the premium decorative interior trim element market in Fiscal Year

2019/20 to be approximately 46%, based on sales, which is more than twice that of our next competitor according to the same report. We believe we have leading market shares in Europe, the Americas and Asia. We are one of only two manufacturers of premium decorative interior trim elements with a truly global presence and an offering across the four major premium surface material options (wood, aluminum, carbon, premium synthetics). We also believe that our scale, combined with the quality, reliability and breadth of our product offering makes us the supplier of choice for many premium OEMs, such as Audi, BMW, Daimler, Porsche and Volvo.

Moreover, our significant scale with 5,717 employees (total, by headcount and including 49 inactive employees in Kulmbach) as of March 31, 2021, eight manufacturing plants globally and €602,718 thousand revenue in Fiscal Year 2020/21, combined with our product offering across all relevant surface materials, helps us to better withstand fluctuations in material take-up rates for an individual platform or surface material. This global scale benefits our customers through a lower risk of supply chain interruptions and lower associated costs, if we are the sole supplier across all surface materials of a particular platform to a particular customer. We also believe that our scale helps us maintain attractive pricing, for example through lower tooling costs per trim element, and maintain our deep know how.

We are focused on premium products and the respective relevant market segments. We are active in the vehicle segments that we believe are most attractive for our premium decorative trim parts: Passenger vehicles (A-F segments), sport vehicles and SUVs.

7.2.3 Global platform with strong engineering capabilities and continuous design innovations

Our global manufacturing footprint comprises eight manufacturing plants in China, the Czech Republic, Germany, Honduras, Italy, Mexico and Slovenia as well as two logistics and assembly locations and one sales office in the United States. We believe we are one of only two manufacturers of premium decorative interior trim elements with an offering across all surface materials and with a significant global presence. This global manufacturing footprint allows us to supply our OEM customers regionally from manufacturing facilities that are located close to their production plants in all relevant geographies. As a result, we often supply several platforms for each of our OEM customers, thereby diversifying our business. For Fiscal Year 2020/21, revenue from our top three and top ten platforms represented approximately 20% and 45% of our series net sales (excluding tooling), respectively.

Approximately 73% of our employees (see *7.17 Employees*) were located in low labor cost countries, supported by our leading engineering and product development capabilities which are predominantly located in Germany. Our customers benefit from our strong engineering and design capabilities through considerable co-development activities for individual product platforms and continuous design innovation. Recent examples of our product innovation include on-demand switches, back-lighted trim elements, injected light lines, integrated sensors and dynamic light elements. In 2019 our new innovation and design center in Vorbach, Germany, was opened, where new ideas and innovative products are developed to further support our innovation and development leadership.

7.2.4 High barriers to entry through unique know-how, long-term customer relationships, a complex manufacturing process and scale

We are a trusted supplier to almost all premium OEMs in the global automotive industry, and they rely on our decorative interior trim elements for their own end products. We maintain close cooperation with our key customers and often supply several platforms for each of our customers. We have long-standing relationships with many of our customers, including relationships with Audi, BMW, Daimler, General Motors, Porsche and Volvo over many decades. We estimate our share of wallet (*i.e.*, our sales to a specific customer relative to such customer's overall purchase volume for premium decorative trim elements) to be 48% for our top three customers in 2020 (calculated as the unweighted arithmetic average of our individual wallet shares with our top three customers, based on the Roland Berger Report, March 2021). Through these relationships we have developed a deep understanding of our customers' needs and priorities and are in regular contact with our customers, often even early on in the design phase of a product and well in advance of a tender offer process. In addition, due to the importance of the quality of our products to the appeal and success of our customers' vehicle models, we play a critical role in our customers' new vehicle development and supply chains. We are often engaged by OEMs to work on innovation projects, design concepts and new engineering solutions during the pre-development phase up to four years prior to start of production of a new platform. We believe that being involved in such an early stage of development provides us with a competitive advantage during the tender stage for a new platform. If we are awarded a new platform, we work closely with our OEM customers throughout the development process to respond to design changes and additional requirements until the interior design concept is frozen, which may require us to update the specifications of our trim elements or revise our quotation. We are embedded into our customers' operations through our seven engineers who work on-site at four different production sites of four of our OEM customers. We believe that our integrated business model strengthens our ties to our customers by aligning our design and development capabilities with their vehicle development and long-term strategic planning.

In addition, the manufacturing process for our products is complex and requires extensive experience and operational know-how. Our focus on continuous productivity improvements, such as streamlining of our manufacturing processes, optimizing the layout of production steps and machinery, improving resources management to reduce scrap material and reducing production times to meet shorter lead times as well as the continuous optimization of our manufacturing footprint have allowed us to maintain strong profitability and Cash Conversion Rates. Besides scrap rate management in general, our ability to manage-down initial scrap rates quickly after start of production is important for our profitability. Our process and manufacturing excellence with industry-leading scrap rates ahead of our competitors (Roland Berger Report, March 2021; based on feedback from market participants), which we consider to be a major differentiating factor as the management of scrap rates is a key driver of profitability in our industry. We believe that the process and material know-how required to manufacture high quality premium decorative interior trim elements, combined with the substantial investment necessary to build operations on a global scale and the stable customer relationships make it difficult for new participants to enter into our market.

7.2.5 Unique exposure to automotive end-customer and importance of products for the OEMs

Unlike many other vehicle components, premium decorative interior trim elements are something the end-customer often takes a direct and active decision for by specifically selecting the respective interior trim set when ordering a new vehicle. This is supported by the megatrend of increasing individualization and customization.

We believe that the high quality and craftsmanship of our trim elements is an important part of delivering the resulting premium look and feel of premium vehicles and helps enhancing the margins of our customers' end products through components for which the end-customer is willing to pay extra. We believe that OEMs see premium decorative interior trim elements as an important aspect of the end product and are increasing the number of specifications they offer per platform to allow for a higher degree of customization of a vehicle interior.

7.2.6 Strong financial profile with strong growth, high margins and cash conversion as well as high visibility on future business

We have proven our ability to sustain attractive margins and generate strong operating cash flows, despite also our business having been severely affected by the global COVID-19 pandemic in the last two fiscal years. Our revenue decreased from €711,140 thousand for Fiscal Year 2018/19 to €602,718 thousand for Fiscal Year 2020/21, reflecting a negative CAGR of 7.94%. However, over the longer term, prior to the COVID-19 pandemic, our sales revenue increased at a CAGR of approximately 8% over the past 15 years (CAGR based on German GAAP management reporting sales revenue from 2004/05 of former holding company and 2019/20 sales revenue based on IFRS reporting).

Our Adjusted EBIT decreased from €125,923 thousand for Fiscal Year 2018/19 to €86,435 thousand for Fiscal Year 2020/21. Our Adjusted EBIT Margin declined from 17.7% for Fiscal Year 2018/19, to 14.3% for Fiscal Year 2019/20 and remained at 14.3% for Fiscal Year 2020/21. Despite the global pandemic we believe that we were able to maintain our leading Adjusted EBIT margin. We have also historically achieved high Cash Conversion Rates. In Fiscal Years 2018/19, 2019/20 and 2020/21, we achieved Cash Conversion Rates of 73.0%, 81.3% and 83.8%, respectively. By comparison, during the three fiscal years ended prior to the outbreak of the COVID-19 pandemic, Adjusted EBITDA and Adjusted EBIT increased from €115.6 million and €91.0 million, respectively, in the fiscal year ended March 31, 2017 to €138.4 million and €119.2 million, respectively, in the fiscal year ended March 31, 2018, each on the level of Novem Beteiligungs GmbH group, and to €152.9 million and €125.9 million, respectively, in Fiscal Year 2018/19 on the level of the Novem Group. This resulted in an Adjusted EBITDA margin of 19.7% and 21.4% as well as 21.5% and an Adjusted EBIT margin of 15.5% and 18.4% as well as 17.7%, for the fiscal years ended March 31, 2017 and 2018 each on the level of Novem Beteiligungs GmbH group, as well as 2019 on the level of the Novem Group, respectively.

Our strong financial profile is supported by the historical resilience of the premium automotive market compared to the overall passenger vehicle market, ongoing productivity gains, a flexible cost base, strong cash conversion with disciplined working capital management and limited maintenance capital expenditure requirements.

We believe we also benefit from very good revenue visibility based on the scope of tender awards and the projected volumes. OEMs tend to rarely change the supplier following start of production for a platform, which gives us additional visibility for future revenues. As of March 31, 2021, our Awarded Business amounted to approximately €4.5 billion, representing more than 7.5 times our revenue for Fiscal Year 2020/21. Our Awarded Business gives us significant mid-term visibility for our sales in the next years allowing us to plan investments, manufacturing levels and therefore optimize our cost structure.

Our business model also benefits from a flexible cost base as we estimate approximately 76% of our total costs are variable. We have reduced the share of employees (by headcount) in high-cost countries (*i.e.*, Germany, Italy and the United States) from approximately 28% as of March 31, 2015 to approximately 17% as of March 31, 2021 (excluding Luxembourg and Vorbach office based employees). Moreover, as a result of the shift in our production capacity to lower cost countries, our largest manufacturing facilities by number of employees (by headcount) are also our most recently opened manufacturing facilities, resulting in limited capital expenditure requirements in the near to medium term. Having a well-invested asset base means we benefit from low maintenance capital expenditures, which have represented approximately 2% of our revenue during each of Fiscal Year 2018/19, Fiscal Year 2019/20 and Fiscal Year 2020/21.

Over the last ten years, we have continuously implemented numerous efficiency measures and will continue to search for efficiencies and savings potential. Our management team is focused on decreasing scrap rates to the current, industry-leading level, continuous purchasing and procurement savings through innovative solutions and price reductions as well as annual productivity improvements.

7.2.7 Experienced management team with strong track-record

We have an experienced senior management team supported by functional heads and plant managers with extensive experience and industry knowledge. Our senior management team has demonstrated its ability to diversify and grow our business and successfully expand our international presence to help us achieve and maintain our leading market positions. We believe that our senior management has been instrumental to winning new customers, in particular outside of Europe, and diversifying our business. For example, for the fiscal year ended March 31, 2012, our three largest customers represented approximately 85% of our revenue and our ten largest platforms represented approximately 70% of our revenue. For Fiscal Year 2020/21, our three largest customers represented approximately 75% of our series net sales (excluding tooling) and our ten largest platforms represented approximately 45% of our series net sales (excluding tooling).

We believe that the industry knowledge and leadership of our senior management team provides us with a significant competitive advantage and are also instrumental for the implementation of our strategy and achievement of our long-term objective of delivering sustainable and profitable growth.

7.3 Our Strategy

Our goal is to continue to build high quality, innovative decorative interior trim elements for premium vehicles. We have successfully pursued a strategy focused on organic growth and profitability through the ongoing implementation of continuous productivity improvements measures, in addition to the following strategic objectives:

7.3.1 Maintain our market position across all products and develop expand our market position in growth geographies

We aim to maintain our leading global market position in premium decorative interior trim elements industry while continuing to achieve sustainable profitable growth across our markets and products. We intend to capitalize on our global presence and scale to maintain the leading position across all products in our existing markets and apply our successful strategies from our current markets to win new customers and further strengthen our position in Asia, especially in China. This strategy is aimed at serving the growing Asian end-market by supplying local premium OEMs in addition to Western OEMs. We also intend to take advantage of favorable underlying trends in the global market for premium passenger vehicles to continue outgrowing the market by offering customers the best combination of quality, innovation, technology and price across all material surfaces. We believe we are well-positioned to build on our experience and expertise to maintain our leading market positions and further expand it by acquiring new customers and increasing wallet share with existing customers.

7.3.2 Continue to be a leader in engineering and design and take advantage of new technological and material developments

We intend to continue to leverage our leading engineering and design capabilities to address the needs, quality requirements and design preferences of our customers worldwide by producing high quality and innovative decorative trim elements. We believe that positive trends towards genuine surface materials, modern surfaces and designs in vehicle interiors, paired with our materials processing expertise, will allow us to capitalize on the expected growth in our market. We also intend to further bolster our leading innovation capabilities by continuing to invest in design, development and engineering. Our engineering and design activities are for example focused on embedding new functionalities within our products' materials. These include integrated "below-the-surface" lighting elements, for example "smart" trim elements with touch sensors built into the material, or various functional elements which integrate touch control and haptic feedback into trim elements. Going forward, we believe we will see further functional expansion such as for example the inclusion of hidden displays, human machine interaction in the form of gesture control or morphing surfaces (wooden pores that can open and close and as such be used for seat ventilation). We also continue to be at the forefront of material innovation and development of expanded or new materials that can be used in premium decorative interior trim elements. These materials include for example hybrid materials such as a wood / aluminum hybrid, renewable materials like for example renewable wood from wood types that can be re-harvested, increased technological integration into the trim materials, new high-end materials including for example thinly layered stone, glass or porcelain as well as sustainable materials, for instance from recycled PET fabric or sustainable wood. Many of these new materials are driven by and will continue to benefit from trends such as increasing environmental consciousness among end-customers.

7.3.3 Expansion into adjacent industry verticals or potential inorganic growth through acquisitions

We continue to believe that we are the leading global supplier of premium decorative interior trim elements, with deep product know-how and expertise. On the back of our leadership position and experience, we have identified certain adjacent industry verticals which might be attractive for us to enter into in the future in order to further leverage our product knowledge and expertise. For example, we see the potential to leverage our operational excellence in processing high-quality materials for vehicles to expand into adjacent product verticals such as luxury caravans. Other examples could include airplane interiors or yacht and boat interiors (Roland Berger Report, March 2021). We believe such an expansion could be a step-change in our future to further broaden our total addressable market and the associated growth prospects.

In addition, we will continue to consider acquisition opportunities on an opportunistic basis. A potential backward integration into, for example, materials or components through the integration of a tier 2 or tier 3 supplier could potentially significantly strengthen our business model. Potential areas of interest could include for example electronic components, trim manufacturing specialists or a material producer (e.g. synthetics, wood or carbon manufacturer). We could also consider acquiring one or more smaller trim specialist competitors to further drive market consolidation and increase our market share. Our focus would be on companies with a complementary product and material offering or complementary regional focus. At the time of this Prospectus, no acquisition target has been identified and no negotiations are ongoing in relation to any acquisition. We believe that a successful acquisition could be value generating and would further enhance our value proposition for our customers as well.

7.4 Group History

The following provides an overview over the history of the Group since its foundation:

- Novem has been active in the market for decorative interior trim elements since it was founded in 1947 by Ernst Pelz.
- In 1953, we started our cooperation with BMW, which remains one of our most significant customers to date.
- During the 1970s, we began producing trim elements for the prestigious BMW 7-series and opened our second manufacturing facility in Kulmbach, Germany.
- In the 1990s we started our international expansion with the opening of new manufacturing facilities in the Czech Republic, Honduras and Italy.

- In 2002, we expanded our product offering to include decorative interior trim elements made from aluminum, as well as introducing the PUR surface technology.

- In 2007, we entered the Chinese market and opened a manufacturing facility in Langfang, near Beijing.

- During the global financial and economic crisis that started in 2008 the Group was transferred to a trustee acting for its senior and mezzanine lenders at the time. Following a sales process started by the trustee to sell Novem to an investor, funds advised by Bregal acquired Novem from the lender's trustee with the support of Novem's main OEM customers in 2011.

- Also in 2011, we opened our newest manufacturing facility in Mexico, which has now become our largest facility. The expansion activities were supported by a significant investment by Bregal in 2015. We have continuously invested in our international expansion and new, innovative solutions such as combining decorative interior trim elements with sensor technology since the acquisition by funds advised by Bregal.

- In June 2019, we successfully issued EUR 400 million of senior secured notes placed with institutional investors.

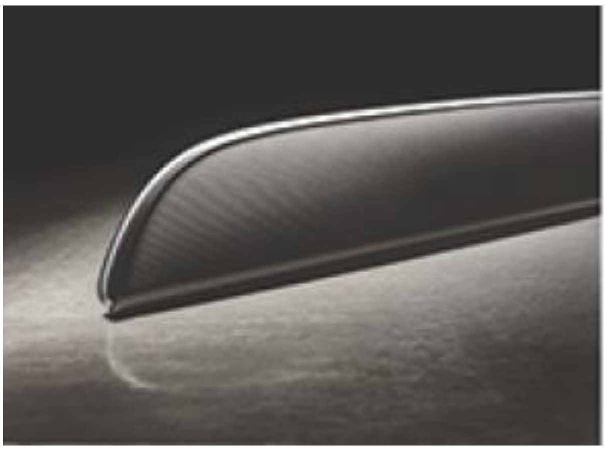
- Also in 2019, to underline Novem's technology and innovation leadership, we opened our new design center 'Novem Interior World' in Vorbach.

- In 2020 and 2021, we grew our presence in the Asian market by winning business from new Asian OEMs.

7.5 Our Products

We focus on premium decorative interior trim elements for the automotive industry. Our premium decorative interior trim elements can have wood, aluminum, carbon or synthetics surfaces and are, for example, installed in the door area, center console or dashboard of vehicles. We also manufacture various special trim parts, such as roof handles, trim backrests and individualized trim elements. Our trim elements are typically delivered in sets of four to 15 individual trim elements, depending on the specifications of the customer's vehicle. In Fiscal Year 2020/21, we supplied more than 100 platforms across 18 customers with approximately 4.2 million trim sets consisting of approximately 26.8 million individual trim elements. As the innovation leader in our industry, we seek to add additional functionality to our high-end trim elements. For example, we are offering trim elements with ambient or back lighting that can be used to create intelligent lighting effects or with embedded sensors and on-demand switches.

To ensure that our products meet our and our customers' strict quality requirements, we use only genuine premium materials: wood, aluminum, carbon and synthetics. For Fiscal Year 2020/21, we derived 77.6% of our revenue from wood trim elements, 18.4% of our revenue from aluminum trim elements and 4.0% of our revenue from synthetics trim elements.



Our wood trim elements are manufactured mainly from genuine wood veneer, as well as engineered veneer. Genuine veneer consists of very thin slices of wood which are cut directly from a log, whereas engineered veneer is produced by slicing a log into wooden boards that are then laminated together and cut into thin slices. Engineered veneers offer the ability to create additional patterns and looks that cannot be created with genuine veneer and are therefore more versatile. We use more than 40 different types of wood for our trim elements, and each type of wood can be processed and finished in numerous ways to adapt its look and feel to our customers' specifications. We have been processing high-quality wood and veneers for almost 75 years and believe we are a global leader in wooden trim elements for the automotive industry.

Aluminum trim elements allow our customers to highlight the sporty and modern appearance of their vehicles. Due to various finishing options, aluminum is also a very variable material that can be adopted to satisfy specific customer specifications. We started producing aluminum trim elements in our manufacturing facility in Eschenbach, Germany in 2002. Since then, we have steadily increased our sale of aluminum-based trim elements.

Carbon, as well as synthetics, are relatively new materials for interior trim elements which we started using in 2000 and 2011, respectively. These surface materials are characterized by their low weight and high shock resistance. Carbon is also perceived as a modern and futuristic material. Unlike standard synthetic trim elements, our synthetic elements are based on a thin synthetic foil which is laminated and back molded and then treated and finished using many of the same production processes that we use during the manufacture of our other trim elements.

In addition to our current portfolio of surface materials, we are constantly evaluating new materials and materials combinations, including high-end sustainable materials.

7.6 Production Process

Our production processes are complex and require a high degree of skill and know-how. In particular, wood is a natural material and accordingly each trim element made from wood has individual characteristics that need to be taken into account during the production process to maintain a consistent premium quality. The manufacture of our trim elements typically requires ten to fifteen separate steps, but can take up to 35 steps. The manufacturing process takes approximately 10 to 18 days (particularly for open pore trim elements) from start of the production to shipment of the product.

The production process for our trim elements involves similar steps, regardless of the surface material. The initial production step is to laminate a thin layer of the relevant surface material with a glue and synthetic felt. Following lamination, the shape of the relevant trim element is sketched on the surface material and the surface material is cut using either a laser cutter or punching tool. The process of sketching and cutting requires significant experience and skill in order to minimize the amount of scrap and ensure that imperfections are treated and do not affect the quality of our end-products. In a next step, the parts are pre-formed into the desired three-dimensional form using a hydraulic press. A synthetic material is then molded to the back of the trim elements at high temperature and pressure.

Depending on the surface material, we use a variety of surface treatments for the production of our trim elements, including wood sanding, coloring, printing, touching, priming and lacquer sanding. The surface treatment used is dependent on the surface material as well as the desired look and feel of the finished trim element. We treat aluminum trim elements through embossing and are able to print patterns on them. Wood and carbon trim elements can, for example, be finished to have a high gloss look or open pore texture. While high gloss trim elements are finished with a layer of polyurethane, open pore trim elements are finished with a thinner layer of lacquer that leaves the natural pores of the wood or veneer exposed. It is also possible to color our wood trim elements and we maintain our own color laboratory where we prepare mix specifications to meet our customers' color specifications. The surface of our synthetic trim elements can be printed on or hard coated to make them more resistant to scratching and wear and tear.

During the finishing phase, the excess back molding material is removed through milling and the trim elements are polished. In the assembly phase, we add additional decorative features such as chrome or lighting elements. Prior to delivery to our customer, all of our trim elements undergo a rigorous quality inspection.

Our process and manufacturing excellence with industry-leading scrap rates ahead of our competitors (Roland Berger Report, March 2021; based on feedback from market participants), which we consider to be a major differentiating factor as the management of scrap rates is a key driver of profitability in our industry.

7.7 Tooling

The manufacture of our trim elements requires highly specialized tools which must be adapted to the specifications of the trim elements for each platform that we supply. Our OEM customers typically require us to purchase these specialized tools after we have been awarded a specific platform, but prior to the start of production for the relevant platform. See *—7.9 Engineering & Design—7.9.1 Product development & launch*. Whereas our customers retain ownership of the tools, they will reimburse our tooling expenses only after final confirmation that our trim elements meet the pre-agreed specifications and upon start of production for the relevant platform. Reimbursement may take the form of lump sum payments or can be paid over a period of time by way of surcharge on each trim element delivered. Given the potentially considerable time lag between the award of a new platform and the start of production, tooling costs are typically pre-financed by us.

7.8 Customers

Our product portfolio is predominantly addressed to the premium passenger vehicle market. Our customer base includes almost all OEMs active in the premium vehicle market, including Alfa Romeo, Audi, BMW, Daimler, Ford, General Motors, Hyundai, Jaguar Land Rover, Maserati, Nissan, Porsche, Toyota, Volkswagen and Volvo. Our five largest customers represented 41%, 29%, 5%, 5% and 5% of our series net sales (excluding tooling) for Fiscal Year 2020/21, respectively. However, we frequently supply multiple platforms of our OEM customers. For example, as of March 31, 2021, we supplied 28, 16 and 9 platforms, respectively, for our three largest customers. In total, we supplied premium decorative interior trim elements for more than 100 distinct platforms as of the same date and our three largest platforms represented approximately 20% of our series net sales (excluding tooling) for Fiscal Year 2020/21. Even if we are nominated directly by our OEM customers, we frequently deliver our decorative interior trim elements directly to Tier 1 suppliers pursuant to the conditions and specifications agreed with our OEM customers. The Tier 1 suppliers in turn integrate our trim elements into larger components. In these cases, we also bill the relevant Tier 1 supplier rather than the OEM on payment terms agreed with our OEM customers.

Client retention is a key part of our business. We have long-standing relationships with many of our customers, including relationships with Audi, BMW, Daimler, Porsche and Volvo over many decades, with more than 40 years with Daimler and more than 60 years with BMW. We believe our excellent reputation with our OEM customers gives us an important competitive advantage. We are also in constant contact with many of our OEM customers through seven embedded engineers working at four different production sites of four of our OEM customers. The role of these on-site engineers is to perform final quality checks at the OEM's assembly line and assist with trouble shooting. The recognition we receive from our OEM customers is evidenced by a number of notable awards that we have received over recent years. Amongst others, in the past we won the Daimler Supplier Award in the category of innovation in 2016 for the development of the 'flowing lines' trim for the Mercedes Benz E-class. In 2021, we received the Hyundai Supplier of the Year Award in recognition of excellence in quality management.

7.9 Engineering & Design

As of March 31, 2021, we employed approximately 218 engineers, designers and technicians who work exclusively on new products and designs. Our engineering & design organization is located in Vorbach, Germany. In addition, we have a program management team in the United States which is responsible for our customers located in Canada, Mexico and the United States. In 2019, we opened our new design center 'Novem Interior World' in Vorbach, which also functions as a showroom for new products and technical innovations.

7.9.1 Product development & launch

We believe that our ability to effectively manage the product development process for new platforms from quotation for a project to the ramp-up of production is an important driver of our competitive strength. Effective product management processes allow us to provide competitive pricing in tender processes, increase our ability to react quickly to changes in our customers' specifications during the product development process and minimize ramp-up issues following the start of production for a new platform. We use a standardized product development process with clear responsibilities across all departments and defined milestones which covers all steps until our products' serial launch. OEMs typically decide on the technological components they wish to include in their platforms approximately two to three years prior to start of production of a platform.

- The following is an overview of the typical cycle of our product development and launch. We are regularly involved in the OEMs' pre-development process at an earlier stage, when we are engaged to work on innovation projects or new product ideas, which means our engagement in a project can start four to five years prior to start of production and significantly before receipt of a request for a quote.

- Following receipt of a request for a quote from a customer, our design & development department reviews the request for technical feasibility. If the request passes the review, our engineering specialists develop a tooling concept, obtain supplier quotes and prepare a logistics calculation. Once we have received all information, we prepare a quote which is approved by our finance & controlling department before being released to the customer.

- If the customer nominates us, our design & development department works closely with our customer to develop a concept that accommodates its wishes. In particular, OEMs often implement design changes during this phase, which may require us to update the specifications of our trim elements and revise our quotation. Such changes may occur until 'design freeze' for a new platform, which is typically approximately six months prior to the start of production for the relevant platform. During this concept & construction phase, we also select our suppliers and place purchase orders, develop a logistics concept, develop a quality measurement plan and plan our production floor space to ensure we have sufficient capacity for the manufacture of the new trim element.

- Thereafter, the tools required for the product's series production are tested and installed, and we start producing the first trim elements. In parallel, we finish personnel planning for the manufacturing process, develop the packaging and define the final process for our internal quality controls for the new trim elements.

- During the series preparation phase, we finalize purchase contracts for raw materials and other consumables, set the final specifications of the surface design and run production tests to improve the quality and efficiency of our production processes until we reach the targeted run rate and defined ramp-up budget. During the following ramp-up phase, we commence delivery of the new trim element to the customer. In this period, we continuously monitor defined key performance indicators to benchmark our performance against our targets and support our customers in case of ramp-up issues or trouble-shooting. This includes positioning our own engineers on site at customer locations with in-house engineering and design teams.

7.9.2 Innovation

In addition to engineering and designing products to respond to the requirements of our customers, we design new products with a view to broadening our product offering through complementary functionalities beyond purely decorative trim elements. Our innovation efforts are currently focused on adding control functions to our trim elements. Such trim elements will no longer be purely decorative, but can turn into a control panel for driver control or comfort systems. Unlike on traditional control panels, the control elements in our trim elements may be designed to only become visible on demand, e.g. if the driver or a passenger moves its hand closer the surface. We believe that there is a significant market potential for such products as OEMs are looking to reduce the number of visible switches and display and estimate that such trim-elements may become more prevalent in premium vehicles in the mid-term. Furthermore, we – together with our external partners – work on innovations to integrate backlighting as well as frontlighting and other complementary technologies into our trim parts.

7.10 Quality control

We focus on the premium automotive industry. Therefore, the quality of our products is key to our success. Our quality management system is designed to maintain standardized quality management across our manufacturing facilities, from development through manufacturing and through the complete supplier chain.

All of our products undergo rigorous internal qualification and testing processes to ensure that high quality products are being provided to customers. Our comprehensive quality management system defines regulations and prescribed processes applicable group-wide in compliance with the requirements of the worldwide automotive standard IATF 16949. Compliance with these requirements is monitored through audits and reviews, which are designed to ensure a uniform global level of quality. In addition, each manufacturing facility has managers specifically responsible for quality as well as other specialists working closely with the relevant management to ensure that the quality management system in the manufacturing facilities is continuously improved. Furthermore, OEMs and other customers regularly audit our manufacturing procedures to verify if they comply with the customer's production standards.

We also require our suppliers to undergo a qualification and certification process to ensure the quality of material supplied to us. We collaborate with key suppliers to evaluate and improve existing arrangements, secure key partnerships and confirm the compliance of our production processes with the customer's quality standards. In addition, we regularly monitor and analyze customer satisfaction feedback.

7.11 Property and Plant

Our headquarters are located in Luxembourg. As of March 31, 2021, we operated eight manufacturing facilities and two assembly facilities, with the real estate being partly owned and partly leased by us.

The following table provides an overview of our principal manufacturing and assembly facilities, as of March 31, 2021, including location, product offering/material, size and whether the property is owned or leased.

Location	Product/Material/Function	Employees	Building space (in thousand sqm)	Owned/ Leased
Queretaro, Mexico	Wood, aluminum, carbon and synthetics	1,209	32,500	Leased
Vorbach, Germany	Wood, carbon and synthetics	482	23,300	Owned
Langfang, China	Wood, aluminum, carbon and synthetics	749	31,500	Leased
Zalec, Slovenia	Wood, carbon and synthetics	829	17,000	Owned
Pilsen, Czech Republic	Wood, carbon and synthetics	762	18,000	Owned
Tegucigalpa, Honduras	Wood, carbon and synthetics	650	12,000	Owned
Bergamo, Italy	Wood, carbon and synthetics	110	7,500	Leased
Eschenbach, Germany	Aluminum and synthetics	297	6,500	Leased
Atlanta, United States	Product assembly	61	9,000	Leased
Cottondale, United States	Product assembly	15	2,000	Leased

7.12 Manufacturing

We operate manufacturing facilities in Europe, the Americas and Asia with approximately 150,000 sqm of production space in total. The majority of our manufacturing facilities is located in Europe, where we employed 3,010 employees (by headcount) across five facilities as of March 31, 2021. Our largest manufacturing facilities in Europe, by headcount, are Zalec, Slovenia and Pilsen, Czech Republic. In the Americas, we operate two manufacturing facilities in Queretaro, Mexico and Tegucigalpa, Honduras and three sales, logistics and assembly facilities in Atlanta, Cottondale and Detroit, United States with a total of 1,958 employees (by headcount) as of March 31, 2021. Our Asian operations consist of our manufacturing facility in Langfang, China, which had 749 employees (by headcount) as of March 31, 2021 (all including headquarter and excluding leased workers, interns and students).

7.13 Suppliers of raw materials and components

In Fiscal Year 2020/21, costs of materials amounted to €284,045 thousand, representing 47.1% of our revenue. Chrome and plastic parts, wood, aluminum, tools, granulates, glue and synthetic materials are the principal raw materials and components used in many of our products. We also purchase electronic components such as sensors or lighting elements for use in our trim elements and expect the relevance of those components to increase going forward as we expand our offering of products with added control functions. We obtain raw materials and components from a variety of sources and from multiple suppliers for each material. In certain cases, our suppliers are pre-selected by our OEM customers and we are required to purchase raw materials or components for a specific platform from such supplier. This is particular the case for components such as chrome elements or lighting elements. In recent years, we have in particular increased the raw material volume sourced from the Americas and Asia to better align our procurement with our manufacturing footprint. A majority of our key raw materials and components are purchased through our centralized procurement system which covers all of our manufacturing facilities. The implementation of this procurement system resulted in an increased focus on a selection of strategic suppliers, which we believe are able to deliver larger quantities at higher qualities in a timely manner. Our supplier base is diversified and the top ten suppliers accounted for approximately 30% of cost of raw materials and consumables and of purchased goods in Fiscal Year 2020/21.

Prices and supplies of raw materials and components are subject to change or curtailment due to, among other things, new laws or regulations, changes in demand levels, suppliers' allocations to other purchasers, interruptions in production by suppliers, changes in exchange rates and prevailing price levels. While we have long-standing relationships with many of our suppliers, we generally do not enter into long-term contracts, but purchase raw materials and components in the relevant spot market. We do not actively hedge against the risk of rising prices of raw materials or components by using derivative financial instruments. We have not experienced any material supply chain disruptions or shortages of raw material in the last five years.

7.14 IT systems

Our IT infrastructure is characterized by a high level of standardization and alignment with our business processes. Our IT systems and application landscapes are based on SAP and we own the necessary SAP licenses. The IT applications for our global operations are hosted by a third-party provider.

We have centralized most of our IT applications and standardized our business processes in order to meet our customers' needs and to implement efficiency. In addition, to this end, we rely on our IT personnel, who train our systems user employees and design and support our business processes. In addition, we implemented security systems and procedures to protect against the risk of unauthorized access and data misuse and use back-up and recovery systems to mitigate the risk of data loss and severe disruptions to our IT systems. Our security systems and procedures are reviewed and updated on an ongoing basis.

7.15 Material Contracts

7.15.1 Senior Secured Floating Rate Notes due 2024

On June 3, 2019, Novem Group GmbH issued €400.0 million aggregate principal amount of Senior Secured Floating Rate Notes due 2024 (the "**Senior Secured Notes**"). The Senior Secured Notes are senior debt of our subsidiary Novem Group GmbH and rank pari passu in right of payment to all of its existing and future senior indebtedness. The entire aggregate principal amount of the Senior Secured Notes is outstanding as of the date of this Prospectus. Novem Group GmbH may redeem the Senior Secured Notes in whole or in part at a redemption price equal to 100% of the aggregate principal amount of the Senior Secured plus accrued and unpaid interest and additional amounts, if any, at any time by giving notice to the holders. We intend to use the borrowings from the proceeds of the New Senior Facilities Agreement (as defined below) and our existing cash, including the €50 million primary gross proceeds raised in the Private Placement through the placement of the New Shares, to repay the Senior Secured Notes in full at par following the Listing.

The Senior Secured Notes bear interest at a rate per annum equal to EURIBOR (reset quarterly and subject to a floor of zero), plus a margin of 5.25% per annum. Interest on the Senior Secured Notes is payable quarterly in arrears on each February 15, May 15, August 15 and November 15. The maturity date of the Senior Secured Notes is May 15, 2024. The Senior Secured Notes are guaranteed by certain subsidiaries of Novem Group GmbH and secured by all outstanding shares in each of such subsidiaries. Upon the occurrence of certain events constituting a "change of control" (as defined in the indenture governing the Senior Secured Notes), Novem Group GmbH is required to offer to repurchase all outstanding Senior Secured Notes at a purchase price in cash equal to 101% of the principal amount thereof on the date of purchase plus accrued and unpaid interest to the date of purchase and additional amounts, if any. The Private Placement and Listing is not expected to result in a change of control under the definition in the indenture governing the Senior Secured Notes.

The indenture governing the Senior Secured Notes contains covenants and events of default typical of instruments similar to the Senior Secured Notes, including limitations on the ability of Novem Group GmbH and its Restricted Subsidiaries (as defined in the indenture governing the Senior Secured Notes) to, inter alia:

- incur or guarantee additional indebtedness and issue certain preferred stock;
- make restricted payments, including dividends or other distributions;
- create or permit to exist certain liens;

- sell assets;
- create restrictions on the ability of our restricted subsidiaries to pay dividends or make other payments to it;
- merge or consolidate with other entities or transfer all or substantially all of our assets and the assets of our subsidiaries on a consolidated basis;
- guarantee additional debt without also guaranteeing the Senior Secured Notes;
- engage in certain transactions with affiliates;
- create unrestricted subsidiaries; and
- impair the security interests for the benefit of the holders of the Senior Secured Notes.

7.15.2 Revolving Credit Facility

On May 24, 2019, our subsidiary Novem Group GmbH entered into a €75.0 million super senior revolving facility agreement with Commerzbank, J.P. Morgan Securities plc and UniCredit as lead arrangers and UniCredit Bank AG, London Brach as agent and security agent (the "**Revolving Credit Facility**").

Loans under the Revolving Credit Facility bear interest at a rate equal to the aggregate of EURIBOR (subject to a floor of zero) plus an applicable margin which in each case will be subject to a decreasing margin ratchet based on the ratio of consolidated senior secured net debt to consolidated EBITDA (as defined in the Revolving Credit Facility Agreement). The Revolving Credit Facility is guaranteed by Novem Group GmbH and certain subsidiaries of Novem Group GmbH and secured by all outstanding shares in each of such subsidiaries and contains customary representation and warranties and covenants.

We are required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the Revolving Credit Facility at a rate of 30% of the applicable margin. As of the date of this Prospectus, no amounts are drawn under the Revolving Credit Facility Agreement and no further drawings are anticipated until the expected cancellation of the Revolving Credit Facility following the Listing.

7.15.3 New Senior Facilities Agreement

On June 18, 2021, the Company, its direct subsidiary Novem Group GmbH and certain other subsidiaries entered into a €310.0 million term and revolving facilities agreement with Bayerische Landesbank, Commerzbank, DZ BANK AG Deutsche Zentral-Genossenschaftsbank, Frankfurt am Main, Landesbank Baden-Württemberg, Raiffeisen Bank International AG, UniCredit and J.P. Morgan as lead arrangers, consisting of a €250.0 term facility and a €60.0 million revolving facility (the "**New Senior Facilities Agreement**"). The New Senior Facilities Agreement is undrawn as of the date of this Prospectus and is intended to be drawn upon completion of the Listing to repay the Senior Secured Notes.

The borrowings under the New Senior Facilities Agreement may be used to finance or refinance working capital requirements and/or general corporate purposes of the Group including acquisitions, investments in joint ventures, capital expenditure, operational restructurings or reorganizations and payments of fees and costs and expenses in connection therewith but excluding repayment of principal or making certain restricted payments. In addition, the borrowings under the New Senior Facilities Agreement may be used to finance the redemption of Senior Secured Notes.

Conditions Precedent

Utilizations under the New Senior Facilities Agreement are subject to customary conditions precedent.

Maturity Date

Commitments under the New Senior Facilities Agreement mature five years after the first draw down.

Interest and Fees

Borrowings under the New Senior Facilities Agreement will initially bear interest at 1.50% per annum in respect of the term facility and 1.25% per annum in respect of the revolving credit facility both of which may be increased or reduced to a margin range between 2.00% and 0.75% per annum subject to the total net leverage of the Group.

We are also required to pay a commitment fee, quarterly in arrears, on available but unused commitments under the revolving credit facility of the New Senior Facilities Agreement at a rate of 30% of the applicable margin.

Leverage Covenant

The New Senior Facilities Agreement requires us to ensure that the total net leverage ratio (calculated as the ratio of total net debt at each quarter end to consolidated EBITDA (as defined in the New Senior Facilities Agreement) for the twelve months ending on the most recent financial quarter end commencing in relation to the relevant period ending on 31 March 2022), does not exceed 3.5:1 (with a step down to 3.0:1 after three years). This total net leverage covenant is regularly being tested irrespective of the utilizations and any breach will, subject to certain cure rights as described below, result in the occurrence of an event of default.

We are permitted to prevent or cure breaches of the total net leverage covenant by applying a "cure" amount (generally, amounts received by us in cash pursuant to any new equity or permitted subordinated debt) as if total net debt had been reduced by such amount. There is no requirement to apply any cure amount in prepayment of the facilities under the New Senior Facilities Agreement. We are not permitted to cure breaches of the net leverage covenant more than four times in aggregate during the term of the New Senior Facilities Agreement and cure amounts in consecutive financial quarters are also not permitted.

Repayment

Borrowings under the revolving credit facility must be, subject to any rollover in accordance with the revolving credit facility, repaid in full on the last day of the relevant interest period. All outstanding amounts must be repaid on the relevant termination date. Borrowings under the term facility are expected to be repaid on the relevant “termination date” without the possibility to re-borrow and repaid or prepaid amounts.

Prepayment

The New Senior Facilities Agreement permits each lender to require the mandatory prepayment of all amounts due to that lender upon the occurrence of a "change of control" (as defined therein). The Listing is not expected to result in a change of control under the change of control definition in the New Senior Facilities Agreement.

7.15.4 Factoring Arrangements

On May 19, 2020, Novem Car Interior Design GmbH and Novem Car-Interior-Design Inc. (together, the “**Sellers**”) entered into a receivables purchase and servicing agreement (the “**Factoring Agreement**”) with Edelweiss Receivables Finance DAC (“**Edelweiss**”), a special purpose vehicle controlled by UniCredit, to optimize liquidity by selling and assigning certain trade receivables generated in the ordinary course of business in Austria, Belgium, China, Czech Republic, Finland, Germany, Slovakia, South Korea, Sweden, Poland, the United Kingdom, Canada, Mexico and the United States of America. Pursuant to the Factoring Agreement, the Sellers sell trade receivables to Edelweiss in return for immediate cash payments. In order to cover the credit risk, the relevant Seller is paid the outstanding nominal amount of sold receivables minus the agreed discount and plus, if applicable, certain fees. The total limit available to the Sellers is fixed under the terms of the Factoring Agreement at €45,000,000. As of March 31, 2021, the Sellers have sold receivables for a purchase price of €40,073 thousand. The Factoring Agreement contains customary warranties, guarantees and information obligations of the Sellers and Edelweiss bears the risk of inability to pay off the debtors of the purchased receivables.

7.16 Intellectual Property

Our intellectual property comprises patents and utility models and mainly relates to our manufacturing processes. We are continuously seeking to secure further patents and other intellectual property rights. We currently hold 99 patents and 46 utility models. In addition, 22 patent and 21 utility mode applications are pending. We have also registered the “Novem” brand and logo as a copyright in the EU, United States, China, Japan, India, South Korea and certain other jurisdictions in which we or our customers have significant operations.

From time to time we are involved in disputes relating to intellectual property rights in the ordinary course of our business. For example, we have in the past been involved in a dispute with one of our competitors who infringed one of our patents and claimed that such patent was invalid. While we were successful in defending the validity of our patent in a mediation proceeding and are currently receiving royalty payments with respect to such patent, our competitor informed us that it will continue to assert the invalidity of the relevant patent.

In addition to patents and utility models, we possess considerable unregistered intellectual property and know-how, in particular with respect to our production processes.

We consider our intellectual property a competitive advantage of our business. We devote significant resources to the filing and monitoring of our patents and other intellectual property rights, to the prosecution of infringements thereof and to the protection of our proprietary information. We have an in-house team of intellectual property specialists, tightly connected to our global business teams. Our intellectual property specialists work closely with our engineering and development department in order to maximize the ability to identify and protect our inventive efforts.

7.17 Employees

Our business is labor intensive with personnel expenses representing 24.5% of our total operating performance for Fiscal Year 2020/21. As of March 31, 2021, we employed 5,717 employees (as of March 31, 2020 and 2019, 5,816 and 6,016 employees, respectively, in each case total by headcount and excluding temporary employees, interns and students and for 2021, including 49 inactive employees in Kulmbach).

The table below sets forth the number of employees (by headcount including headquarters and excluding leased workers, interns and students) we employed as of the dates indicated for each of the regions in which we operate.

	As of March 31,		
	2019	**2020**	**2021**
Europe	3,279	3,158	3,010
Americas	1,991	1,953	1,958
Asia	746	705	749
Total	**6,016**	**5,816**	**5,717**

As of March 31, 2021, in addition to our total 5,717 total employees (including 49 inactive employees in Kulmbach), we also employed approximately 246 temporary employees, primarily in Germany, Slovenia, the Czech Republic, the United States and China to increase the flexibility of our cost base.

As of March 31, 2021 approximately 73% of our employees (total by headcount, including headquarters, temporary employees as well as interns and students) were located in low labor cost countries (China, the Czech Republic, Honduras, Mexico and Slovenia) and approximately 17% of our employees (total by headcount, including headquarters, temporary employees as well as interns and students) were located in high labor cost countries (Germany (excluding headquarters), Italy and the United States).

7.17.1 Relationship with unions and works councils

We aim to build long term constructive relationships with local trade unions and work councils in many of the countries in which we operate. This gives us credibility in negotiating with labor counterparts, and makes counterparts more invested in the medium to long-term future of the Group. In unionized jurisdictions we normally have framework agreements in place, which are agreed through discussions with the works councils and considering local labor laws and practices. There have been no material labor disputes in the past five years between our employees and us.

We have more than 500 employees in Germany and are therefore subject to mandatory co-determination under German law at the level of our German operating companies. Accordingly, we have established a supervisory board on the level of Novem Car Interior Design GmbH, an indirect subsidiary of the Company. As of the date of this Prospectus, this supervisory board consists of two representatives of Bregal and one employee representative. Following completion of the Listing, we intend to replace the representatives of Bregal with members of our Management Board. There are no employee representatives on the Supervisory Board of the Company which is a Luxembourg S.A. (for more information on our corporate governance, see "*11. Management and Governing Bodies*".

7.17.2 Pensions and other employment benefits

We have defined benefit and defined contribution pension plans for our employees. We have a defined benefit pension plan in Germany which provides certain of our German employees with an old age pension, disability benefits and, in some cases payment in case of death. As of the date of this Prospectus, the defined benefit pension plan is closed and no longer available for new joiners. In addition, we provide pension plans with one-off payments as required by law in Italy, Slovenia and Mexico. As of March 31, 2021, the present value of our pensions and similar obligations amounted to €34,644 thousand.

7.18 Environment, Social and Governance Matters

Since the automotive industry is characterized by an increasingly high focus on environmental, social and governance ("**ESG**") standards, we are committed to operating in a manner that complies with applicable law and reduces our impact on the environment and to promote ESG best practices among our internal stakeholders (i.e., our employees). The protection of the environment is an integral part of our Group-wide code of conduct in its latest version as of November 2020 (the "**Code of Conduct**").

We and Bregal consider the protection of the environment as an essential part of our social responsibility. Bregal is a member of principles for responsible investments (PRI), a UN-supported network of investors that works to promote sustainable investment through the incorporation of environmental, social and governance.

As a producing company we are working to the reduce of or ecological footprint across the entire value chain to as low as possible. We focus on a careful selection of raw materials and the efficient use of resources. We also want to contribute to the decarbonisation of the industry with a clear plan for energy efficiency and the reduction of greenhouse gases. We have initiatives in place to achieve CO_2 reduction targets and new renewable and sustainable raw materials for trim parts are under development. Nearly all of our suppliers have accepted our Code of Conduct and the principles laid out therein and performed an ESG self-assessment.

In June 2021 we have published our first sustainability report which is our mission statement for our ESG responsibility.

The economical use of energy, water and (renewable) raw materials, the use of renewable energy sources, and the minimization of damage to environment and health are taken into account in the development and extraction of raw materials and our manufacture products to recycling. This also relates to reducing emissions of all kinds (in particular with respect to air and water quality, greenhouse gas emissions, or the like), the avoidance and reduction of waste, and responsible chemical management. It is our declared objective to continuously improve our energy efficiency and ecological efficiency. To reduce or carbon footprint, we have started energy efficiency projects for all plants with a special focus on behavioural aspects of energy use and are increase our share of renewable energy consumption and continue to monitor and develop are long-term carbon reduction roadmap.

Management is fully committed to implement further energy saving projects. European production sites are audited according to EN 16247 and German sites have ISO 50001 certifications in place. Both standards certify that we implement the energy management systems required thereunder (energy efficiency, energy security, energy use and consumption). We are actively monitoring our commitment to reduce our waste production and energy consumption and therefore monitor energy consumption, energy efficiency, the share of renewable energy and the CO_2 footprint for each of our plants. We are undergoing an FSC (Forest Stewardship Council) certification process as our veneers shall be FSC certified in the future. Furthermore, we are actively cooperating with suppliers and customers on sustainable alternatives for the raw materials used in our production process. Finally, we are compliant with Directive (EU) 2000/53/EC ("**End-of Life Vehicles Directive**") and its national implementing law (*Altfahrzeug-Gesetz, Altfahrzeug-Verordnung*) which focus on recyclability, as well as with Regulation (EC) No 1907/2006 ("**REACH**") which is of particular relevance regarding our Chromium VI-treated products.

We rigorously track our ambitions to efficiently utilize the resources of our planet and being a part of the decarbonisation of the producing industry. We reduced our total energy consumption from 145.7 thousand kilowatt hours in Fiscal Year 2019/20 to 141.4 thousand kilowatt hours in Fiscal Year 2020/21, the reduction of our direct greenhouse gas emissions from 9.3 thousand tons of CO_2 equivalents in Fiscal Year 2019/20 to 8.7 thousand tons in Fiscal Year 2020/21. Our indirect greenhouse gas emissions decreased from 66 thousand tons of CO_2 equivalents to 61.3 thousand tons in the same period. Water consumption of the Novem Group decreased from 120.5 megaliters in Fiscal Year 2018/19 to 90.9 megaliters in Fiscal Year 2020/21 and the waste generated decreased from 13.2 tons in Fiscal Year 2019/20 to 12.3 tons in Fiscal Year 2020/21.

7.19 Health, safety and environmental

Our operations are subject to a wide range of health, safety and environmental ("**HSE**") laws. The authorities in the countries where we operate set HSE standards in the form of legislation, regulations and specific requirements. Our company policy requires us to continuously monitor standards in the areas of health and safety, environmental protection and energy and to implement improvements on an ongoing basis. We have also set specific targets in each of these areas.

In the area of health and safety, we monitor lost time incident frequency and average sick leave quota. In Fiscal Year 2020/21, our lost time incident frequency (defined as the number of injuries leading to lost time per million hours worked) was 8.1 (Fiscal Year 2019/20: 11.3) and our average sick leave quota was 2.6% (Fiscal Year 2019/20: 2.6%).

Compliance with our company policy is monitored through regular internal and external audits. All of our manufacturing locations implement certified environmental management systems in accordance with the DIN EN ISO 14001 and our German locations are also certified in accordance with the DIN EN ISO 50001 standards; these standards are designed to assure that businesses consider the environmental impact of their work, use energy efficiently and set appropriate targets for improved performance. In addition, we – together with our customers – strive to reduce the impact of our products on the environment. In Fiscal Year 2019/20, approximately 90% of the veneer used for our wood trim elements was certified by the Forest Stewardship Council (FSC).

We reported no fires, explosions or other disasters resulting in significant property damage or causing interruption to normal business in Fiscal Year 2020/21. Additionally, no unauthorized releases to the environment requiring disclosure to legal authorities occurred.

7.20 Compliance

Our Group-wide Code of Conduct provides guidelines designed to ensure that all employees and business partners carry out their activities in compliance with applicable laws and ethical standards. All personnel are required to comply with the Code of Conduct and employees as well as business partners are expected to report concerns about suspected breaches of the Code of Conduct. The compliance reporting procedure is promoted throughout the Group and on our webpage. Employees are also provided with various training and guidance, including descriptions of the types of activities that should be reported. Training, e.g. regarding data protection, anti-bribery, anti-trust, IT and information security as well as HSE topics, focuses on relevant ethical dilemmas and is available as classroom training and an e-learning program.

For suppliers the Supplier Declaration and the Supplier Sustainability Manual outline the commitment to ethical and socially responsible sourcing. The supplier assessment process vets new suppliers and assures that existing suppliers meet requirements consistent with a responsible organization. In addition, our purchasing organization has access to training in supplier sustainability topics. We expect all of our suppliers to comply with the DIN EN ISO 9001 standard in the most recent version as a minimum and encourage compliance with the DIN EN ISO 14001 and DIN EN ISO 50001 standards. Furthermore, the on-boarding process in our supplier portal requires the acceptance of our Code of Conduct.

7.21 Insurance coverage

We believe that we have economically reasonable and industry-standard insurance coverage with respect to product and environmental liability, property insurance, business interruption insurance and other insurance (*e.g.*, automobile, credit and freight insurance). Furthermore, we consider the insurance coverage level relating to our directors and officers (D&O insurance) to be reasonable.

7.22 Litigation and administrative proceedings

We are routinely involved in litigation, claims and disputes incidental to our business, which may involve claims for significant monetary amounts from time to time, some of which may not be covered by insurance.

Although we aim to address any product-related risks prospectively through a careful product development procedure and thorough quality management systems, we are from time to time subject to claims of customers alleging violations of warranty obligations and to claims arising from product defects. However, we have not faced a significant product warranty claim within the last five years.

Notwithstanding the above we are not currently involved in any material litigation which would, individually or in the aggregate, adversely affect our business, results of operations or financial condition. In addition, we are not aware of any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which we are aware), during the past three years, which may have, or have had in the recent past, significant effects on our financial position or profitability.

8. SHAREHOLDER INFORMATION

8.1 Current shareholders

As of the date of this Prospectus and prior to the delivery and settlement of the Shares on the Closing Date, Rokoko Automotive Holdings (Jersey) Limited, a limited company, with registered office at 2nd Floor Windward House, La Route de la Liberation, St Helier, JE2 3BQ, Jersey, Channel Islands, registered with the Jersey Financial Services Commission with number 80592 and with LEI 9845009DF85C5C053729 (the "**Selling Shareholder**" or "**Rokoko**") and Automotive Investments (Luxembourg) S.à r.l., a private limited liability company (*société à responsabilité limitée*) having its registered office at 19-21, Route d'Arlon, L-8009 Strassen, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B162536 and with LEI 549300OY3NH4MHDJT635 ("**Automotive Investments**") are the shareholders (the "**Shareholders**") directly holding an interest in the Company's share capital and voting rights. The Selling Shareholder holds 100% of Automotive Investments' share capital and voting rights. The voting rights held by the Selling Shareholder are ultimately attributed to COHV AG, a Swiss stock corporation (*Aktiengesellschaft*) having its registered office at Grafenauweg 10, 6300 Zug, registered with the commercial register (*Handelsregisteramt*) of the Kanton Zug under number CHE-252.352.068, which, through various holding entities, including funds advised by Bregal, is the ultimate beneficial owner of the Selling Shareholder (see footnote 1 to the table below).

The following table sets forth all major shareholders which directly or indirectly hold an interest of 5% or more (the figures are taken from the Company's internal accounting records) in the Company's capital and voting rights as of the date of this Prospectus.

	Beneficial (Indirect) Ownership of the Company, in %		
	Immediately prior to the Private Placement	**Upon completion of the Private Placement**	
Direct Shareholders		**(no exercise of the Greenshoe Option)**	**(full exercise of the Greenshoe Option)**
Rokoko Automotive Holdings (Jersey) Limited (Selling Shareholder)[(1)]	–	–	–
Automotive Investments (Luxembourg) S.à r.l.[(1)]	100.00	69.3	64.7
Other (incl. Free Float)	–	30.7	35.3
Total	100.00	100.00	100.00

(1) Automotive Investments is held at 100% by the Selling Shareholder. Immediately prior to the Private Placement, the Company was held at 100% by Automotive Investments. The Secondary Shares allotted to investors in the Private Placement and the Shares purchased by members of the Management Board and other employees of the Company concurrently to the Private Placement have been transferred from Automotive Investments to the Selling Shareholder on July 14, 2021 and will be settled on the Closing Date. Therefore, as of the date of this Prospectus, the Company is held at 28.2% by the Selling Shareholder and at 64.7% by Automotive Investments and the remainder of 7.0% is attributable to the New Shares issued on July 14, 2021, subscribed for by the Underwriters and to be settled with investors on the Closing Date.

The Selling Shareholder is held at 100% by The Bregal Fund III LP. The members of the Management Board Günter Brenner and Dr. Johannes Burtscher, five other employees of the Company and the chairman of the Supervisory Board Stephan Kessel, indirectly over investments in limited partnerships, hold profit participation rights in the Selling Shareholder without, directly or indirectly, holding shares or voting rights in the Company (see *2.8.13 Interests of parties participating in the Listing and 11.4.1 Co-Investment Program*). The Bregal Fund III LP is held more than 80% by Bregal Investments II LP. Bregal Investments II LP is held more than 95% by (i) Bregal Luxembourg S.à r.l. and (ii) Bregal Jersey Limited jointly, whereby both (i) Bregal Luxembourg S.à r.l. and (ii) Bregal Jersey Limited are held 100% by Cofra Investments LP. Cofra Investments LP is held by (x) COFRA Invest SICAR S.à r.l. at 6% and (y) COFRA Endeavours Luxembourg S.à r.l. at 94%. (y) Cofra Endeavours Luxembourg S.à r.l. is 100% held by COFRA Cooperative, which is, through seven intermediate holding companies, all held at 100% by COHV AG. COHV AG is not controlled by any natural or legal person. The voting rights in and control of the Selling Shareholder are therefore ultimately attributed to COHV AG.

Except for the major shareholders mentioned above, there are no other persons that have major holdings within the meaning of Article 8 or Article 9 of the Luxembourg law of January 11, 2008 on transparency requirements for issuers of securities, as amended.

8.2 Controlling interest

As of the date of this Prospectus, the Selling Shareholder directly and through Automotive Investments holds 93.0% of the shares and voting rights in the Company and therefore holds a controlling interest in the Company.

Following completion of the Private Placement upon delivery and settlement of the Shares on the Closing Date, Automotive Investments will hold 64.7% of the Company's share capital and voting rights (assuming full excerise of the Greenshoe Option), while the Selling Shareholder will no longer hold a direct participation in the Company's but still hold 100% of the Automotive Investment's share capital and voting rights.

9. GENERAL INFORMATION ON THE COMPANY AND THE NOVEM GROUP

9.1 Formation, incorporation and governing law

The Company was formed as a private limited liability company (*société à responsabilité limitée*) for an unlimited period of time under the laws of Luxembourg on July 12, 2011 pursuant to a deed of incorporation of Maître Joëlle Baden, notary, residing in Luxembourg, Grand Duchy of Luxembourg published in the *Mémorial, Recueil des Sociétés et Associations C* on September 28, 2011, number 2306. The Company's articles of incorporation were amended for the last time pursuant to a deed of record of Maître Joëlle Baden, notary, residing in Luxembourg, Grand Duchy of Luxembourg, dated July 15, 2021, not yet published in the *Recueil Electronique des Sociétés et Associations* (the "**Articles of Association**"). The Company's legal name was Car Interior Design (Luxembourg) S.à r.l. ("**CID SARL**"). The Company's founder was Automotive Investments. The Company was then converted to a public company limited by shares (*société anonyme*) under Luxembourg law by decision of the general meeting of shareholders dated June 30, 2021 and changed its name to Novem Group S.A. All changes were affected in accordance with the applicable provision of the 1915 Companies Act.

The Company is organized under Luxembourg law as a public company limited by shares (*société anonyme*) and is therefore subject to Luxembourg legislation on such companies and in particular the 1915 Companies Act.

9.2 Commercial name, registered office, fiscal year, duration and LEI

The Company's legal name is Novem Group S.A. The Company has its registered office at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg and is registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B162537. The financial year is from April 1 to March 31. The phone number of the Company is +352 44 30 64. The Company's Articles of Association do not limit the period of time it may exist. The Company is the parent company of the Novem Group. The Company and the Novem Group operate under the commercial name Novem.

The Legal Entity Identifier (LEI) of the Company is 222100KIY63U7PV8N251.

9.3 Corporate purpose

According to article 4 of the Articles of Association, the Company's object is as follows:

The objects of the Company are (i) the acquisition, holding, management and disposal, in any form whatsoever, of participations, interests and rights in, and obligations of, Luxembourg and foreign companies, or other business entities, enterprises or investments, the acquisition by purchase, subscription, assumption or in any other manner as well as the transfer by sale, exchange or otherwise of stock, bonds, debentures, claims, notes, certificates of deposits and any other securities or financial instruments of any kind or any kind of obligations assumed by third parties, (ii) the holding, acquisition, disposal, investment in any manner (in), development, licensing or sub licensing, and management of, any patents or other intellectual property rights of any nature or origin as well as the rights deriving therefrom or supplementing them and (iii) the ownership, administration, development and management of its portfolio (including, among other things, the assets referred to in (i) and (ii) above).

The Company may participate in the creation, development, management and control of any company or enterprise and may invest in any way and in any type of assets.

The Company may borrow in any form and may issue notes, bonds and debentures and any kind of debt securities.

The Company may grant loans (whether subordinated or unsubordinated) or other forms of financing and lend funds (including the proceeds of any borrowings and/or issues of debt securities) to companies or other entities of enterprises in which the Company has an interest or which form part of the group of companies to which the Company belongs or any other company or entity as it deems fit.

The Company may give guarantees and grant securities (including up-stream and cross-stream) to any third party for its own obligations and undertakings as well as for the obligations of any company or other enterprise in which the Company has an interest or which forms part of the group of companies to which the Company belongs or any other company or entity as it deems fit and generally for its own benefit or such entities' benefit. The Company may further pledge, transfer or encumber or otherwise create securities over some or all of its assets.

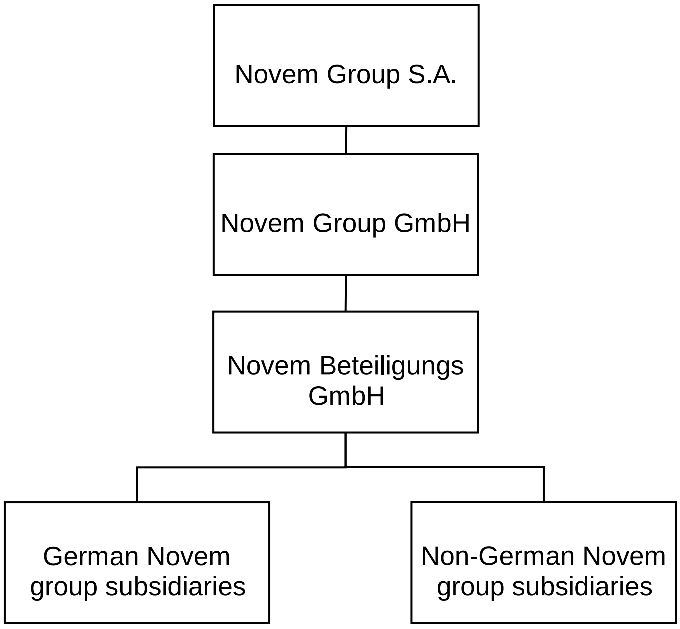
In a general fashion it may grant assistance in any way to companies or other enterprises in which the Company has an interest or which form part of the group of companies to which the Company belongs or any other company or entity as it deems fit, take any controlling and supervisory measures and carry out any operation which it may deem useful in the accomplishment and development of its purposes.

The Company may generally employ any techniques and instruments relating to or with respect to any of its investments for the purposes of efficient management, including without limitation techniques and instruments designed to protect the Company against credit, currency exchange, interest rate risks and other risks.

Finally, the Company can perform all commercial, technical and financial or other operations, connected directly or indirectly in all areas in order to facilitate the accomplishment of its purpose. Provided always that the Company will not enter into any transaction which would constitute a regulated activity of the financial sector or require a business license under Luxembourg law without due authorization under Luxembourg law.

9.4 Group structure

The Company is the parent company of the Novem Group. The Company is a holding company for Novem Group GmbH, which acts as further holding company for the Novem business. The business activities of the Novem Group are conducted by these companies and its subsidiaries. The following diagram provides a simplified overview of the Company's subsidiaries as of the date of this Prospectus:



9.5 Subsidiaries

The following table provides an overview of the Company's main subsidiaries as of the date of this Prospectus. The shareholdings are directly or indirectly held by the Company. As of the date of this Prospectus, no amount was outstanding under the issued shares for each of the below listed subsidiaries. The ownership interest held as indicated below is equal to the voting power held in the below listed subsidiaries.

Legal name	Seat	Business Area	Direct and/or indirect interest
Novem Group GmbH	Vorbach, Germany	Holding	100%
Novem Beteiligungs GmbH	Vorbach, Germany	Holding	100%

Legal name	Seat	Business Area	Direct and/or indirect interest
Novem Car Interior Design GmbH...........	Vorbach, Germany	Procurement, Production, Distribution, R&D	100%
Novem Car Interiors (China) Co. Ltd.	Langfang, China	Production, Distribution	100%
Novem Car Interior Design k.s................	Pilsen, Czech Republic	Production	100%
Novem Car Interior Design d.o.o	Zalec, Slovenia	Production	100%
Novem Car Interior Design S.p.A., Bergamo..	Bergamo, Italy	Production, Distribution	100%
Novem Car Interior Design S.de R.L.	Tegucigalpa, Honduras	Production	100%
Novem Car Interior Design S.A.de C.V. ..	Queretaro, Mexico	Production	100%
Novem Car Interior Design Inc.	Detroit, USA	Distribution	100%

9.6 Auditors

The Company appointed EY Luxembourg, as approved statutory auditor (*réviseurs d'entreprises agréés*) of the Company for the audit of its consolidated financial statements prepared in accordance with IFRS as of and for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019. EY Luxembourg has issued an unqualified auditor's report thereon.

EY Luxembourg conducted its audit in accordance with the Luxembourg law of July 23, 2016 on the audit profession, as amended (the "**Audit Law**") and in accordance with International Standards on Auditing as adopted for Luxembourg by the CSSF. EY Luxembourg is a member of the Luxembourg Institute of Registered Auditors (*Institut des Réviseurs d'Entreprises*) qualifying as *cabinet de révision agréé*.

9.7 Notices, paying agent, LuxCSD principal agent

In accordance with article 9 of the Articles of Association, notices of the Company will be made in accordance with Luxembourg laws. Publications required by stock exchange laws will be made via electronic information systems and will be available for download from our website or published in a national journal designated for such purposes by the Frankfurt Stock Exchange.

In accordance with the Prospectus Regulation and the Luxembourg Prospectus Law, announcements in connection with the approval of this Prospectus or any supplements thereto will be published in the form of publication provided for in this Prospectus, in particular through publication on the Company's website (www.novem.com) under investor relations and on the website of the Luxembourg Stock Exchange (www.bourse.lu).

The paying agent and LuxCSD principal agent is Banque Internationale à Luxembourg ("**BIL**").

10. DESCRIPTION OF THE COMPANY'S SHARE CAPITAL AND APPLICABLE REGULATIONS

10.1 Share Capital and Shares, Development of the Share Capital over the last three years

As at the date of this Prospectus, the Company's share capital is set at EUR 430,303.03 divided into 43,030,303 ordinary shares with no nominal value in dematerialized form with an accounting par value of EUR 0.01, all of which are fully paid up. The ordinary shares were created pursuant to the laws of Luxembourg. The share capital of the Company has developed as follows:

- the Company was incorporated on July 12, 2011 with a fully paid up share capital of EUR 12,500 divided into 12,500 shares (*parts sociales*) of a nominal value of EUR 1 each;

- on July 8, 2015 the extraordinary General Shareholders' Meeting of the Company increased the share capital of the Company by an amount of EUR 50,000, in order to bring it from EUR 12,500 to EUR 62,500, by way of the issue of 50,000 new shares (*parts sociales*) of the Company, having a nominal value of EUR 1 each. Further to such capital increase, the Company's share capital amounted to EUR 62,500 represented by 62,500 shares having a nominal value of EUR 1 each ;

- on June 30, 2021 the extraordinary General Shareholders' Meeting of the Company converted the Company's corporate form from a private limited liability company (*société à responsabilité limitée*) to a public company limited by shares (*société anonyme*). As a consequence, the shares (*parts sociales*) were also converted and became "*actions*" with no nominal value. During the same extraordinary General Shareholders' Meeting of the Company, amongst other things, the Company's corporate name was amended to Novem Group S.A., the Company's share capital was increased from its then current amount of EUR 62,500 to EUR 400,000 by the creation and the issuance of 33,750,000 new shares with no nominal value each by way of the incorporation of the amount of EUR 337,500 which was booked in the books of the Company under the available share premium account and the shareholders of the Company resolved to create an authorized capital of the Company of EUR 520,000 (including, for the avoidance of doubt, the Company's issued share capital).

On July 14, 2021, 3,030,303 new ordinary shares in a dematerialized form with no nominal value have been issued from the Company's authorized share capital against contributions in cash by resolution of the management board of the Company of the same day. Therefore, as of the date of this Prospectus, the share capital of the Company amounts to EUR 430,303.03 and is divided into 43,030,303 ordinary shares in a dematerialized from with no nominal value. Each share of the Company represents a par value of EUR 0.01 in the Company's share capital. All Shares are fully paid up.

10.2 Authorized Capital

On June 30, 2021, the extraordinary General Shareholders' Meeting of the Company resolved to create and set the authorized capital of the Company (including, for the avoidance of doubt, the Company's issued share capital) at EUR 520,000 divided into 52,000,000 shares with no nominal value.

The Management Board is authorized, with the consent of the Supervisory Board, up to the maximum amount of the authorized capital, to increase the issued share capital on one or several occasions, against payment in cash or in kind, by the incorporation of reserves, issue premiums or retained earnings, with or without the issue of new shares, or following the issue and the exercise of subordinated or non-subordinated bonds, convertible into or repayable by or exchangeable for shares (whether provided in the terms at issue or subsequently provided), or following the issue of bonds with warrants or other rights to subscribe for shares attached, or through the issue of stand-alone warrants or any other instrument carrying an entitlement to, or the right to subscribe for, shares.

The Management Board, with the consent of the Supervisory Board, is further authorized to set the subscription price, with or without issue premium, the date from which the shares or other financial instruments will carry beneficial rights and, if applicable, the duration, amortization, other rights (including early repayment), interest rates, conversion rates and exchange rates of the aforesaid financial instruments as well as all the other conditions and terms of such financial instruments including as to their subscription, issue and payment, for which the Management Board may make use of article 420-23 (3) of the 1915 Companies Act.

The Management Board may authorize any person to accept on behalf of the Company subscriptions and receive payment for shares or instruments issued under the authorized capital.

The Management Board may withdraw or limit the preferential subscription rights of the shareholders under the authorized capital in accordance with article 5 of the Articles of Association.

The above authorization is valid for a period ending five (5) years after the date of the General Shareholders' Meeting creating the authorized capital. The above authorization may be renewed, increased or reduced by a resolution of the general meeting of shareholders voting with the quorum and majority rules set for the amendment of the Articles of Association.

10.3 Repurchase of own Shares

According to article 430-15 of the 1915 Companies Act and subject to the provisions of the Market Abuse Regulation and the Luxembourg law of 23 December 2016 on market abuse, as amended ("**Luxembourg Market Abuse Law**") and without prejudice to the principle of equal treatment of all shareholders who are in the same position, the Company may acquire its own shares either itself or through a person acting in its own name but on the Company's behalf subject to the following statutory conditions:

(a) the authorization to acquire Shares is to be given by the General Meeting, which determines the terms and conditions of the proposed acquisition and in particular the maximum number of Shares to be acquired, the duration of the period for which the authorization is given and which may not exceed five years and, in the case of acquisition for value, the maximum and minimum consideration;

(b) the acquisitions must not have the effect of reducing the net assets below the aggregate of the subscribed capital and the reserves which may not be distributed under law or the Articles of Association;

(c) only fully paid-up Shares may be included in the transaction;

(d) the acquisition offer must be made on the same terms and conditions to all shareholders being in the same position, except for acquisitions which were unanimously decided by a General Meeting at which all shareholders were present or represented; in addition, the Company may repurchase its own shares on the stock exchange without an acquisition offer having to be made to the Shareholders

At the time each authorized acquisition is carried out, the Management Board must ensure that the statutory conditions mentioned in the preceding items (b), (c) and (d) are complied with.

Where the acquisition of the Company's own Shares is necessary in order to prevent serious and imminent harm to the Company, the condition under item (a) in paragraph (1) above does not apply. In such a case, the next General Meeting must be informed by the Management Board of the reasons for and the purpose of the acquisitions made, the number and nominal values, or in the absence thereof, the accounting par value, of the Shares acquired, the proportion of the subscribed capital which they represent and the consideration paid for them.

The condition under item (a) in paragraph (1) likewise does not apply in the case of Shares acquired either by the Company itself or by a person acting in his own name but on behalf of the Company for the distribution thereof to the staff of the Company or to the staff of a company with which the Company is in a control relationship. Control relationship means the relationship existing between a parent company and a subsidiary in the cases referred to in article 1711-1 of the 1915 Companies Act.

The distribution of any such Shares must take place within one year from the date of their acquisition.

None of the abovementioned conditions, except for the condition described under paragraph (3) above, apply to the acquisition of:

(a) Shares acquired pursuant to a decision to reduce the capital or in connection with the issue of redeemable Shares;

(b) Shares acquired as a result of a universal transfer of assets;

(c) fully paid-up Shares acquired free of charge or acquired by banks and other financial institutions pursuant to a purchase commission contract;

(d) Shares acquired by reason of a legal obligation or a court order for the protection of minority shareholders, in particular, in the event, particularly of a merger, the division of the Company, a change in the Company's object or form, the transfer abroad of its registered office or the introduction of restrictions on the transfer of Shares;

(e) Shares acquired from a shareholder in the event of failure to pay them up;

(f) fully paid-up Shares acquired pursuant to an allotment by court order for the payment of a debt owed to the Company by the owner of the Shares; and

(g) fully paid-up shares issued by an investment company with fixed capital acquired at the investor's request by that company or by a person acting in his own name but on behalf of the Company.

Shares acquired in the cases indicated under item (b) to (f) must, however, be disposed of within a maximum period of three years after their acquisition, unless the nominal value, or, in the absence of nominal value, the accounting par value of the Shares acquired, including Shares which the Company may have acquired through a person acting in its own name, but on behalf of the Company, does not exceed 10% of the subscribed capital.

If the Shares so acquired are not disposed of within the period prescribed, they must be cancelled. The subscribed capital may be reduced by a corresponding amount. Such a reduction is compulsory where the acquisition of Shares and their subsequent cancellation results in the Company's net assets having fallen below the amount of the subscribed capital plus the reserves which may not be distributed under law or by virtue of the Articles of Association.

Any Shares acquired in contravention of the abovementioned conditions must be disposed of within a period of one year after the acquisition. Have they not been disposed of within that period, they must be cancelled.

Pursuant to article 5.16 of the Articles of Association, the Company may acquire its own shares to the extent and under the terms permitted by the 1915 Companies Act.

In those cases where the acquisition by the Company of its own Shares is permitted in accordance with the foregoing, the holding of such Shares is subject to the following conditions:

(i) among the rights attaching to the Shares, the voting rights in respect of the Company's own Shares are suspended; and (ii) if the said Shares are included among the assets shown in the consolidated statement of financial position, a non-distributable reserve of the same amount is to be created among the liabilities.

Where the Company acquires or disposes of its own Shares, either itself or through a person acting in his own name but on the Company's behalf, it must make public the proportion of its own Shares as soon as possible but not later than four trading days following such acquisition or disposal where that proportion reaches, exceeds or falls below the thresholds of 5% or 10% of the voting rights. The proportion is calculated on the basis of the total number of Shares to which voting rights are attached.

Where the Company has acquired own Shares in accordance with the abovementioned provisions, the annual report of the Management Board must indicate: (i) the reasons for acquisitions made during the financial year, (ii) the number and the nominal value, or in the absence of nominal value, the accounting par value, of the Shares acquired and disposed of during the financial year and the proportion of the subscribed capital which they represent, (iii) in the case of acquisition or disposal for value, the consideration for the Shares, and (iv) the number and nominal value or, in the absence of nominal value, the accounting par value, of all the Shares acquired and held in the Company's portfolio as well as the proportion of the subscribed capital which they represent.

On June 30, 2021, the extraordinary General Shareholders' Meeting of the Company resolved to authorize the Management Board to effect on one or several occasions repurchases and disposals of Company shares on the regulated market on which the Company's shares are admitted for trading, or by such other means resolved by the Management Board during a period of five (5) years from the date of the General Shareholders' Meeting, for a maximum number corresponding to 20% of the ordinary shares of the Company, within a price range from a price per share not lower than 10% below the shares' official price reported in the trading session on the day before carrying out each individual transaction; to a price per share no higher than 10% above the shares' official price reported in the trading session on the day before carrying out each individual transaction.

10.4 General Provisions Governing Allocation of Profits and Dividends Payments

For provisions governing the allocation of profits and the requirements and procedures for the payment of dividends, see *3. Dividend Policy, Results and Dividends per Share, Use of Profits.*

10.5 General Provisions relating to the Liquidation of the Company

The Company may only be voluntarily dissolved by a resolution passed at an extraordinary general shareholders' meeting subject to the quorum and majority requirements for an amendment to the Articles of Association. The quorum is at least one half (1/2) of all the Shares issued and outstanding. In the event the required quorum is not reached at the first extraordinary general shareholders' meeting, a second extraordinary general shareholders' meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of Shares present or represented. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such extraordinary general shareholders' meeting.

In the event of a loss pursuant to which the Company's net assets fall below half of the share capital, the Management Board must convene an extraordinary general shareholders' meeting within two months as of the date on which the Management Board discovered or should have ascertained this loss. The Management Board shall set out the causes of that situation and shall justify its proposals in a special report which must be made available to the shareholders at the Company's registered office eight (8) days before the General Shareholders' Meeting. If it proposes to continue to conduct business, it shall set out in its report the measures which it intends to take in order to remedy the financial situation of the Company. The report shall be announced in the agenda of the meeting. Any shareholder is entitled to obtain a copy of the report, free of charge, upon request and upon evidence of their title, eight (8) days before the meeting. At this extraordinary general shareholders' meeting, shareholders will resolve on the possible dissolution of the Company. The quorum is at least one half (1/2) of all the Shares issued and outstanding. In the event the required quorum is not reached at the first extraordinary general shareholders' meeting, a second extraordinary general shareholders' meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of Shares present or represented. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such extraordinary general shareholders' meeting. Where following the loss the Company's net assets fall below one quarter (1/4) of the share capital, the same procedure must be followed, it being understood, however, that the dissolution only requires the approval of shareholders representing 25% of the votes cast at the meeting.

The Company, once dissolved, is deemed to exist for as long as necessary for its proper liquidation.

If the Company is dissolved for any reason, the general shareholders' meeting will have the most extensive powers to appoint the liquidator(s), determine their powers and fix their remuneration. The powers of the Management Board in office will end at the time when the liquidators are appointed. In case the general shareholders' meeting fails to appoint the liquidator(s), the members of the Management Board then in office will, vis-à-vis third parties, be deemed to be the liquidators of the Company.

The principal duty of the liquidators consists of winding up the Company by paying its debts, realizing its assets and distributing them to the shareholders. If the financial situation so warrants, pre-payments of liquidation dividends may be made by the liquidator in accordance with the 1915 Companies Act.

After payment of all debts and liabilities of the Company or deposit of any funds to that effect, the liquidation surplus will be used to reimburse in cash or securities the amount paid up on the Shares. If all the Shares are not equally paid up, the liquidator(s) shall restore equality either by a call for funds or a prior distribution. The balance of the liquidation surplus will be distributed equally between all Shares.

Pursuant to the 1915 Companies Act, upon the termination of the liquidation, the liquidators report to a general shareholders' meeting, at which one or several special auditor(s) (*commissaire)* are appointed to report on the liquidation. This auditor's report (*rapport du commissaire*) is submitted for approval to a general shareholders' meeting, at which a resolution to close the liquidation of the Company is taken.

Neither the 1915 Companies Act nor the Articles of Association will provide for special rights of shareholders on a winding up immediately prior to completion of the Listing.

10.6 General Provisions governing Changes in the Share Capital

The subscribed share capital of the Company may be increased or decreased by a resolution passed at an extraordinary general shareholders' meeting subject to the quorum and majority requirements for an amendment to the Articles of Association. The extraordinary general shareholders' meeting may also amend the Articles of Association for the purpose of authorizing the Management Board to increase the subscribed share capital within the limits of the authorized capital. As at the date of this Prospectus, article 5 of the Articles of Association provides that the authorized capital of the Company (including the issued share capital) is set at EUR 520,000 divided into 52,000,000 shares with no nominal value. The Management Board is authorized for a period starting on the date of the general meeting that has amended the Articles of Association to create the authorized capital and expiring on the fifth anniversary of such date, to increase the current issued capital up to the amount of the authorized capital, in whole or in part from time to time.

In the event of decrease of the share capital with a repayment to the shareholders or a waiver of their obligation to pay up their Shares, creditors whose claims predate the publication of the minutes of the extraordinary general shareholders' meeting may, within 30 days from such publication, apply for the constitution of security to the judge presiding over the chamber of the Luxembourg district court (*Tribunal d'Arrondissement*) dealing with commercial matters and sitting in urgency. The judge may only reject such an application if the creditor already has adequate safeguards or if such security is unnecessary having regard to the assets of the Company. No payment may be made, or waiver given to the shareholders until such time as the creditors have obtained satisfaction or until the judge presiding over the chamber of the Luxembourg district court (*Tribunal d'Arrondissement*) dealing with commercial matters has ordered that their application should not be granted. No creditor protection rules apply in the case of a reduction in the subscribed capital for the purpose of offsetting losses incurred which are not capable of being covered by means of other own funds or to include sums in a reserve provided that such reserve does not exceed 10% of the reduced subscribed capital.

In the event of a capital increase in cash with the issuance of new Shares, the existing shareholders have a preferential right to subscribe for the new Shares, pro rata to the part of the share capital represented by the Shares that they already have. The Management Board determines the period within which the preferential subscription rights can be exercised. The period during which those rights can be traded and exercised may not be less than 14 days from the publication of the offer in the *Recueil Electronique des Sociétés et Associations* and in a newspaper published in Luxembourg.

The preferential subscription rights are transferable throughout the exercise period, and no restrictions may be imposed on such transferability subject to the below.

Pursuant to article 420-26 of the 1915 Companies Act, the preferential subscription rights of existing shareholders in case of a capital increase by means of a contribution in cash may not be restricted or withdrawn by the Articles of Association. Nevertheless, the Articles of Association may authorize the Management Board to withdraw or restrict these preferential subscription rights in relation to an increase of capital made within the limits of the authorized capital. Such authorization is only valid for a maximum of five years from the date of the general shareholders' meeting which has approved the creation of the authorized share capital.

The Management Board must draw up a report to the general meeting on the detailed reasons for the restriction or withdrawal of the preferential subscription rights which must include in particular the proposed issue price. It may be renewed on one or more occasions by the extraordinary general meeting, deliberating in accordance with the requirements for amendments to the Articles of Association, for a period which, for each renewal, may not exceed five years. As at the date of this Prospectus, article 5 of the Articles of Association authorize the Management Board to increase the capital and to restrict or withdraw the preferential subscription rights of shareholders in relation to an increase of capital made within the limits of the authorized capital. For more information, see *10.2 Authorized Capital*.

In addition, an extraordinary general shareholders' meeting called upon to resolve, on the conditions prescribed for amendments to the Articles of Association, either upon an increase of capital or upon the authorization to increase the capital, may limit or withdraw preferential subscription rights or authorize the Management Board to do so. Any proposal to that effect must be specifically announced in the convening notice. Detailed reasons therefore must be set out in a report prepared by the Management Board and presented to the extraordinary general shareholders' meeting dealing, in particular, with the proposed issue price. This report must be made available to the public at the Company's registered office, and on its website. An issuance of Shares to banks or other financial institutions with a view to their being offered to the shareholders of the Company in accordance with the decision relating to the increase of the subscribed capital does not constitute an exclusion of the preferential subscription rights pursuant to the 1915 Companies Act.

10.7 Ownership and Transfer of Shares

The dematerialized shares will only be represented, and the ownership of such shares will only be established by a record in the name of the shareholder in a securities account. LuxCSD may issue or request the Company to issue certificates relating to dematerialized shares for the purpose of international circulation of securities.

The dematerialized shares issued by the Company shall be recorded at all times in the single securities issuance account (*compte d'émission*) maintained by LuxCSD, which shall indicate the identification elements of these dematerialized shares, the quantity issued and any subsequent changes.

To allow the account keepers or, where applicable, the foreign account keepers to exercise their rights attached to the Shares and their rights of action against the Company or third parties, they shall issue certificates to their account holders in exchange for written certification by the latter that they hold the securities concerned for own account or act pursuant to a right granted by the holder of the securities rights. Reference shall be made of it on the certificate.

The shares will be freely transferable in accordance with the legal requirements for dematerialized shares. The Board may, however, impose transfer restrictions for Shares that are registered, listed, quoted, dealt in or have been placed in certain jurisdictions in compliance with the requirements applicable therein.

The transfer of a dematerialized share occurs by transfer of the book entry rights from one securities account to another (*virement de compte à compte*).

For the purposes of identifying the shareholders, the Company may, at its expense, request from LuxCSD the name, nationality, date of birth or date of incorporation and the address of the holders of the shares in its books which immediately confers or may confer in the future voting rights at the Company's general meetings of the shareholders, together with the number of shares held by each of them and, where 'applicable, the limits the shares may be subject to. LuxCSD shall provide the Company with the identification data in its books on the holders of the securities accounts in its books and the number of shares held by each of them.

The same information on the shareholders for own account shall be gathered by the Company through the account holders, whether from Luxembourg or abroad, who have a securities account with LuxCSD.

The Company may request the persons indicated on the lists given to it to confirm that they hold the shares for own account.

When a person who holds an account with LuxCSD or an account keeper or a foreign account keeper does not communicate the information requested by the Company in accordance with Luxembourg Law on Dematerialized Securities, as amended, within two months as from the request or, if he communicated incomplete or erroneous information relating to his quality or the quantity of the shares held by him, the Company may suspend until settlement the voting rights up to the amount of the shares for which the information requested was not received.

The Company will recognize only one holder per share. If a share were to be held by more than one person, the persons claiming ownership of the share must name a single proxy to represent the share vis-à-vis the Company. The Company has the right to suspend the exercise of all rights attached to such share until one person has been appointed in this way. The same rule applies in case of a conflict between a pledgor and a pledgee.

10.8 Mandatory Takeover Bids and Exclusion of Minority Shareholders

10.8.1 Mandatory bids, squeeze-out and sell-out rights under the Luxembourg Takeover Law

The Luxembourg law of May 19, 2006 implementing Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids, as amended (the "**Luxembourg Takeover Law**") provides that if a person, acting alone or in concert, obtains voting securities of the Company which, when added to any existing holdings of the Company's voting securities, give such person voting rights representing 33 1/3% of all of the voting rights attached to the voting securities in the Company, this person is obliged to launch a mandatory offer for the remaining voting securities in the Company at a fair price. In a mandatory bid situation, the "fair price" is in principle considered to be the highest price paid by the offeror or by the person acting in concert with the offeror for the voting securities during the 12-month period preceding the mandatory bid.

Any voluntary bid falling within the scope of the Luxembourg Takeover Law for the takeover of the Company and any mandatory bid will be subject to shared regulation by the CSSF pursuant to the Luxembourg Takeover Law, which has implemented the Takeover Directive into Luxembourg law, and by the BaFin pursuant to the German Takeover Act (*Wertpapiererwerbs- und Übernahmegesetz*).

Under the shared regulation regime, German takeover law applies to the matters relating to the consideration offered, the bid procedure, the contents of the offer document and the procedure of the bid. The German Regulation on the Applicability of the Takeover Code (*WpÜG- Anwendbarkeitsverordnung*) specifies the applicable provisions in more detail. Matters regarding company law (and related questions), such as, for instance, the question relating to the percentage of voting rights which give control over a company and any derogation from the obligation to launch a bid or regarding information to be provided to employees of the offeree company, will be governed by Luxembourg law.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders for all the voting securities of the Company and if after such offer the offeror holds voting securities representing not less than 95% of the share capital that carry voting rights to which the offer relates and 95% of the voting rights in the Company, the offeror may require the holders of the remaining voting securities to sell those securities to the offeror at a "fair price". The price offered in a voluntary offer would in principle be considered a "fair price" in the squeeze-out proceedings if not less than 90% of the securities representing share capital that carry voting rights to which the offer relates were acquired in such voluntary offer by acceptance of the offer. The price paid in a mandatory offer is in principle deemed a "fair price." The consideration paid in the squeeze-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate squeeze-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

The Luxembourg Takeover Law provides that, when an offer (mandatory or voluntary) is made to all of the holders for all the voting securities of the Company and if after such offer the offeror (and any person acting in concert with the offeror) holds voting securities carrying more than 90% of the voting rights in the Company, the remaining security holders may require that the offeror purchase the remaining voting securities at a "fair price". The price offered in a voluntary offer would in principle be considered "fair" in the sell-out proceedings if 90% of the securities representing share capital that carry voting rights of the Company to which the offer relates were acquired in such voluntary offer by acceptance of the offer. The price paid in a mandatory offer is in principle deemed a "fair price." The consideration paid in the sell-out proceedings must take the same form as the consideration offered in the offer or consist solely of cash. Moreover, an all-cash option must be offered to the remaining shareholders of the Company. Finally, the right to initiate sell-out proceedings must be exercised within three months following the expiration of the acceptance period of the offer.

Where the Company has issued more than one class of voting securities, the rights of squeeze-out and sell-out described in the last two preceding paragraphs can be exercised only in the class in which the applicable thresholds have been reached.

10.8.2 Luxembourg Mandatory Squeeze-Out and Sell-Out Law

The Company falls also within the scope of the Luxembourg law of July 21, 2012 on mandatory squeeze-out and sell-out of securities of companies admitted or previously admitted to trading on a regulated market or having been offered to the public, as amended (the "**Luxembourg Mandatory Squeeze-Out and Sell-Out Law**"). These provide that if any individual or legal entity, acting alone or in concert with another, becomes the owner directly or indirectly of a number of Shares or other voting securities representing at least 95% of capital carrying voting rights and 95% of the voting rights of the Company (a "**Majority Owner**"), such owner may require the holders of the remaining Shares or other voting securities to sell those remaining securities (the "**Mandatory Squeeze-Out**").

The Luxembourg Mandatory Squeeze-Out and Sell-Out Law also provides that where, through the acquisition of securities made alone or by persons acting in concert with her/him, a holder of shares or other voting securities of the Company becomes a Majority Owner (for the purpose of the Luxembourg Mandatory Squeeze-out and Sell-Out Law, a "**Majority Owner"** means any natural or legal person holding alone or with persons acting in concert controls directly or indirectly at least 95% of the Company's capital carrying rights and 95% of the voting rights of the Company), or, if s/he is already a Majority Owner, acquires additional shares or other voting securities of the Company, one or several holders of the remaining shares or other voting securities of the Company may require this Majority Owner to buy their shares or other voting securities subject to the timing conditions set out under the Luxembourg Mandatory Squeeze-Out and Sell-Out Law (the "**Mandatory Sell-Out**"). The Mandatory Squeeze-Out and the Mandatory Sell-Out must be exercised at a fair price according to objective and adequate methods applying to asset disposals. The procedures applicable to the Mandatory Squeeze-Out and the Mandatory Sell-Out must be carried out in accordance with the Luxembourg Mandatory Squeeze-Out and Sell-Out Law and under the supervision of the CSSF.

10.9 Amendment to Rights of Shareholders

Any amendments to the rights of the shareholders set out in the Articles of Association require the amendment of the Articles of Association. An amendment to the Articles of Association must be approved by an extraordinary general shareholders' meeting of the Company held in front of a Luxembourg public notary and is subject to a quorum of at least one half (1/2) of all the Shares issued and outstanding. In the event the required quorum is not reached at the first extraordinary general shareholders' meeting, a second extraordinary general shareholders' meeting may be convened, through a new convening notice, at which shareholders can validly deliberate and decide regardless of the number of Shares present or represented. A two-thirds (2/3) majority of the votes cast by the shareholders present or represented is required at any such general shareholders' meeting. However, in case the commitments of the shareholders are increased, decisions require the unanimous consent of the shareholders of the Company. The Articles of Association do not provide for any specific conditions that are stricter than required by Luxembourg law.

10.10 Shareholdings Disclosure Requirements

10.10.1 Luxembourg Transparency Law

With admission of the Shares to trading on the regulated market, Luxembourg will become the home Member State of the Company pursuant to article 1(9)(a) the Luxembourg law of January 11, 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended (the "**Luxembourg Transparency Law**"). Holders of the Shares and derivatives or other financial instruments linked to the Shares may be subject to notification obligations pursuant to the Luxembourg Transparency Law and the related Grand-Ducal Regulation of January 11, 2008 on transparency requirements for issuers of securities (*Réglement grand-ducal du 11 janvier 2008 relatif aux obligations de transparence sur les émetteurs de valeurs mobilières*). The following description summarizes these obligations. The Company's shareholders are advised to consult with their own legal advisers to determine whether the notification obligations apply to them.

10.10.1.1 *Shares and voting rights*

The Luxembourg Transparency Law provides that, if a person acquires or disposes of a shareholding in the Company, and if following the acquisition or disposal the proportion of voting rights held by the person reaches, exceeds or falls below one of the thresholds of 5%, 10%, 15%, 20%, 25%, 33 1/3%, 50% or 66 2/3% (each, a "**Relevant Threshold**") of the total voting rights existing when the situation giving rise to a declaration occurs, such person must simultaneously notify the Company and the CSSF of the proportion of voting rights held by it further to such event.

The voting rights shall be calculated on the basis of all the shares, including depositary receipts representing shares, to which voting rights are attached even if the exercise thereof is suspended. Moreover, this information shall also be given in respect of all the shares, including depositary receipts representing shares, which are in the same class and to which voting rights are attached.

A person must also notify the Company and the CSSF of the proportion of his or her voting rights if that proportion reaches, exceeds or falls below the relevant thresholds as a result of events changing the breakdown of voting rights and on the basis of the information disclosed by the Company.

The same notification requirements apply to a natural person or legal entity to the extent he/ she/it is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:

(a) voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the issuer;

(b) voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;

(c) voting rights attaching to Shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares his/her/its intention of exercising them;

(d) voting rights attaching to Shares in which that person or entity has the life interest;

(e) voting rights which are held, or may be exercised within the meaning of points (a) to (d), by an undertaking controlled by that person or entity;

(f) voting rights attaching to Shares deposited with that person or entity which the person or entity can exercise at his/her/its discretion in the absence of specific instructions from the shareholders;

(g) voting rights held by a third party in its own name on behalf of that person or entity;

(h) voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at his/her/its discretion in the absence of specific instructions from the shareholders.

10.10.1.2 ***Specific financial instruments***

The notification requirements also apply to a natural person or legal entity who/which holds, directly or indirectly;

(i) financial instruments that result in an entitlement to acquire, on such holder's own initiative alone, on maturity, give the holder, under a formal agreement, shares either the unconditional right to acquire or the discretion as to his right to acquire shares, to which voting rights are attached and already issued by the Company, or

(ii) financial instruments which are not included in point (i) but which are referenced to the shares referred to in that point and with an economic effect similar to that of the financial instruments referred to in that point, whether or not they confer a right to a physical settlement.

The notification required shall include the breakdown by type of financial instruments held in accordance with point (i) above and financial instruments held in accordance with point (ii) above, distinguishing between the financial instruments which confer a right to a physical settlement and the financial instruments which confer a right to a cash settlement.

The number of voting rights shall be calculated by reference to the full notional amount of shares underlying the financial instrument except where the financial instrument provides exclusively for a cash settlement, in which case the number of voting rights shall be calculated on a 'delta-adjusted' basis, by multiplying the notional amount of underlying shares by the delta of the instrument. For this purpose, the holder shall aggregate and notify all financial instruments relating to the same underlying issuer. Only long positions shall be taken into account for the calculation of voting rights. Long positions shall not be netted with short positions relating to the same underlying issuer.

For the purposes of the above, the following shall be considered to be financial instruments, provided they satisfy any of the conditions set out in points (i) or (ii) above:

(a) transferable securities;

(b) options;

(c) futures;

(d) swaps;

(e) forward rate agreements;

(f) contracts for differences; and

(g) any other contracts or agreements with similar economic effects which may be settled physically or in cash.

10.10.1.3 ***Aggregation***

The notification requirements described above shall also apply to a natural person or a legal entity when the number of voting rights held directly or indirectly by such person or entity aggregated with the number of voting rights relating to financial instruments held directly or indirectly reaches, exceeds or falls below a Relevant Threshold. Any such notification shall include a breakdown of the number of voting rights attached to Securities and voting rights relating to financial instruments.

Voting rights relating to financial instruments that have already been notified to that effect shall be notified again when the natural person or the legal entity has acquired the underlying shares and such acquisition results in the total number of voting rights attached to shares issued by the same issuer reaching or exceeding a Relevant Threshold.

10.10.1.4 ***Notifications***

The notification of voting rights to the Company and the CSSF must be effected as soon as possible, but not later than six trading days following a transaction or four trading days following receipt of information of an event changing the breakdown of voting rights by the issuer. Upon receipt of the notification, but no later than three trading days thereafter, the Company must make public all the information contained in the notification as regulated information within the meaning of the Luxembourg Transparency Law.

As long as the notifications have not been made to the Company in the manner prescribed, the exercise of voting rights relating to the Shares exceeding the fraction that should have been notified is suspended. The suspension of the exercise of voting rights is lifted the moment the shareholder makes the notification.

Where within the 15 days preceding the date for which the general shareholders' meeting has been convened, the Company receives a notification or becomes aware of the fact that a notification has to be or should have been made in accordance with the Luxembourg Transparency Law, the Management Board may postpone the general shareholders' meeting for up to four weeks.

In accordance with article 8(4) of the Luxembourg Transparency Law, the disclosure requirements do not apply to the acquisition or disposal of a major holding by a market maker (*teneur de marché*) in securities insofar as the acquisition or disposal is effected in his capacity as a regulated market maker in securities and insofar as the acquisition is not used by the market maker to intervene in the management of the Company.

In accordance with article 8(6) of the Luxembourg Transparency Law, the disclosure requirements do not apply to voting rights attached to securities for stabilization purposes as defined in Commission Regulation (EC) 2273/2003 of the Commission of December 22, 2003 implementing Directive 2003/6/EC of the European Parliament and of the Council as regards exemptions for buy-back programs and stabilization of financial instruments, provided that the voting rights attaching to these shares are not exercised or otherwise used to intervene in the management of the issuer.

For further details, please refer to the Luxembourg Transparency Law and the related Grand ducal regulation.

10.10.2 Luxembourg Mandatory Squeeze-Out and Sell-Out Law

Pursuant to article 3 of the Luxembourg Mandatory Squeeze-Out and Sell-Out Law, any individual or legal entity, acting alone or in concert with another, who (i) becomes a Majority Owner, (ii) such holder ceases to be a Majority Owner, or (iii) such holder is a Majority Owner and acquires additional shares or other voting securities, including certificates over shares to which the possibility to give a voting instruction with respect to the shares is attached, such person must notify the Company and the CSSF of the exact percentage of its holding, the transaction that triggered the notification requirement, the effective date of such transaction, its identity and the ways the shares or other voting securities are being held.

The notification to the Company and the CSSF must be effected as soon as possible, but not later than four working days, the first of which shall be the working day after that on which the holder of voting securities learns of the effective acquisition or disposal or of the possibility of exercising or not the voting rights, or on which the holders of the voting securities should have learnt of it, having regard to circumstances, regardless of the date on which the acquisition, disposal or possibility of exercising the voting rights takes effect. Upon receipt of the notification, but no later than three working days thereafter, the Company must make public all the information contained in the notification in a manner ensuring fast access to the information and on a non-discriminatory basis

10.10.3 Disclosure of Transactions of Persons Holding Management Responsibilities

Pursuant to article 19 of the Market Abuse Regulation and the Luxembourg Market Abuse Law, persons discharging managerial responsibilities, as well as persons being closely associated with them (being "persons closely associated with a person discharging managerial responsibilities") must notify the CSSF and the Company of every transaction conducted on their own account relating to the shares or debt instruments of the Company or to derivatives or other financial instruments linked thereto. The disclosure must be made within three business days following the date of the transaction. Notification is not required if the total sum of all transactions involving a person holding managerial responsibilities and his or her related parties is less than €5,000 for the calendar year.

The Company shall ensure that the information that is notified in accordance with the above paragraph is made public promptly and no later than three business days after the transaction in a manner which enables fast access to this information on a non-discriminatory basis in accordance with the implementing technical standards referred to in point (a) of article 17(10) of the Market Abuse Regulation.

The notification qualifies as regulated information within the meaning of the Luxembourg Transparency Law and as such, it must be disseminated accordingly. For the purpose of the Market Abuse Regulation and the Luxembourg Market Abuse Law, "persons discharging managerial responsibilities" means a person within the Issuer who is (i) a member of the administrative, management or supervisory body of the Company or (ii) a senior executive who is not a member of the latter bodies, who has regular access to inside information relating, directly or indirectly, to the Company, and power to take managerial decisions affecting the future developments and business prospects of the Company. Persons closely associated with a person discharging managerial responsibilities within the Company include the following persons:

- a spouse of the person discharging managerial responsibilities, or a partner of that person considered by national law as equivalent to a spouse,

- according to national law, a dependent child of the person discharging managerial responsibilities,

- a relative of the person discharging managerial responsibilities, who has shared the same household as that person for at least one year on the date of the transaction concerned, or

- a legal person, trust or partnership, the managerial responsibilities of which are discharged by a person discharging managerial responsibilities or by a person closely associated with such person as referred to under the above bullet points, which is directly or indirectly controlled by such a person, or which is set up for the benefit of such a person, or the economic interests of which are substantially equivalent to those of such person.

11. MANAGEMENT AND GOVERNING BODIES

The Company is managed by its Management Board under the supervision and control of the Supervisory Board. The powers of these governing bodies are determined by the 1915 Companies Act, the Articles of Association of the Company and the internal rules of procedure of both the Management Board and the Supervisory Board.

11.1 Management Board

The Management Board is responsible for managing the Company. For this purpose, the Management Board is vested with the broadest powers to act in the name of the Company and to take any actions, or to cause to take any actions, necessary or useful, to fulfill the Company's corporate purpose, with the exception of the powers expressly reserved by the 1915 Companies Act or by the Company's Articles of Association to the Supervisory Board or the general shareholders' meeting.

According to article 11.1 of the Articles of Association, the Management Board shall be composed of at least two (2) members appointed by the Supervisory Board. A member of the Management Board cannot be at the same time a member of the Supervisory Board. The Supervisory Board of the Company shall determine the number of members of the Management Board, their remuneration and the terms of their office (which may not exceed six years). Members of the Management Board may also be re-appointed for successive terms. A member of the Management Board may be removed with or without cause and/or replaced, at any time, by a resolution adopted by the Supervisory Board of the Company. The Supervisory Board may also decide to appoint one or more observers to the Management Board.

In the event of vacancy in the office of a member of the Management Board, this vacancy may be filled on a temporary basis and for a period not exceeding the initial mandate of the replaced member of the Management Board, by the remaining members of the Management Board until the next meeting of the Supervisory Board which shall resolve on a permanent appointment in compliance with the applicable legal provisions. Alternatively, the Supervisory Board may temporarily appoint one (1) of its members in order to exercise the functions of a member of the Management Board. His mandate as member of the Supervisory Board is suspended for the time of his appointment as a member of the Management Board.

The business address of each member of the Management Board of the Company is at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg.

The Management Board meets as often as the business and interests of the Company require. Meetings of the Management Board shall be held at the registered office of the Company unless otherwise indicated in the notice of the meeting. Any member of the Management Board may participate in a meeting of the Management Board by conference call, video conference or by similar means of communication in accordance with article 12.6 of the Articles of Association. Participation in a meeting by these means is equivalent to participation in person at such meeting and the meeting is deemed to be held at the registered office of the Company.

The Management Board may validly deliberate and make decisions only if at least one half of its members is present or represented. Decisions are made by the majority of the votes of the members present or represented. If a member of the Management Board abstains from voting or does not participate to a vote in respect of a proposed resolution, this abstention or nonparticipation is taken into account in calculating the majority as a vote against the proposed resolution. A resolution of the Management Board may also be passed by circular means when expressing its approval in writing (by facsimile, electronic mail or any other similar means of communication), provided that each member of the Management Board participates in such resolution by circular means.

The Management Board may decide to create committees, the composition and duties of which it shall determine and which shall exercise their activities under its responsibility.

11.1.1 Members of the Management Board

The Company's Management Board currently comprises four members, with Günter Brenner as chairman. The Company shall be bound by (i) the joint signatures of two members of the Management Board, and (ii) by the sole or joint signature(s) of any person or persons to whom such signatory power shall have been delegated by the Management Board.

The following table shows the members of the Management Board as of the date of this Prospectus, their age, the date on which they were initially appointed as members of the Management Board, the date on which their current appointment is scheduled to end, their responsibilities, as well as their other positions in administrative, management, and supervisory bodies, and as partners in companies/partnerships other than the Company during the past five years:

Name	**Age**	**First Appointed**	**Appointed until date of the annual general meeting of Novem Group S.A. approving the annual accounts**	**Responsibilities**
Günter Brenner	57	2021	2022	Chief Executive Officer
Dr. Johannes Burtscher	51	2021	2022	Chief Financial Officer
Christine Hollmann	50	2021	2022	Member (Director Financial Audit and Tax)
Frank Schmitt	50	2021	2022	Member (Director Consolidation and Internal Audit)

The following overview lists all of the companies and enterprises in which the members of the Management Board currently hold seats or have held seats on administrative, management or supervisory boards, or comparable Luxembourg or foreign supervisory bodies, or of which they were partners during the last five years, with the exception of the Company and its subsidiaries.

Günter Brenner

Past seats:

- Kunststoff Schwanden AG, chairman of the administrative board (2016 – 2020)
- Decorum GmbH, member of the advisory board (2016 – 2018)

Dr. Johannes Burtscher

Past seats:

- Zumtobel Group AG, member of the supervisory board and chairman of the audit committee (2010 – 2020)
- Kunststoff Schwanden AG, member of the administrative board (2016 – 2020)
- Decorum GmbH, member of the advisory board (2016 – 2018)

Christine Hollmann and Frank Schmitt do not and did not hold any seats on administrative, management or supervisory boards, or comparable Luxembourg or foreign supervisory bodies, or of which they were partners during the last five years outside.

The following description provides summaries of the curricula vitae of the current members of the Management Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Günter Brenner was appointed as Chief Executive Officer of the Group in 2013. He has extensive experience in the automotive sector, having previously run the European business of Autoliv and also having spent 18 years at TRW, where he held global responsibility for the occupant safety business. Mr. Brenner holds a degree in industrial engineering from the Aalen University of Applied Sciences, Germany.

Dr. Johannes Burtscher was appointed as Chief Financial Officer of the Group in 2012. From 2007 to 2011, he served as Chief Financial Officer of Rodenstock and prior to that he held various executive positions at Zumtobel, including Managing Director of Asia. From 2010 to 2020, he also served as Member of the Supervisory Board and Chairman of its Audit Committee of Zumtobel Group AG. Dr. Burtscher holds a doctorate and master degree in business administration from the University of Sankt Gallen, Switzerland.

Christine Hollmann joined Novem in 2012 as Head of Corporate Accounting and Tax. From 2008 to 2012, she served as Manager Consolidation and Group Reporting at the Kao Group. Prior to that, she held a finance function at 3i and started her professional career in the audit and tax area. Ms. Hollmann holds a diploma in business administration from the Saarland University in Saarbrücken, Germany.

Frank Schmitt started at Novem in April 2002 as Financial Manager. From October 2012 until now he has been engaged as Head of Consolidation and Internal Audit of the Group. From 2000 to 2002, he worked at Reckitt Benckiser as General Ledger Accountant. In August 1989 Mr. Schmitt began his apprenticeship as industrial clerk at Tarkett Pegulan. After that, he worked in different finance roles within the Group. Mr. Schmitt has a further education as Chief Accountant from the chamber of commerce and industry.

11.2 Supervisory Board

The Supervisory Board carries out the permanent supervision of the Management Board, without being authorized to interfere with such management.

The members of the Supervisory Board are appointed by the general shareholders’ meeting by way of simple majority vote of the shares present or represented. The general shareholders’ meeting also determines the number of members of the Supervisory Board, the Supervisory Board members’ remuneration, and the terms of their office (which may not exceed six years). Members of the Supervisory Board may be re-appointed for successive terms. Any member of the Supervisory Board may be removed from office at any time, with or without cause, and / or replaced by the general meeting of shareholders at a simple majority vote of the shares present or represented. No member of the Supervisory Board can be at the same time a member of the Management Board.

According to article 17.2 of the Articles of Association, the Supervisory Board shall be composed of at least three (3) members. Currently, the Supervisory Board consists of five members. The Supervisory Board shall elect among its members a chairman and deputy chairman, and it may elect a secretary who does not need to be a shareholder or a member of the Supervisory Board.

In the event of a vacancy in the office of a member of the Supervisory Board this vacancy may be filled on a temporary basis and for a period not exceeding the initial mandate of the replaced member of the Supervisory Board, by the remaining members of the Supervisory Board until the next general shareholders’ meeting which shall resolve on a permanent appointment in compliance with applicable legal provisions.

The Supervisory Board may have one or more observers without voting right. It may further (i) entrust one or more of its members with special mandates for or one or more specific purposes and (ii) invite members of the Management Board to attend one or more of its meetings at which such members may provide their opinion without however participating in the decision-making process.

The business address of each member of the Supervisory Board of the Company is at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg.

The Supervisory Board has an unlimited right to inspect all the transactions of the Company and may inspect the books, correspondence, minutes and in general all the records of the Company. It shall receive at least every three months a written report of the Management Board on the progress and foreseeable development of the Company's business. Any information on events which are likely to have a significant effect on the Company's business must be passed on promptly to the Supervisory Board by the Management Board. The Supervisory Board may undertake any investigations necessary for the performance of its duties. It may request the Management Board to provide any information necessary for exercising its functions and may directly or indirectly proceed to all verifications which it may deem useful in order to carry out its duties.

The Supervisory Board meets as often as the business and interests of the Company require but at least four times per year. Additional meetings are convened by the chairman if necessary. Meetings of the Supervisory Board shall be held at the registered office of the Company unless otherwise indicated in the notice of the meeting. Any member of the Supervisory Board may participate in a meeting of the Supervisory Board by conference call, video conference or by similar means of communication in accordance with article 18.6 of the Articles of Association. Participation in a meeting by these means is equivalent to participation in person at such meeting and the meeting is deemed to be held at the registered office of the Company.

The Supervisory Board may validly deliberate and make decisions only if at least one half of its members is present or represented. Decisions are made by the majority of the votes of the members present or represented.

If a member of the Supervisory Board abstains from voting or does not participate to a vote in respect of a proposed resolution, this abstention or nonparticipation is taken into account in calculating the majority as a vote against the proposed resolution. A resolution of the Supervisory Board may also be passed by circular means when expressing its approval in writing (by facsimile, electronic mail or any other similar means of communication), provided that each member of the Supervisory Board participates in such resolution by circular means.

The Supervisory Board may further decide to create committees, the composition and duties of which is determined by it. Those committees shall exercise their activities under its responsibility. At the date of this Prospectus, the Supervisory Board has created an Audit and Risk Committee and a Nomination and Remuneration Committee.

11.2.1 Members of the Supervisory Board

The Company's Supervisory Board currently comprises five members, with Dr. Stephan Kessel as chairman.

The following table shows the members of the Supervisory Board as of the date of this Prospectus, their age, the date on which they were initially appointed, the date on which their current appointment is scheduled to end, their responsibilities, as well as their other positions in administrative, management, and supervisory bodies, and as partners in companies/partnerships other than the Company during the past five years:

Name	Age	First Appointed(1)	Appointment until date of the annual general meeting of Novem Group S.A. approving the annual accounts(2)	Responsibilities
Dr. Stephan Kessel	67	2021	2024	Chairman
Mark Wilhelms......................	61	2021	2024	Deputy Chairman
Natalie C. Hayday	45	2021	2024	Member
Florian Schick........................	47	2021	2024	Member
Philipp Struth.........................	35	2021	2024	Member

(1) Dr. Stephan Kessel, Florian Schick and Philipp Struth have served as members of the advisory board of the previous Novem Group holding companies as outlined in the summary of their curriculum vitae below.

(2) The annual general meeting must be held, in accordance with Luxembourg law, at the latest within six (6) months from the end of the previous financial year.

The following overview lists all of the companies and enterprises in which the members of the Supervisory Board currently hold seats or have held seats on administrative, management or supervisory boards, or comparable Luxembourg or foreign supervisory bodies, or of which they were partners during the last five years, with the exception of the Company and its subsidiaries.

Dr. Stephan Kessel

Current seats:

- Stabilus S.A., chairman of the supervisory board, member of the audit committee and the remuneration and compensation committee (since 2018)
- Dayco Products LLC, chairman of the board of directors (since 2016)
- Svt GmbH, member of the advisory board (since 2018)

Past seats:

- Stabilus S.A., member of the supervisory board (2014 – 2018)
- Armacell S.A., director of the board and member of the audit and compensation and remuneration committee (2014 – 2016)

Mark Wilhelms

Current seats:

- Stabilus S.A., member of the management (CFO) (since 2009)
- Norma SE, member of the supervisory board (since 2018) and member of the audit and the strategy committee

Natalie C. Hayday

Current seats:

- Jost Werke AG, member of the supervisory board and member of the audit committee (since 2017)
- 7Square GmbH, managing director (since 2018)

Past seats:

- LEG Immobilien AG, member of the supervisory board and member of the audit committee (2015 – 2021)

Florian Schick

Current seats:

- Bregal Unternehmerkapital GmbH, managing director and partner (since 2015)
- Kunststoff Schwanden Swiss GmbH, member of the advisory board (since 2016)
- Oath Swiss GmbH, member of the advisory board (since 2017)
- pA Holding GmbH, member of the advisory board (since 2017)
- Viator Holding GmbH, member of the advisory board (since 2019)
- Salis Holding GmbH, member of the advisory board (since 2018)
- BU Adhesives II GmbH member of the advisory board (since 2019)
- EA Elektro-Automatik Holding GmbH (since 2019)
- Advocatus Holding II GmbH (since 2020)

Past seats:

- Decorum GmbH, member of the advisory board (2016 – 2018)
- proALPHA Software AG, member of the advisory board (2013 – 2017)
- LR Global Holding GmbH, member of the advisory board (2013 – 2018)
- Potio Holding GmbH, member of the advisory board (2017 – 2019)
- Burgmaier Technologies GmbH & Co. KG, member of the advisory board (2013 – 2019)

Philipp Struth

Current seats:

- Bregal Unternehmerkapital GmbH, employee with the title of partner (since 2021)
- SHD AG, member of the supervisory board (since 2017)
- Remedium Holding II GmbH (GUS), member of the advisory board (since 2020)
- Seshat Distributio HoldCo Sweden AB (Iptor), member of the advisory board (since 2020)
- Casa Parata Holding II GmbH (Actico), member of the advisory board (since 2021)
- PDV Holding GmbH, member of the advisory board (since 2019)

Past seats:

- Aurigen Capital Limited, director (2011 – 2017)
- proALPHA Business Solutions GmbH, member of the advisory board (2014 – 2017)
- Decorum GmbH, member of the advisory board (2016 – 2018)
- LR Global Holding GmbH, member of the advisory board (2014 – 2018)

The following description provides summaries of the curricula vitae of the current members of the Supervisory Board and indicates their principal activities outside the Group to the extent those activities are significant with respect to the Group.

Dr. Stephan Kessel *Chairman of the Supervisory Board*. Dr. Stephan Kessel was appointed as chairman of the advisory board of Novem in 2013 (Novem Beteiligungs GmbH 2013 – 2020 and Novem Group GmbH since 2020). He has been with Stabilus since 2008 in various roles, including as chairman of the supervisory board. Dr. Kessel also served as director of Armacell SA from 2014 to 2016. Further, he served as member of the executive board from 1997 to 1999 and as chief executive officer of Continental AG from 1999 to 2002. In addition, he is chairman of the board of Dayco and member of the advisory Board of svt GmbH. Dr. Kessel holds a doctorate degree in chemistry from RWTH Aachen University, Germany.

Mark Wilhelms *Deputy Chairman of the Supervisory Board*. Mark Wilhelms is the chief financial officer of Stabilus S.A, Luxemburg. With 35 years of experience in the automotive industry, Mr. Wilhelms joined Stabilus in 2009 from FTE Automotive, where he served as chief financial officer for six years. From 2007, he was also head of the NAFTA region at FTE. Prior to that, he held various positions at Ford in Cologne, Essex, Michigan and Belgium in an over 17-year career there. He holds a degree in Process Engineering (Dipl. Ing.) as well as a degree in Economics Engineering (Dipl. Wirtschaftsing.). Mr. Wilhelms was appointed to the management board of Stabilus S.A in 2014. Since August 2018 he has been a member of the supervisory board of NORMA Group SE and is a member of the audit committee, as well as the strategy committee.

Florian Schick *Member of the Supervisory Board*. Florian Schick was appointed as member of the advisory board of Novem in 2011 (Novem Beteiligungs GmbH 2011 – 2020 and Novem Group GmbH since 2020). Mr. Schick joined Bregal's London office in 2010 and has been with Bregal since 2015. Prior to that, Mr. Schick was a principal at TowerBrook Capital, Partners, an investment director at Englefield Capital and an engagement manager at McKinsey & Co. He began his career as a co-founder and a board member of Surplex AG, an online marketplace for industrial equipment. Mr. Schick graduated with a degree in law from the University of Munich (LMU) and received his MBA from INSEAD in Fontainebleau.

Philipp Struth *Member of the Supervisory Board*. Philipp Struth was appointed as member of the Group's advisory board in 2014 (Novem Beteiligungs GmbH 2014 – 2019 and Novem Group GmbH since 2020). Mr. Struth joined Bregal's London office in 2011 and has been with Bregal since 2016. Prior to that, he was an analyst with Bank of America Merrill Lynch in Frankfurt am Main. Mr. Struth has served on the boards of various Bregal portfolio companies such as proALPHA, PDV, SHD, LR, Aurigen, Ideal Stelrad, Decorum, GUS, Iptor and Actico. Mr. Struth holds a bachelor degree in business administration from the European Business School (EBS), Germany.

Natalie C. Hayday *Member of the Supervisory Board*. Natalie C. Hayday is a member of the supervisory board and the audit committee of Jost Werke AG. She is co-founder and managing director of 7Square GmbH, advising institutional and family investors on complex investment situations, especially in the context of public companies since 2018. She served as member of the supervisory board and member of the audit committee of LEG Immobilien AG from 2015 to 2021. From 2009 to 2018, she advised executives on investor communication strategies pertaining to corporate earnings, strategy changes, challenges and acquisitions and an advisor to H.E. Sheikh a Al Banawi of the Banawi Industrial Group. She started he career at UBS Warburg in 1997 as an analyst in the investment banking division and held various positions in the investment banking department of Goldman Sachs including executive director until 2009. Mrs. Hayday holds a bachelor degree in political science with a minor in economics from Wellesley College in Massachusetts.

11.2.2 Audit and Risk Committee

The Supervisory Board has established the Audit and Risk Committee which is responsible for the consideration and evaluation of all material questions concerning the auditing and accounting policies of the Group and its financial controls and systems, as well as questions concerning compliance matters, together with related recommendations to be made to the Supervisory Board. In accordance with the Audit Law, the Audit and Risk Committee shall in particular perform the following activities:

- inform the Supervisory Board of the outcome of the statutory audit and explain how the statutory audit contributed to the integrity of financial reporting and what the role of the Audit and Risk Committee was in that process;

- monitor the financial reporting drawing-up process and submit recommendations or proposals to ensure its integrity;

- monitor the effectiveness of the Company's internal quality control and risk management systems and, where applicable, its internal audit, regarding the financial reporting of the Company, without breaching its independence;

- monitor the statutory audit of the annual and consolidated financial statements, in particular, its performance, taking into account any findings and conclusions by the CSSF pursuant to Article 26(6) of Regulation (EU) No 537/2014;

- review and monitor the independence of the approved statutory auditor(s) (*réviseur(s) d'entreprises agréé(s)*), in particular the appropriateness of the provision of non-audit services to the audited entity in accordance with Article 5 of Regulation (EU) No 537/2014;

- be responsible for the procedure for the selection of the approved statutory auditor(s) (*réviseur(s) d'entreprises agréé(s)*) and recommend the approved statutory auditor(s) (*réviseur(s) d'entreprises agréé(s)*) except when Article 16(8) of Regulation (EU) No 537/2014 is applied.

The Audit and Risk Committee shall be composed of non-executive members of the Supervisory Board and/or members appointed by the general meeting of shareholders.

At least one member of the Audit and Risk Committee shall have competence in accounting and/or auditing.

The Audit and Risk Committee members as a whole shall have competence relevant to the sector in which the Company is operating.

A majority of the members of the Audit and Risk Committee shall be independent of the Company. The chairman of the Audit and Risk Committee shall be appointed by its members and shall be independent of the Company.

However, where all members of the Audit and Risk Committee are members of Supervisory Board, the Audit and Risk Committee shall be exempted from the independence conditions laid down in the previous paragraph.

The Audit and Risk Committee consists of three members Mark Wilhelms (chairman), Dr. Stephan Kessel and Natalie Hayday all of which are considered to be independent. The Audit and Risk Committee intends to meet up as often as necessary but at least quarterly.

11.2.3 Nomination and Remuneration Committee

The Nomination and Remuneration Committee is responsible for human resources related matters, including implementation of policies, appointments and releases of the members of the Management Board of the Company and proposing to the general shareholders' meeting suitable candidates for recommendation for election as members of the Supervisory Board. It also has responsibility for making recommendations to the Supervisory Board on the terms of appointment and the benefits of the Management Board of the Company for each financial year of the Company, as well as for making recommendations on bonus payments to be made to all employees based on recommendation from the Management Board.

The Nomination and Remuneration Committee consists of three members Dr. Stephan Kessel (chairman), Mark Wilhelms and Natalie Hayday. The Nomination and Remuneration Committee intends to meet at least once annually.

11.3 Compensation of the members of the Management Board

The compensation system for the Management Board members following the Listing has been approved by the Supervisory Board. It takes into account market best practice in Germany as well as in Luxembourg and is particularly aimed at aligning the Management Board members' compensation with the long-term development and success of the Company as well as with shareholders' interests.

11.3.1 Compensation structure

The annual compensation of the members of the Management Board consists of a base salary and performance-based variable compensation elements: a short term incentive ("**Short Term Incentive**") and a long term incentive ("**Long Term Incentive**"). In addition, members of the Management Board are entitled to fringe benefits and a company pension.

In order to promote the long-term and sustainable growth of the Company, the members of the Management Board participate in a Long Term Incentive (see *11.3.4 Long Term Incentive*).

11.3.2 Base salary

The members of the Management Board receive a fixed annual base salary in cash which is paid out in twelve equal monthly instalments and which is determined by taking into consideration the Management Board members' respective position and responsibilities.

11.3.3 Short Term Incentive

The Management Board members receive a Short Term Incentive in the form of an annual bonus. The amount of the annual bonus depends on a contractually defined target amount as well as on the achievement of predefined targets measured during a performance period of one fiscal year. Thereby, the target achievement depends on the financial figures Adjusted "Earnings before Interests and Taxes" (Adjusted EBIT) of the Company with a weighting of 70% and Adjusted Free Cashflow of the Company with a weighting of 30%; the target achievement can range between 0% and 200%. Additionally, the weighted target achievement of the financial figures is multiplied with a Modifier, which can range between 0.8 and 1.2. The Modifier reflects the achievement of individual performance, team performance of the management board and the achievement of stakeholder goals (including ESG targets). At the beginning of each fiscal year, the Supervisory Board sets target values for the Adjusted EBIT and the Adjusted Free Cashflow based on the budget planning of the Company and defines relevant goals for the Modifier. The overall payout is capped at 200% of the contractually agreed target amount.

11.3.4 Long Term Incentive

The Management Board members participate in a Long Term Incentive in the form of a performance share plan. The performance share plan is granted in annual tranches of virtual shares with a respective performance period of four years. The conditionally granted number of virtual shares is calculated by dividing a contractually defined target amount by the start share price of the Company (arithmetic mean of the closing prices during the last 60 trading days prior to the start of the performance period of the stock of the Company). In deviation from this, the start share price for the first tranche will be calculated based on the arithmetic mean of the 60 trading days following the Listing. The final number of virtual shares depends on the target achievement of the two financial figures relative total shareholder return (TSR) (70% weighting) and EBIT margin of the Group (30% weighting). Thereby, the target achievement of relative TSR and EBIT margin can range between 0% and 150%.

The target achievement for relative TSR is based on a comparison of the TSR of the Company with that of the constituents of the SDAX index. Firstly, the absolute TSR values of the Company as well as of each index constituent of the SDAX over the respective performance period are calculated. The absolute TSR value of each company equals the theoretical growth in value of a shareholding over the performance period, assuming that (gross) dividends are directly reinvested. Secondly, the absolute TSR values of the Company and each index constituent are sorted by size and receive a percentile rank. Finally, the percentile rank of the Company determines the target achievement of the relative TSR.

The target achievement of the EBIT margin of the Group is based on a comparison between the actual average EBIT margin during the performance period and a target value (corresponding to a target achievement of 100%) set by the Supervisory Board and based on the strategic planning of the Company.

In order to determine the payout in cash, the final number of virtual shares is multiplied by the Company end share price (arithmetic mean of the closing prices during the last 60 trading days prior to the end of the performance period of the stock of the Company) plus the sum of the dividends disbursed during the performance period. The payout is capped at 200% of the contractually agreed target amount.

11.3.5 Target compensation levels

The appropriateness of compensation levels of the members of the Management Board will be reviewed by the Supervisory Board at regular intervals. The levels of the target Management Board compensation are as follows:

- Günter Brenner, Chief Executive Officer,
    - Base salary: €580,000
    - Target amount Short Term Incentive: €250,000
    - Target amount Long Term Incentive: €375,000
- Dr. Johannes Burtscher, Chief Financial Officer,
    - Base salary: €480,000
    - Target amount Short Term Incentive: €180,000
    - Target amount Long Term Incentive: €270,000
- Christine Hollmann, Member of the Management Board and Director Financial Audit and Tax
    - Base salary: €120,000
    - Target amount Short Term Incentive: €25,000
    - Target amount Long Term Incentive: €20,000
- Frank Schmitt, Member of the Management Board and Director Consolidation and Internal Audit (working time at 80 %)
    - Base salary: €96,000
    - Target amount Short Term Incentive: €20,000
    - Target amount Long Term Incentive: €16,000

11.3.6 Pension

Günter Brenner and Dr. Johannes Burtscher are entitled to pension benefits in the form of a lifelong monthly pension, provided that they have reached the age of 60, or are incapacitated for work or occupation and have terminated their services for Novem Group GmbH. The monthly pension amounts to 20% of € 48,333.33 for Mr. Brenner and 20% of € 40,000 for Mr. Burtscher. The entitlements to the pension amounts are vested in full; further, they are not reduced pro-rated in case of a premature termination or any other termination of the service relationship before reaching the age of 60. In the event of death, the spouse shall receive a lifelong widow's pension amounting to 50% of the pension which the Management Board member was receiving or would have received if he had become incapacitated for work or occupation at the time of his death. This arrangement will lead to additional pension provisions in the first quarter of Fiscal Year 2021/22 of approximately €600 thousand. Christine Hollmann and Frank Schmitt are entitled to pension benefits based on a collective pension plan which provides for old-age pension benefits of EUR 10.23 per month, increased by EUR 2.56 for each eligible year of service. Their pension entitlements will, however, not accrue further following the Listing.

11.3.7 Fringe benefits

Management Board members are entitled to fringe benefits that include a death and disability insurance, a company car for business and private use and reimbursement of travel expenses and other appropriate expenses incurred by members of the Management Board in the business interest.

11.3.8 Malus and Clawback

The Short Term Incentive and Long Term Incentive are subject to Malus and Clawback clauses which allow the Supervisory Board to retain or reclaim a part or the entire variable compensation in cases of material breaches of a duty of care, a duty under their employment / service contracts or another material principle of action of the Company laid out in the Code of Conduct of the Company or its Compliance Guidelines. In addition, the Management Board members must repay any variable compensation already paid out if and to the extent it turns out after the payment that the audited and approved consolidated financial statement on which the calculation of the payment amount was based was incorrect. The Supervisory Board must make its decision within six months from the point the Supervisory Board obtained knowledge of the respective facts.

11.3.9 Share Ownership Guidelines and shareholdings of members of the Management Board

The Management Board members are obliged to acquire and to hold a certain amount of shares ("**Share Ownership Target**") during their entire appointment. The required amount of shares must be acquired within four years. Shares already held by a Management Board member also count towards meeting the Share Ownership Target. A Management Board member is free to buy shares at any time – under consideration of the Market abuse regulation and the Company´s insider trading rules– at its own discretion. The Share Ownership Target for the members of the Management Board is 200% of the gross base salary.

11.3.10 Post-Contractual Non-Compete Obligation

For a period of two years following the termination of the service agreements, Mr. Brenner and Mr. Burtscher are subject to certain non-compete obligations, including a prohibition from working for a company that is a competitor of the Novem Group. The post-contractual non-compete obligations entail an obligation of Novem Group GmbH to pay a non-compete compensation to Mr. Brenner and Mr. Burtscher for the duration of the two years post-contractual non-compete period. The compensation is to be paid in monthly instalments which amount to 50% of one twelfth of the last contractual compensation received. Novem Group GmbH can waive its right under the non-compete clause with the effect that the obligation to pay a non-compete compensation ceases six months after receipt of the declaration of the waiver by the member of the Management Board.

11.3.11 Compensation in the Fiscal Year ended March 31, 2021

All members of the Management Board were appointed after March 31, 2021. Accordingly, no member of the Management Board received any compensation from the Company during the financial year ended March 31, 2021. In the fiscal year ended March 31, 2021, the Company was not yet transformed into a Luxembourg public company limited by shares (*société anonyme*) and has not disclosed the individual compensation for each member of its management board.

11.4 Shareholdings of the members of the Management Board and Supervisory Board

11.4.1 Co-Investment Program

Several members of the Management Board and the Supervisory Board currently participate in a co-investment program ("**Co-Investment Program**") via profit participation rights ("**PPRs**") in the Selling Shareholder, consisting of Class-A PPRs ("**A-PPRs**") and Class-B PPRs ("**B-PPRs**"). A-PPRs entitle their holders to participate in the profits, the hidden reserves and the liquidation proceeds of the Selling Shareholder.

The B-PPRs entitle their holders to a certain compounding yield in the Selling Shareholder. Thus, the B-PPRs are treated similar to a loan granted by these persons.

11.4.2 Shareholdings by members of the Management Board

Concurrent to the Private Placement the members of the Management Board have acquired Shares from the Selling Shareholder. Upon delivery of such Shares on the Closing Date, Günter Brenner and Dr. Johannes Burtscher will each hold less then 1% of the Company’s Shares and Frank Schmitt and Christine Hollmann will each hold considerably less than 1% of the Company’s Shares.

Günter Brenner and Dr. Johannes Burtscher, indirectly hold A-PPRs in the Selling Shareholder through an investment in a limited partnership and are entitled to participate in the profits, the hidden reserves and the liquidation proceeds of the Selling Shareholder under the Co-Investment Program without holding shares or voting rights in the Company (see *2.8.13 Interests of parties participating in the Listing*).

11.4.3 Shareholdings by members of the Supervisory Board

Florian Schick and Philipp Struth hold indirect minority shareholdings in the Company over limited partnerships invested in certain Bregal Funds (see *8. Shareholder Information*). Other than that, no member of the Supervisory Board currently holds any direct or indirect participation in the Shares or voting rights. Dr. Stephan Kessel, directly and indirectly holds A-PPRs and B-PPRs in the Selling Shareholder under the Co-Investment Program. Florian Schick and Philipp Struth are also entitled to profits in certain Bregal Funds, including funds indirectly invested in Novem (so called “carried interest”).

11.5 Compensation of the members of the Supervisory Board

The extraordinary general shareholders’ meeting, which took place on June 30, 2021 passed a resolution regarding the compensation of the members of the Supervisory Board. The compensation of the members of the Supervisory Board consists of a fixed annual compensation for each Supervisory Board member and additional committee compensation in case of a committee membership.

11.5.1 Fixed compensation

Each member of the Supervisory Board (except Florian Schick and Philipp Struth who will not receive any compensation for their mandate as member of the Supervisoyry Board) receives a fixed compensation in the amount of EUR 40,000 for every full fiscal year of its membership in the Supervisory Board. The chairman of the Supervisory Board’s compensation amounts to 3.0 times the amount, i.e. EUR 120,000, and the deputy chairman of the Supervisory Board’s compensation amounts to 1.5 times the amount, i.e. EUR 60,000.

11.5.2 Committee compensation

In addition, the chairman of the Company’s audit & risk committee (“**Audit & Risk Committee**“) receives a compensation in the amount of EUR 30,000 per full fiscal year. The chairman of any other committee established by the Supervisory Board receives a compensation in the amount of EUR 20,000 per full fiscal year. Members of the Audit & Risk Committee receive a compensation in the amount of EUR 15,000 per full fiscal year and members of any other committee established by the Supervisory Board receive a compensation in the amount of EUR 10,000 per full fiscal year. This committee compensation is being granted in addition to an office bonus as chairman / deputy chairman of the Supervisory Board.

11.5.3 Directors’ and officers’ insurance

The Company maintains a directors’ and officers’ insurance for the members of the Supervisory Board at the Company’s cost.

11.5.4 Miscellaneous

The members of the Supervisory Board are entitled to reimbursement of their reasonable expenses (including, but not limited to, travel, board and lodging and telecommunication expenses). Expenses are reimbursed upon invoicing and evidence. In addition, the members of the Supervisory Board will be reimbursed for any value added tax accrued on compensation and expenses. The compensation system remains in force until it has been amended or terminated by the general shareholders' meeting of the Company. The members of the Supervisory Board are not entitled to benefits upon termination of employment.

11.6 Conflicts of Interest

There are no potential conflicts of interests between the private interests of the members of the Management Board and the Supervisory Board and their duties to the Issuer.

The members of the Management Board and the Supervisory Board have been appointed by the extraordinary General Shareholders' Meeting on June 30, 2021. Apart from that, there are no arrangements or understandings with major shareholders, customers, suppliers or others, pursuant to which the members of the Management Board and the Supervisory Board or other members of the senior management were selected.

11.7 Certain Information on the members of the Supervisory Board and the members of the Management Board

In 2018, Florian Schick, Philipp Struth, Günther Brenner and Johannes Burtscher were members of the facultative advisory board (*Beirat*) of Decorum GmbH (commercial name: SAM) at the time of the insolvency of Decorum GmbH, which was caused by a fire in a production plant. They do no longer hold these advisory board positions. Other than that, within the past five years no member of the Supervisory Board and no member of the Management Board was involved in any insolvency, insolvency administration, liquidation, or similar proceedings in their capacity as a member of any administrative, managing, or supervisory body or as senior executives. No member of the Supervisory Board and no member of the Management Board has, within the past five years, been deemed by a court or any other statutory or regulatory authority to be unfit for membership of an administrative, management, or supervisory body of a company, nor has any such person been deemed to be unfit to exercise management duties or to manage the business of an issuer.

The Company considers three of the members of the Supervisory Board, Dr. Stephan Kessel (chairman), Mark Wilhelms and Natalie Hayday, to be independent. The Company defines an "independent Supervisory Board member" to be an individual who is duly appointed or elected as a member of the Supervisory Board and who is not, and has never been for any part of the last three years, or in the case of item (3) below, for any part of the past two years, and will not, while serving as a member of the Supervisory Board be any of the following:

(1) a manager, senior manager or employee of the Company or of any of the Company's affiliates (other than as an independent member of the Supervisory Board or as a director or board of directors member of any of the Company's affiliates);

(2) a person who has received any money, compensation or other payment from the Company or of any of the Company's affiliates (including, without limitation, any of the Company's or any of the Company's affiliates' creditors, suppliers or service providers), except for (a) any person who has received any fees or compensation by virtue of being an independent board member or director, (b) any person who has received any dividends or other distributions as a registered holder of ordinary Shares, or (c) any person who has been appointed as an independent board member or director prior to the date of consummation of this Offering and who has received fees or compensation from the Company;

(3) a member, partner, equity holder, manager, director, senior manager or employee of the current or former auditor of the Company;

(4) a person that (a) has a conflicting interest with the Company as determined by a nomination committee or the Nomination and Remuneration Committee in good faith, (b) is a manager, director, senior manager or employee of any of the Company's competitors or (c) is a controlling shareholder of any of the Company's competitors or a manager, director, senior manager or employee thereof;

(5) the spouse, sibling, child, stepchild, grandchild, niece, nephew or parent of any person described in (1) to (4) above or the spouse of any such person; or

(6) any partner, employee or representative of a major shareholder.

There are no family relationships among the members of the Supervisory Board and/or Management Board.

No current member of the Company's Supervisory Board or of the Management Board has been convicted in relation to any fraudulent offenses, nor have they been officially publicly incriminated, and/or sanctioned by statutory or regulatory authorities (including designated professional bodies) or disqualified by a court from acting as a member of the administrative, management or supervisory bodies of an issuer or from acting in the management or conduct of the affairs of any issuer within the past five years.

11.8 General Shareholders' Meeting

Each Share entitles the holder thereof to attend all general meetings of the shareholders, either in person or by proxy, to address the general meeting of the shareholders and to exercise voting rights. Each Share entitles the holder to one vote at a general meeting of the shareholders. There is no minimum shareholding required to be able to attend or vote at a general meeting of the shareholders.

As long as the Shares are admitted to trading on a regulated market within a EU Member State, general meetings of the shareholders will be convened in accordance with the 1915 Company Act and the provisions of the Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders in general meetings of the shareholders of listed companies and implementing Directive 2007/36/EC of the European Parliament and of the Council of July 11, 2007 on the exercise of certain rights of shareholders in listed companies, as amended (the "**Luxembourg Shareholders' Rights Law**") and the Articles of Association.

To vote at meetings, shareholders entitled to vote must duly evidence their shareholdings as of the record date determined in accordance with the Luxembourg Shareholder Rights Law. A shareholder may act at any general meeting of the shareholders by appointing another person (who need not be a shareholder) as his/her/ its proxy in accordance with the provisions of the Luxembourg Shareholder Rights Law.

In accordance with Luxembourg Shareholder Rights Law, the convening notice is to be published at least thirty days before the day of the meeting in the Luxembourg Official Gazette (*Recueil Electronique des Sociétés et Associations*), and a Luxembourg newspaper and in media which may reasonably be relied upon for the effective dissemination of information to the public throughout the European Economic Area, and which is accessible rapidly and on a non-discriminatory basis. If a general meeting of the shareholders is adjourned for lack of quorum, provided that the convening requirements of the Luxembourg Shareholder Rights Law have been complied with and no new item has been added to the agenda, the 30 day period is reduced to a 17 day period.

These convening notices must, inter alia, contain the precise date and location of the general meeting of the shareholders and the proposed agenda. It must also set out the conditions for attendance and representation at the meeting.

Luxembourg law distinguishes between ordinary resolutions and extraordinary resolutions. Extraordinary resolutions relate to proposed amendments to the articles of association and certain other limited matters. All other resolutions are generally ordinary resolutions.

Extraordinary resolutions are generally required for any of the following matters, among others: (a) an increase or decrease of the authorized or issued share capital, (b) a limitation or exclusion of pre-emptive rights, (c) approval of a statutory merger or de-merger (scission) or certain other restructurings, (d) dissolution of the Company and (e) an amendment to the Articles of Association.

For any extraordinary resolutions to be considered at a general meeting of the shareholders, the quorum must generally be at least one-half of the Company's issued share capital to which voting rights are attached under the Articles of Association or Luxembourg law, unless otherwise provided by the Articles of Association or mandatorily required by law. If such quorum is not present, a second general meeting of the shareholders may be convened at a later date with no quorum according to the appropriate notification procedures.

Extraordinary resolutions must generally be adopted at a general meeting of the shareholders (except as otherwise provided by mandatory law or the Articles of Association) by a two-thirds majority of the votes validly cast on such resolution. Abstentions are not considered "votes." Except in case of a merger, a demerger or proceedings assimilated thereto by Articles 1024-1 and 1033-1 of the 1915 Companies Act, an amendment of the corporate object and purpose of the Company or its legal form requires in addition the approval by a general meeting of holders of bonds issued by the Company at the majority and quorum provided for by law (if applicable). Any increases of the commitments of shareholders are subject to the unanimous approval of all shareholders.

No quorum is required for any ordinary resolutions to be considered at a general meeting of the shareholders. Ordinary resolutions are adopted by a simple majority of votes validly cast on such resolution by shareholders present or represented, subject in certain circumstances to a different majority as required under the Articles of Association or Luxembourg law. Abstentions are not considered “votes”.

The Company’s annual general meeting of the shareholders shall be held within six (6) months of the end of the preceding financial year in Luxembourg at the registered office of the Company, or at such other place as may be specified in the convening notice of the meeting.

Other general meetings of the shareholders may be called as often as the interest of the Company demands and be held at such place and time as may be specified in the respective convening notice of the meeting.

If the entire issued share capital of the Company is represented at a general meeting of the shareholders, no convening notice is required for the meeting to be held and the proceedings at such general meeting of the shareholders will be deemed valid.

The Management Board is obliged to call a general shareholders’ meeting when a group of shareholders representing at least one-tenth of the issued and outstanding shares requests the convening of a general meeting of the shareholders in writing indicating the agenda of the proposed meeting. In accordance with the Luxembourg Shareholder Rights Law, shareholders holding individually or collectively at least 5% of the issued share capital of the Company (a) have the right to put items on the agenda of the general meeting of the shareholders and (b) have the right to table draft resolutions for items included or to be included on the agenda of the general meeting of the shareholders. Those rights shall be exercised by the request in writing of the relevant shareholders submitted to the Company by postal services or electronic means. The request must be accompanied by a justification or a draft resolution to be adopted in the general meeting of the shareholders and shall include the electronic or mailing address at which the Company can acknowledge receipt of the request. Any such request from shareholders must be received by the Company not later than on the twenty-second day prior to the date of the general meeting of the shareholders.

11.8.1 Information rights

In accordance with the Luxembourg Shareholder Rights Law, the Company shall make available to its shareholders on its website for a continuous period beginning on the day of publication of the convening notice of the general meeting (which must be at least 30 days prior to the meeting) and including the day of the general meeting of the shareholders, inter alia, such documents which need to be submitted to the general meeting of the shareholders and the convening notice. Shareholders may upon request obtain a copy of the full, unabridged text of the documents to be submitted to the general meeting of the shareholders by electronic means or at the registered office of the Company.

In accordance with the Luxembourg Shareholder Rights Law, shareholders have the right to ask questions at the general meetings of the shareholders related to items on the agenda. The right to ask questions and the obligation of the Company to answer are subject to the measures to be taken by the Company to ensure the identification of shareholders, the good order of the general meeting of the shareholders and its preparation as well as the protection of confidentiality and business interests of the Company.

11.9 Corporate Governance

As a Luxembourg public company limited by shares (*société anonyme*), the shares of which will be traded on a regulated market in Germany after the listing, the Company is neither required to adhere to the Luxembourg corporate governance regime applicable to companies that are traded in Luxembourg nor to the German corporate governance regime applicable to stock corporations organized in Germany.

Although neither the Luxembourg nor the German corporate governance regime is applicable, the Company has decided to follow, on a voluntary basis, to a certain extent, the rules of the German Corporate Governance Code. However, certain rules will apply to the Company only to the extent allowed by Luxembourg corporate law and subject to certain reservations stemming from the Company’s corporate structure.

The Company has especially established an Audit and Risk Committee in conformity with the recommendations in items C.10, D.3, D.9, D.10 and D.11 of the German Corporate Governance Code, which is required by the rules of the DAX indices in order to allow for a possible future inclusion of the Company in any of the DAX indices (DAX, MDAX, SDAX).

12. CERTAIN RELATIONSHIPS AND RELATED-PARTY TRANSACTIONS

In accordance with IAS 24, transactions with persons or companies which are, inter alia, members of the same group as the Company or which are in control of or controlled by the Company must be disclosed, unless they are already included as consolidated companies in the Company's audited financial statements. Control exists if a shareholder owns more than one half of the voting rights in the Company or, by virtue of an agreement, has the power to control the financial and operating policies of the Company's management. The disclosure requirements under IAS 24 also extend to transactions with associated companies (including joint ventures) as well as transactions with persons who have significant influence on the Company's financial and operating policies, including close family members and intermediate entities. This includes the members of the Management Board and close members of their families, as well as those entities over which the members of the Management Board or their close family members are able to exercise a significant influence or in which they hold a significant share of voting rights.

Set forth below is an overview of such transactions with related parties for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019, as well as for the current fiscal year up to and including the date of this Prospectus. Further information of related party transactions, including quantitative amounts, are contained in the notes to the Audited Consolidated Financial Statements, which are included in the section "Financial Information" of this Prospectus on page F-2 et seqq. Business relationships between companies of the Novem Group are not included.

12.1 Cost Sharing and Indemnity Agreement

The Company and the Shareholders are parties into an agreement regarding their cooperation relating to the preparation of the Private Placement and Listing (the "**Cost Sharing and Indemnity Agreement**"). The Shareholders have agreed that they will reimburse the Company for all external costs incurred in connection with the preparation and the execution of the Private Placement and Listing. The costs for which the Shareholders will reimburse the Company include legal, auditor and other advisors' fees as well as expenses, for which the Company has agreed to reimburse the Underwriters. The obligation of the Shareholders to reimburse the Company remain unaffected if the Private Placement and Listing is postponed or terminated. The Shareholders have also agreed to indemnify the Company from any potential liability in connection with the Private Placement and Listing, including for any reasonable legal costs and expenses. Furthermore, the Company has agreed that upon indemnification by the Shareholders and to the extent legally permissible, it will assign certain claims the Company may have against members of the Management Board or the Supervisory Board or third parties to the Selling Shareholders.

12.2 Financial liabilities to shareholders

As of March 31, 2021, we had financial liabilities to shareholders due on December 31, 2024, in the amount of €461,885 thousand. These liabilities are unsecured and are charged interest at a rate of 6.00%. Owing to their subordination, the shareholders' claims in the event of liquidation have the character of equity.

On July 14, 2021, Automotive Investments has further resolved to contribute the shareholder loan receivable created in connection with the declaration of the dividend in 2019 into the capital reserves of the Company. For further information of the capitalization of the Company prior and following the Listing, see *4.1 Capitalization*.

13. TAXATION

13.1 Warning on tax consequences

The tax laws of any jurisdiction with authority to impose taxes on the Company's shareholders and the tax laws of the Company's country of incorporation, the Grand Duchy of Luxembourg, may have an impact on the income received from the Shares.

13.2 Taxation in Luxembourg

The following information is based on the laws, regulations, decisions and practice currently in force in Luxembourg and is subject to changes therein, possibly with retrospective effect. This tax section is a short summary of certain Luxembourg tax principles that may be or may become relevant with respect to the acquisition, holding or disposing of the Shares in the Company. IT DOES NOT PURPORT TO BE A COMPREHENSIVE DESCRIPTION OF ALL LUXEMBOURG TAX LAWS AND CONSIDERATIONS THAT MAY BE RELEVANT TO A DECISION TO ACQUIRE, OWN, HOLD, OR DISPOSE OF SHARES. IT DOES NOT CONSTITUTE AND SHOULD NOT BE CONSIDERED AS TAX ADVICE TO ANY PARTICULAR SHAREHOLDER OR POTENTIAL SHAREHOLDER. Prospective Shareholders should consult their own professional advisers as to the implications of buying, holding or disposing of Shares and to the provisions of the laws of the jurisdiction in which they are subject to tax. This summary does not describe any tax consequences arising under the laws of any state, locality or other taxing jurisdiction other than Luxembourg.

13.2.1 Taxation of the Company

<u>**Income Tax**</u>

From a Luxembourg tax perspective, Luxembourg companies are considered as being resident in Luxembourg provided that they have either their registered office or their central administration in Luxembourg.

The Company is a fully taxable Luxembourg company. The net taxable profit of the Company is subject to corporate income tax ("**CIT**") and municipal business tax ("**MBT**") at ordinary rates in Luxembourg.

As from fiscal year 2019, the maximum aggregate CIT and MBT rate amounts to 24.94% (including the solidarity surcharge for the employment fund) for companies located in the municipality of Luxembourg. Liability to such corporation taxes extends to the Company's worldwide income (including capital gains), subject to the provisions of any relevant double taxation treaty. The taxable income of the Company is computed by application of all rules of the Luxembourg income tax law of December 4, 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities ("**LIR**"). The taxable profit as determined for CIT purposes is applicable, with minor adjustments, for MBT purposes. Under certain conditions, dividends received by the Company from qualifying participations and capital gains realized by the Company on the sale of such participations, may be exempt from Luxembourg corporation taxes under the Luxembourg participation exemption regime. A tax credit is generally granted for withholding taxes levied at source within the limit of the tax payable in Luxembourg on such income, whereby any excess withholding tax is not refundable (but may be deductible under certain conditions).

Under the participation exemption regime (subject to the relevant anti-abuse rules), dividends derived from shares may be exempt from corporation taxes if (i) the distributing company is a qualified subsidiary ("**Qualified Subsidiary**") and (ii) at the time the dividend is put at the Company's disposal, the latter holds or commits itself to hold for an uninterrupted period of at least 12 months shares representing either (a) a direct participation of at least 10% in the share capital of the Qualified Subsidiary or (b) a direct participation in the Qualified Subsidiary of an acquisition price of at least €1.2 million ("**Qualified Shareholding**"). A Qualified Subsidiary means notably (a) a company covered by Article 2 of the Council Directive 2011/96/EU dated November 30, 2011 (the "**Parent-Subsidiary Directive**") or (b) a non-resident capital company (*société de capitaux*) liable to a tax corresponding to Luxembourg CIT. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions.

If the conditions of the participation exemption regime are not met, dividends derived by the Company from Qualified Subsidiary may be exempt for 50 % of their gross amount.

Capital gains realized by the Company on shares are subject to CIT and MBT at ordinary rates, unless the conditions of the participation exemption regime are satisfied. Under the participation exemption regime (subject to the relevant anti-abuse rules), capital gains realized on shares may be exempt from corporation taxes at the level of the Company (subject to the recapture rules) if at the time the capital gain is realized, the Company holds for an uninterrupted period of at least 12 months shares representing a direct participation in the share capital of the Qualified Subsidiary (i) of at least 10% or of (ii) an acquisition price of at least €6 million. Taxable gains are determined as being the difference between the price for which shares have been disposed of and the lower of their cost or book value.

For the purposes of the participation exemption regime, shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in transparent entity.

Net Worth Tax

The Company is as a rule subject to Luxembourg net worth tax ("**NWT**") on its net assets as determined for net worth tax purposes. NWT is levied at the rate of 0.5% on net assets not exceeding €500 million and at the rate of 0.05% on the portion of net assets exceeding €500 million. Net worth is referred to as the unitary value (*valeur unitaire*), as determined at 1 January of each year. The unitary value is in principle calculated as the difference between (i) assets estimated at their fair market value (*valeur estimée de réalisation*), and (ii) liabilities.

Under the participation exemption regime, a Qualified Shareholding held by the Company in a Qualified Subsidiary is exempt for NWT purposes.

As from January 1, 2016, a minimum NWT ("**MNWT**") levied on companies having their statutory seat or central administration in Luxembourg. For entities for which the sum of fixed financial assets, transferable securities and cash at bank exceeds 90% of their total gross assets and €350,000, the MNWT is set at €4,815. For all other companies having their statutory seat or central administration in Luxembourg which do not fall within the scope of the €4,815 MNWT, the MNWT ranges from €535 to €32,100, depending on their total balance sheet.

Other Taxes

The incorporation of the Company as well as further share capital increase or other amendment to the articles of incorporation of the Company are subject to a fixed registration duty of €75.

Withholding Taxes

Dividends paid by the Company to its shareholders are generally subject to a 15% withholding tax in Luxembourg, unless a reduced treaty rate or the participation exemption applies. Under certain conditions, a corresponding tax credit may be granted to the shareholders. Responsibility for the withholding of the tax is assumed by the Company.

A withholding tax exemption applies under the participation exemption regime (subject to the relevant anti-abuse rules), if cumulatively (i) the shareholder is an eligible parent ("**Eligible Parent**") and (ii) at the time the income is made available, the Eligible Parent holds for an uninterrupted period of at least 12 months a Qualified Shareholding in the Company. Holding a participation through a tax transparent entity is deemed to be a direct participation in the proportion of the net assets held in this entity. An Eligible Parent includes notably (a) a fully taxable resident joint-stock company not listed in article 166 paragraph 10 LITL ("**Luxembourg Eligible Parent**"), (b) a company covered by Article 2 of the Parent-Subsidiary Directive or a Luxembourg permanent establishment thereof, (c) a company resident in a State having a double tax treaty with Luxembourg and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof, (d) a capital company (*société de capitaux*) or a cooperative company (*société coopérative*) resident in a Member State of the EEA other than an EU Member State and liable to a tax corresponding to Luxembourg CIT or a Luxembourg permanent establishment thereof or (e) a Swiss capital company (*société de capitaux*) which is subject to CIT in Switzerland without benefiting from an exemption.

No withholding tax is levied on capital gains and liquidation proceeds.

13.2.2 Taxation of the Shareholders

13.2.2.1 *Tax Residency of the Shareholders*

A shareholder will not become resident, nor be deemed to be resident, in Luxembourg solely by virtue of holding and/or disposing of Offer Shares or the execution, performance, delivery and/or enforcement of his/her rights thereunder.

13.2.2.2 *Income Tax*

For the purposes of this paragraph, a disposal may include a sale, an exchange, a contribution, a redemption and any other kind of alienation of the participation.

<u>Luxembourg Resident Shareholders</u>

<u>Luxembourg Resident Individuals</u>

Dividends and other payments derived from the Offer Shares held by resident individual shareholders, who act in the course of the management of either their private wealth or their professional/business activity, are subject to income tax at the ordinary progressive rates. Under current Luxembourg tax laws, 50% of the gross amount of dividends received by resident individuals from the Company may however be exempt from income tax. Luxembourg withholding tax on dividends paid by the Company to a resident individual shareholder may entitle such resident individual shareholder to a credit tax for the tax withheld.

Capital gains realized on the disposal of the Offer Shares by resident individual shareholders, who act in the course of the management of their private wealth, are not subject to income tax, unless said capital gains qualify either as speculative gains or as gains on a substantial participation. Capital gains are deemed to be speculative if the Offer Shares are disposed of within six months after their acquisition or if their disposal precedes their acquisition.

Speculative gains are subject to income tax as miscellaneous income at ordinary rates. A participation is deemed to be substantial where a resident individual shareholder holds or has held, either alone or together with his/her spouse or partner and/or minor children, directly or indirectly at any time within the five years preceding the disposal, more than 10% of the share capital of the Company ("Substantial Participation"). A shareholder is also deemed to alienate a Substantial Participation if he acquired free of charge, within the five years preceding the transfer, a participation that was constituting a Substantial Participation in the hands of the alienator (or the alienators in case of successive transfers free of charge within the same five-year period). Capital gains realized on a Substantial Participation more than six months after the acquisition thereof are taxed according to the half-global rate method (i.e., the average rate applicable to the total income is calculated according to progressive income tax rates and half of the average rate is applied to the capital gains realized on the Substantial Participation).

Capital gains realized on the disposal of the Offer Shares by resident individual shareholders, who act in the course of their professional/business activity, are subject to income tax at ordinary rates. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

<u>Luxembourg Resident Companies</u>

Dividends and other payments derived from the Offer Shares held by Luxembourg resident fully taxable companies are subject to corporation taxes, unless the conditions of the participation exemption regime are satisfied. If the conditions of the participation exemption regime are not met, 50% of the dividends distributed by the Company to a Luxembourg fully taxable resident company are nevertheless exempt from income tax.

Under the participation exemption regime, dividends derived from the Offer Shares may be exempt from CIT and MBT at the level of the shareholder if (i) the shareholder is an Luxembourg Eligible Parent and (ii) at the time the dividend is put at the shareholder's disposal, the latter holds or commits itself to hold for an uninterrupted period of at least 12 months a shareholding representing a direct participation of at least 10% in the share capital of Company or a direct participation in the Company of an acquisition price of at least €1.2 million. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Capital gains realized by a Luxembourg Eligible Parent on the disposal of the Offer Shares are subject to corporation taxes at ordinary rates, unless the conditions of the participation exemption regime are satisfied. Under the participation exemption regime, capital gains realized on the Offer Shares may be exempt from CIT and MBT (save for the recapture rules) at the level of the shareholder if cumulatively (i) the shareholder is a Luxembourg Eligible Parent and (ii) at the time the capital gain is realized, the shareholder holds for an uninterrupted period of at least 12 months shares representing either (a) a direct participation of at least 10% in the share capital of the Company or (b) a direct participation in the Company of an acquisition price of at least €6 million. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

For the purposes of the participation exemption regime, shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the transparent entity.

Luxembourg resident companies benefiting from a special tax regime

A shareholder who is a Luxembourg resident company benefiting from a special tax regime, such as (i) a specialized investment fund governed by the amended law of February 13, 2007, as amended, (ii) a family wealth management company governed by the law of May 11, 2007, as amended, (iii) an undertaking for collective investment governed by the law of December 17, 2010, as amended, or (iv) a reserved alternative investment fund treated as a specialized investment fund for Luxembourg tax purposes and governed by the law of July 23, 2016 is exempt from income tax in Luxembourg and profits derived from the shares are thus not subject to tax in Luxembourg.

Luxembourg non-resident Shareholders

Non-resident shareholders, who have neither a permanent establishment nor a permanent representative in Luxembourg to which or whom the Offer Shares are attributable, are not liable to any Luxembourg income tax, whether they receive payments of dividends or realize capital gains on the disposal of the Offer Shares, except with respect to capital gains under certain circumstances (subject to the provisions of any relevant double tax treaty) and except for the withholding tax mentioned above.

Non-resident shareholders having a permanent establishment or a permanent representative in Luxembourg to which or whom the shares are attributable, must include any income received, as well as any gain realized on the disposal of the Offer Shares, in their taxable income for Luxembourg tax assessment purposes, unless the conditions of the participation exemption regime, as described below, are satisfied. If the conditions of the participation exemption regime are not fulfilled, 50% of the gross amount of dividends received by a Luxembourg permanent establishment or permanent representative are however exempt from income tax. Taxable gains are determined as being the difference between the price for which the shares have been disposed of and the lower of their cost or book value.

Under the participation exemption regime, dividends derived from the Offer Shares may be exempt from corporation taxes if cumulatively (i) the Offer Shares are attributable to a qualified permanent establishment ("**Qualified Permanent Establishment**") and (ii) at the time the dividend is put at the disposal of the Qualified Permanent Establishment, it holds or commits itself to hold a Qualified Shareholding in the Company. A Qualified Permanent Establishment means (a) a Luxembourg permanent establishment of a company covered by Article 2 of the Parent-Subsidiary Directive, (b) a Luxembourg permanent establishment of a capital company (*société de capitaux*) resident in a State having a double tax treaty with Luxembourg and (c) a Luxembourg permanent establishment of a capital company (*société de capitaux*) or a cooperative company (*société coopérative*) resident in a Member State of the EEA other than an EU Member State. Liquidation proceeds are assimilated to a received dividend and may be exempt under the same conditions. Offer Shares held through a tax transparent entity are considered as being a direct participation proportionally to the percentage held in the transparent entity.

Under the participation exemption regime, capital gains realized on the Offer Shares may be exempt from income tax (save for the recapture rules) if cumulatively (i) the Offer Shares are attributable to a Qualified Permanent Establishment and (ii) at the time the capital gain is realized, the Qualified Permanent Establishment holds for an uninterrupted period of at least 12 months shares representing either (a) a direct participation in the share capital of the Company of at least 10% or (b) a direct participation in the Company of an acquisition price of at least €6 million.

Under Luxembourg tax laws currently in force (subject to the provisions of double taxation treaties), capital gains realized by a Luxembourg non-resident shareholder (not acting via a permanent establishment or a permanent representative in Luxembourg through which/whom the Offer Shares are held) are not taxable in Luxembourg unless (a) the shareholder holds a Substantial Participation in the Company and the disposal of the Offer Shares takes place less than six months after the Offer Shares were acquired or (b) the shareholder has been a former Luxembourg resident for more than fifteen years and has become a non-resident, at the time of transfer, less than five years ago.

13.2.2.3 ***Net Worth Tax***

A Luxembourg resident as well as a non-resident who has a permanent establishment or a permanent representative in Luxembourg to which the Offer Shares are attributable, are subject to Luxembourg NWT (subject to the application of the participation exemption regime) on such Offer Shares, except if the shareholder is (i) a resident or non-resident individual taxpayer, (ii) a securitization company governed by the law of March 22, 2004, as amended, (iii) a company governed by the law of June 15, 2004 on venture capital vehicles, as amended, (iv) a professional pension institution governed by the law of July 13, 2005, as amended, (v) a specialized investment fund governed by the law of February 13, 2007, as amended, (vi) a family wealth management company governed by the law of May 11, 2007, as amended, (vii) an undertaking for collective investment governed by the law of December 17, 2010, as amended, or (viii) a reserved alternative investment fund governed by the law of July 23, 2016.

However, (i) a securitization company governed by the amended law of March 22, 2004 on securitization, (ii) a company governed by the amended law of June 15, 2004 on venture capital vehicles (iii) a professional pension institution governed by the amended law dated July 13, 2005 and (iv) an opaque reserved alternative investment fund treated as a venture capital vehicle for Luxembourg tax purposes and governed by the law of July 23, 2016 remain subject to the MNWT.

13.2.2.4 ***Other Taxes***

Under current Luxembourg tax laws, no registration tax or similar tax is in principle payable by the shareholder upon the acquisition, holding or disposal of the Offer Shares.

No inheritance tax is levied on the transfer of the Offer Shares upon death of a shareholder in cases where the deceased was not a resident of Luxembourg for inheritance tax purposes at the time of his/her death.

Gift tax may be due on a gift or donation of the shares, if the gift is recorded in a Luxembourg notarial deed or otherwise registered in Luxembourg.

13.3 Taxation in Germany

The following section outlines certain key German tax principles that may be relevant with respect to the acquisition, holding or transfer of shares in the Company. It is important to note that the legal situation may change, possibly with retroactive effect. This summary is not and does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to shareholders of the Company. In particular, this summary does not cover tax considerations that may be relevant to a shareholder that is a tax resident of a jurisdiction other than Germany. This presentation is based upon domestic German tax laws in effect as of the date of this Prospectus and the provisions of double taxation treaties currently in force between Germany and other countries.

This section does not replace the need for individual shareholders of the Company to seek personal tax advice. It is therefore recommended that shareholders consult their own tax advisors regarding the tax implications of acquiring, holding or transferring Shares and what procedures are necessary to secure the repayment of German withholding tax (Kapitalertragsteuer), if possible. Only qualified tax advisors are in a position to adequately consider the particular tax situation of individual shareholders.

13.3.1 Taxation of Shareholders Tax Resident in Germany

13.3.1.1 ***Taxation of Dividend Income***

Shares held as Non-Business Assets

Dividends received by a shareholder who is subject to an unlimited tax liability in Germany and holds his or her shares as non-business assets are, as a general rule, taxed as capital investment income (*Einkünfte aus*

Kapitalvermögen) and, as such, subject to a 25% flat tax plus 5.5% solidarity surcharge thereon resulting in an aggregate tax rate of 26.375% ('flat tax regime', *Abgeltungsteuer*), plus church tax, if applicable.

If the shares are held in a custodial account with a German resident credit institution, financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including in each case a German branch of such foreign institution), a securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a securities trading bank (*inländische Wertpapierhandelsbank*) (the "**German Disbursing Agent**") (*inländische auszahlende Stelle*) the German Disbursing Agent generally withholds German tax at a rate of 25% (plus 5.5% solidarity surcharge thereon and, if applicable, church tax) on the gross amount of the dividends paid by the Company. However, the German Disbursing Agent must reduce the amount of the German withholding tax by the amount of tax withheld in Luxembourg. The German tax resident individual's personal income tax liability with respect to dividends is generally satisfied through the withholding. To the extent withholding tax has not been levied, such as in the case of shares kept in custody abroad, the shareholder must report his or her income derived from the shares on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable). Shareholders who are subject to an unlimited tax liability in Germany and hold their shares as non-business assets may provide to the German Disbursing Agent either a non-assessment certificate (*Nichtveranlagungsbescheinigung*) issued by their competent local tax office or an exemption declaration (*Freistellungsauftrag*) in the maximum amount of the saver's allowance (*Sparer-Pauschbetrag*) of EUR 801 (or, for couples and for partners in accordance with the registered partnership law (*Gesetz über die Eingetragene Lebenspartnerschaft*) filing jointly, EUR 1,602).

Shareholders may be liable for church tax, which is generally deducted by way of withholding by the German Disbursing Agent, unless the shareholder has filed a blocking notice (*Sperrvermerk*) with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*). Where church tax is not levied by way of withholding, it is determined by means of an income tax assessment.

If and to the extent funds from the tax contribution account (*steuerliches Einlagekonto*) are declared to be used for the distribution, the distribution is generally not taxable and, therefore, not subject to withholding tax or income tax (including solidarity surcharge and church tax if applicable), however provided that the Company applies for a special assessment procedure with the German Federal Central Tax Office (*Bundeszentralamt für Steuern*) and subject to further prerequisites.

The individual shareholder is taxed on his or her aggregate capital investment income, less the saver's allowance. Income-related expenses are not tax-deductible. Private investors can apply to have their investment income assessed in accordance with the general rules on determining the individual tax rate of the shareholder if this results in a lower tax, but even in this case, income-related expenses are not tax-deductible. Further, in such a case, tax withheld in Luxembourg can (to the extent of the applicable treaty rate) generally be credited against the German tax liability on the Luxembourg dividends received by the German tax resident individual. The current double tax treaty between Germany and Luxembourg does not provide for a reduction of Luxembourg withholding tax on dividends for individuals below the 15% Luxembourg domestic withholding tax rate.

Individual shareholders who privately hold, directly or indirectly, an interest of at least 25% in the Company, and shareholders who privately hold, directly or indirectly, at least 1% in the Company and work for the Company, and thereby are able to exert a significant influence on the companies economic activity, may, in principle, elect an exemption from the flat tax regime. In this case, 60% of the dividends paid to the shareholder are subject to income tax according to the applicable rate plus solidarity surcharge (plus church tax, if any, for which, however, the 40% tax exemption does not apply) thereon. Expenses incurred in connection with dividend income are then generally 60% tax-deductible. The levied withholding tax is offset against the income tax and any excess withholding tax is refunded.

Shares held as Business Assets

If the shares form part of a German business (including a German permanent establishment of a foreign business investor), the taxation of dividends differs depending on whether the shareholder is a corporation, a sole proprietor or a partnership. The flat tax regime does not apply to dividends paid on shares held by a German tax resident shareholder as business assets.

Corporations

For corporations subject to an unlimited CIT liability in Germany, dividends are, as a general rule, effectively 95% tax exempt from CIT (including solidarity surcharge). 5% of the dividend income is deemed to be non-deductible business expenses and, as such, is subject to CIT plus solidarity surcharge. However, dividends received by a shareholder holding a participation of less than 10% in the share capital of the Company at the beginning of the calendar year (a "**Portfolio Participation**") (*Streubesitzbeteiligung*) are not exempt in the amount of 95% from CIT (including solidarity surcharge thereon). Participations of at least 10% acquired during a calendar year are deemed to be acquired at the beginning of the calendar year. Participations held through a partnership that is a partnership being engaged or deemed to be engaged in a business ("**Co-Entrepreneurship**") (*Mitunternehmerschaft*) are attributable to the shareholders pro rata in the amount of their participations. Distributions that are made using funds from the tax contribution account (*steuerliches Einlagekonto*) are generally, subject to certain prerequisites, not taxable.

For trade tax purposes, dividends paid by a corporation resident outside of Germany are only exempt as described above if the entity that is receiving the dividends held a stake of at least 15% in the share capital of the relevant corporation at the beginning of the assessment period. Otherwise, the dividends will be fully subject to trade tax.

Tax withheld on the dividends in Luxembourg is generally not creditable against the CIT liability of the corporate shareholder in Germany. However, it should (to the extent of the applicable treaty rate) generally be creditable against CIT imposed on Luxembourg capital investment income to the extent it relates to dividends from Portfolio Participations.

Even if the Shares are held in a custodial account with a German Disbursing Agent, there is generally no German withholding tax on dividends paid by the Company to a corporate shareholder.

Sole proprietors (individuals)

Where the Shares are held as business assets by an individual who is subject to unlimited tax liability in Germany, 60% of the dividends are taxed at the applicable individual income tax rate plus 5.5% solidarity surcharge on such income tax ('partial income taxation method', *Teileinkünfteverfahren*), plus church tax, if applicable. Correspondingly, only 60% of any business expenses related to the dividends may be deducted for income tax purposes. Dividends are fully subject to trade tax, unless the sole proprietor holds at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. In this case, the net amount of the dividend (i.e. after deduction of the business expenses directly connected to it) is exempt from trade tax. In general, business expenses are deductible for trade tax purposes but certain restrictions may apply. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder. Distributions that are made using funds from the tax contribution account (*steuerliches Einlagekonto*) are generally, subject to certain prerequisites, not taxable.

Tax withheld in Luxembourg should (to the extent of the applicable treaty rate) be creditable against the German personal income tax liability with respect to the dividend income.

If the shares are held in a custodial account with a German Disbursing Agent, the German Disbursing Agent is not obliged to withhold German tax on dividends paid by the Company provided that the individual certifies to the German Disbursing Agent on an officially prescribed form that the dividends constitute business income of a German business.

Partnerships

If the shareholder is a Co-Entrepreneurship, the individual income tax or CIT is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above under "Corporations" and "Sole proprietors (individuals)" apply accordingly. Trade tax, however, is assessed and levied at the level of the partnership if the shares are attributable to a permanent establishment of a commercial business of the partnership in Germany; this applies irrespective of whether the dividends are attributable to individual partners or corporate partners.

Distributions that are made using funds from the tax contribution account (*steuerliches Einlagekonto*) are generally, subject to certain prerequisites, not taxable.

Due to a lack of case law and administrative guidance, it is currently unclear how the rules for the taxation of dividends from Portfolio Participations (see "*Corporations*" above) might impact the trade tax treatment at the level of the partnership. Shareholders are strongly advised to consult their individual tax advisors. The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the shareholder's individual income tax on a lump-sum basis.

The creditability of the tax withheld in Luxembourg against the German corporate or personal income tax depends on whether the partner is a corporation or an individual. If the partner is a corporation, the principles explained for corporations above apply (see "*Corporations*" above). If the partner is an individual, the principles explained for individuals above apply (see "*Sole proprietors (individuals)*" above).

If the shares are held in a custodial account with a German Disbursing Agent, no German withholding tax arises provided that the partnership certifies to the German Disbursing Agent on an officially prescribed form that the dividends constitute business income of a German business.

13.3.1.2 *Taxation of Capital Gains*

Shares held by Individual Shareholders as Non-Business Assets

Capital gains from the sale of shares which an individual shareholder holds as non-business assets are generally subject to a 25% flat tax (plus 5.5% solidarity surcharge thereon, resulting in an aggregate withholding tax rate of 26.375%), plus church tax, if applicable. Losses from the sale of such shares can only be used to offset capital gains from the disposal of shares in stock corporations during the same year or in subsequent years. The amount of the taxable capital gain from the sale is the difference between (a) the proceeds from the sale and (b) the cost of acquisition of the shares and the expenses directly related to the sale. Income-related expenses may not be deducted from capital gains. If the shares are deposited with or administered by a German Disbursing Agent, the tax on the capital gains is generally settled by way of withholding through the German Disbursing Agent which is required to deduct a withholding tax of 26.375% (including solidarity surcharge), plus church tax, if applicable, of the capital gains from the sale proceeds and remit it to the tax authority. To the extent withholding tax has not been levied, such as in the case of shares kept in custody abroad, the shareholder must report his or her income derived from the shares on his or her tax return and then will also be taxed at a rate of 25% (plus solidarity surcharge and church tax thereon, where applicable).

If, however, a shareholder, or in the case of a gratuitous acquisition, the shareholder's legal predecessor, directly or indirectly held at least one percent of the share capital of the Company at any time during the five years preceding the sale of shares (a "**Qualified Participation**"), the flat tax regime does not apply and, rather, 60% of any capital gain resulting from the sale is taxable as business income at the shareholder's individual income tax rate plus 5.5% solidarity surcharge (and church tax, if applicable) on such income tax. Conversely, 60% of a capital loss from the disposal of the shares is generally recognized for tax purposes. Withholding tax is also deducted by a German Disbursing Agent in the case of a Qualified Participation, but this does not have the effect of a settlement of the shareholder's tax liability. Upon the shareholder's assessment to income tax, the withheld and remitted tax is credited against the individual income tax liability. To the extent that the amounts withheld exceed the individual income tax liability of the shareholder, they will be refunded.

Shares held as Business Assets

Gains on the disposal of shares held by an individual or corporation as business assets are in principle not subject to the 25% flat tax plus 5.5% solidarity surcharge thereon (and church tax, if applicable). Withholding tax must only be withheld in the case of a German Disbursing Agent. The tax withheld, however, is not considered to be final as under the flat tax regime. The amount of tax withheld is credited against the shareholder's individual or CIT liability and any amounts withheld in excess of such individual or CIT liability will be refunded. Even if the shares are held in a custodial account with a German Disbursing Agent, there is generally no German withholding tax (i) in the case of a corporate shareholder, or (ii) if the shareholder holds the shares as assets of a business in Germany and certifies this on an officially prescribed form to the German Disbursing Agent. If a German Disbursing Agent nonetheless withholds tax on capital gains, the tax withheld and remitted (including solidarity surcharge, and church tax, if applicable) will be credited against the individual income tax or CIT tax liability and any excess amount will be refunded.

The taxation of capital gains from the disposal of shares held as business assets depends on whether the shareholder is a corporation, a sole proprietor or a partnership.

Corporations

For corporations subject to an unlimited CIT liability in Germany, capital gains from the sale of shares are, as a general rule and currently irrespective of any holding period or percentage level of participation, effectively 95% exempt from CIT (including solidarity surcharge) and trade tax. 5% of the capital gains is deemed to be non-deductible business expenses and, as such, is subject to CIT plus solidarity surcharge; business expenses actually incurred in connection with the capital gains from a tax perspective are generally tax-deductible. Losses from the sale of shares and other reductions in profit in connection with the shares are generally not deductible for CIT and trade tax purposes. Capital gains are, irrespective of the percentage level of shareholding, effectively 95% exempt from trade tax.

Sole proprietors (individuals)

60% of capital gains from the sale of shares are taxed at the individual income tax rate plus 5.5% solidarity surcharge (plus church tax, if applicable) on such income tax where the shares are held as business assets by an individual who is subject to unlimited tax liability in Germany. Correspondingly, only 60% of the capital losses, other reductions in profit in connection with the shares and business expenses resulting from a share sale may be deducted for income tax purposes. Only 60% of the capital gains are subject to trade tax. Correspondingly, subject to general restrictions, only 60% of the business expenses resulting from a share sale may generally be deducted for trade tax purposes. All or part of the trade tax levied may be credited on a lump sum basis against the sole proprietor's income taxes, depending on the multiplier set by the relevant municipality and the individual tax situation of the individual shareholder.

Partnerships

If the shareholder is a Co-Entrepreneurship, the individual income tax or CIT is not charged at the level of the partnership, but at the level of the respective partner. The taxation of each partner depends on whether the partner is a corporation or an individual. Thus, (corporate) income tax (including solidarity surcharge) and, if applicable, church tax will be assessed and levied only at the level of the partners, whereby, in principle, the respective rules applicable to a direct shareholding described above under "Corporations" or "Sole proprietors (individuals)" apply accordingly. Trade tax, however, is assessed and levied at the level of the partnership if the shares are attributable to a permanent establishment of a commercial business of the partnership in Germany. Generally, 60% of a capital gain attributable to an individual partner and 5% of a capital gain attributable to a corporate partner are taxable. Capital losses or other reductions in profit in connection with the shares sold are not taken into account for purposes of trade tax to the extent they are attributable to a partner that is a corporation, and subject to general restrictions only 60% of these losses or expenses are taken into account to the extent they are attributable to a partner who is an individual.

The trade tax paid by the partnership and attributable to the individual's general profit share is completely or partially credited against the shareholder' s individual income tax in accordance with such lump-sum method.

13.3.1.3 *Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds*

As an exception to the aforementioned rules, dividends paid to, and capital gains realized by, certain companies in the financial and insurance sector are fully taxable. The aforementioned exclusions of (partial) tax exemptions for CIT and trade tax purposes shall only apply to shares which, in the case of credit institutions and financial services institutions, are to be allocated to the trading portfolio (*Handelsbestand*) within the meaning of the German Commercial Code (*Handelsgesetzbuch*). In case of finance companies, the aforementioned exclusions of (partial) tax exemptions shall only apply to shares held by finance companies where (i) credit institutions or financial services institutions hold, directly or indirectly, a participation of more than 50% in the respective finance company, and (ii) where the finance company must disclose the shares as current assets (*Umlaufvermögen*) as of the time they are initially recognized as business assets. If the shareholding at the beginning of the relevant assessment period is 15% or higher, dividends may, subject to certain conditions, be fully exempted from trade tax. The tax exemption described earlier afforded to corporations for dividend income and capital gains from the sale of shares does not apply to shares that qualify as a capital investment in the case of life insurance and health insurance companies, or those which are held by pension funds.

However, an exemption to the foregoing, and thus a 95% effective tax exemption, applies to dividends obtained by the aforementioned companies, to which the Parent Subsidiary Directive applies. In addition, relief of withholding tax may be available under an applicable double taxation treaty, subject to certain prerequisites, e.g., substance requirements and holding periods, being met.

13.3.2 Taxation of Shareholders not Tax Resident in Germany

13.3.2.1 *Taxation of Dividend Income*

Shareholders who are not tax resident in Germany are only subject to taxation in Germany in respect of their dividend income if their Shares form part of the business assets of a permanent establishment or a fixed place of business in Germany, or constitute business assets for which a permanent representative has been appointed in Germany. In general, the situation described above for shareholders tax resident in Germany who hold their shares as business assets applies accordingly (for more information, see *13.3.1 Taxation of Shareholders Tax Resident in Germany – 13.3.1.1 Taxation of Dividend Income– Shares held as Business Assets*). The withholding tax, if any, deducted and remitted to the tax authorities (including solidarity surcharge) is either credited against the individual income tax or CIT liability or refunded in the amount of an excess of such liability.

13.3.2.2 *Taxation of Capital Gains*

Capital gains from the disposal of shares by a shareholder not tax resident in Germany are only taxable in Germany if the selling shareholder holds the shares through a permanent establishment or fixed place of business or as business assets for which a permanent representative is appointed in Germany. In such a case, the description above for German tax resident shareholders who hold their shares as business assets applies accordingly (for more information, see *13.3.1 Taxation of Shareholders Tax Resident in Germany – 13.3.1.2 Taxation of Capital Gains – Shares held as Business Assets*).

13.3.3 Amendments to the Solidarity Surcharge (Solidaritätszuschlag)

The solidarity surcharge has been partially abolished as of the assessment period 2021 for certain individuals. The solidarity surcharge shall, however, continue to apply for capital investment and, thus, on withholding taxes levied. In case the individual income tax burden for an individual shareholder is lower than 25% the shareholder can apply for his/her capital investment income being assessed at his/her individual tariff-based income tax rate in which case solidarity surcharge would be refunded.

13.3.4 German Controlled Foreign Corporation Rules (Außensteuergesetz)

German resident investors (individuals or corporate shareholders) collectively holding 50% or more of the shares or voting rights in the Company may become subject to the German CFC rules (*Hinzurechungsbesteuerung*) pursuant to the German Foreign Tax Act (*Außensteuergesetz*) to the extent that the income of the Company qualifies as (low taxed) passive income (*Zwischeneinkünfte*) for German CFC rules purposes. The effective low tax rate in the sense of German CFC rules is currently set at 25%. Irrespective of the 50% threshold each German resident shareholder that holds at least 1% of the shares or voting rights in the Company may become subject to the German CFC rules to the extent that the income of the Company qualifies as passive capital investment income (*Zwischeneinkünfte mit Kapitalanlagecharakter*) provided that gross earnings, on which the passive capital investment income are based on, make up more than 10% of the entire gross earnings of all passive income of the Company in the respective fiscal year. However, in either of the aforementioned situations German CFC rules may not result in an income attribution for German tax purposes to the extent that the German resident investor is able to evidence to the German tax authorities that the Company carries out an actual business in Luxembourg.

A draft law of the German Federal Government revising the current German CFC rules based the Anti Tax Avoidance Directive (ATAD) is currently subject to discussion in the German Parliament. It is anticipated that the final law will be partly applicable with retroactive effect as of January 1, 2020. The current version of the draft law *inter alia* includes amendments regarding the "control of a foreign company" criterion. Contrary to the current rules the draft law stipulates a shareholder-related approach, taking into account related parties. Thus, only shareholders who individually or taking into account related parties hold more than 50% of the Company may fall under the scope of CFC rules. Prospective holders of the Shares are advised to monitor future developments closely and to seek their own professional advice in relation to the potential amendments of the German CFC rules.

13.3.5 Inheritance and Gift Tax

The transfer of shares to another person upon death or as a gift is generally subject to German inheritance or gift tax in the following circumstances:

(i) the place of residence, customary place of abode, place of management or registered office of the testator, the donor, the heir, the done or another acquirer is, at the time of the asset transfer, in Germany, or such person, as a German national, has not spent more than five consecutive years outside Germany without having a place of residence in Germany (this term is extended to ten years for German expatriates with U.S. residence); or

(ii) the testator's or donor's shares were part of business assets for which there was a place of business in Germany or for which a permanent representative was appointed.

The small number of double taxation treaties regarding inheritance and gift tax that Germany has concluded to date generally provide for German inheritance or gift tax only to be levied in the cases under (i) and, subject to certain restrictions, in the cases under (ii). Special arrangements apply to certain German nationals and former German nationals living outside Germany.

13.3.6 Other taxes

No German capital transfer taxes, value-added-tax, stamp duties or similar taxes are currently levied on the purchase or disposal or other forms of transfer of the shares. However, an entrepreneur may opt to subject disposals of shares, which are in principle exempt from value-added-tax, to value-added-tax if the sale is made to another entrepreneur for the entrepreneur's business. Wealth tax is currently not levied in Germany.

13.4 Financial Transaction Tax

The European Commission has published a proposal for a directive for a common financial transactions tax ("**FTT**") in certain participating member states of the EU, including Germany. The proposed FTT has a very broad scope and could, if introduced in the form of the proposal, apply to certain dealings in the Shares (including secondary market transactions) in certain circumstances. However, the proposed FTT remains subject to negotiations between the participating member states and it is currently unclear in what form and when an FTT would be implemented, if at all. Prospective holders of the Shares are advised to monitor future developments closely and to seek their own professional advice in relation to the FTT.

13.5 Taxation in the United States

The following summary describes certain United States federal income tax considerations generally applicable to United States Holders (as defined below) of Offer Shares. This summary deals only with Offer Shares held as capital assets within the meaning of Section 1221 of the Code (generally, assets held for investment). This summary also does not address the tax consequences that may be relevant to holders in special tax situations including, without limitation, dealers in securities, traders that elect to use a mark-to-market method of accounting, holders that own Offer Shares as part of a "straddle," "hedge," "conversion transaction," or other integrated investment, banks or other financial institutions, individual retirement accounts and other tax-deferred accounts, insurance companies, tax-exempt organizations, United States expatriates, holders whose functional currency is not the U.S. dollar, holders subject to the alternative minimum tax, holders that acquired Offer Shares in a compensatory transaction, holders subject to special tax accounting rules as a result of any item of gross income with respect to Offer Shares being taken into account in an applicable financial statement, holders which are entities or arrangements treated as partnerships for United States federal income tax purposes or holders that actually or constructively through attribution own 10% or more of the total voting power or value of our outstanding stock.

This summary is based upon the Code, applicable United States Treasury regulations, administrative pronouncements and judicial decisions, in each case as in effect on the date hereof, all of which are subject to change (possibly with retroactive effect). No ruling will be requested from the Internal Revenue Service, or the IRS, regarding the tax consequences described herein, and there can be no assurance that the IRS will agree with the discussion set out below. This summary does not address any United States federal tax consequences other than United States federal income tax consequences (such as the estate and gift tax or the Medicare tax on net investment income).

As used herein, the term "United States Holder" means a beneficial owner of Offer Shares that is, for United States federal income tax purposes, (i) an individual who is a citizen or resident of the United States, (ii) a corporation or other entity taxable as a corporation created or organized under the laws of the United States or any state thereof or therein or the District of Columbia, (iii) an estate the income of which is subject to United States federal income taxation regardless of its source, or (iv) a trust (a) that is subject to the supervision of a court within the United States and the control of one or more United States persons as described in the Code Section 7701(a)(30), or (b) that has a valid election in effect under applicable United States Treasury regulations to be treated as a "United States person."

If an entity or arrangement treated as a partnership for United States federal income tax purposes acquires Offer Shares, the tax treatment of a partner in the partnership generally will depend upon the status of the partner and the activities of the partnership. Partners of a partnership considering an investment in Offer Shares should consult their tax advisors regarding the United States federal income tax consequences of acquiring, owning, and disposing of Offer Shares.

THE SUMMARY OF UNITED STATES FEDERAL INCOME TAX CONSEQUENCES SET OUT BELOW IS FOR GENERAL INFORMATION ONLY. ALL PROSPECTIVE INVESTORS SHOULD CONSULT THEIR TAX ADVISORS AS TO THE PARTICULAR TAX CONSEQUENCES TO THEM OF OWNING AND DISPOSING OF OFFER SHARES, INCLUDING THE APPLICABILITY AND EFFECT OF STATE, LOCAL AND NON-U.S. TAX LAWS AND POSSIBLE CHANGES IN TAX LAW.

13.5.1 Dividends

Subject to the discussion below under "—*Passive Foreign Investment Company*," the amount of dividends paid to a United States Holder with respect to Offer Shares, before reduction for any foreign taxes withheld therefrom, generally will be included in the United States Holder's gross income as ordinary income from foreign sources to the extent paid out of our current or accumulated earnings and profits (as determined for United States federal income tax purposes). Distributions in excess of earnings and profits will be treated as a non-taxable return of capital to the extent of the United States Holder's adjusted tax basis in those Offer Shares and thereafter as capital gains. However, we do not intend to calculate our earnings and profits under United States federal income tax principles. Therefore, United States Holders should expect that a distribution will generally be treated as a dividend even if that distribution would otherwise be treated as a non-taxable return of capital or as capital gain under the rules described above.

Foreign withholding tax (if any) paid on dividends on Offer Shares at the rate applicable to a United States Holder (taking into account any applicable income tax treaty) will, subject to limitations and conditions, be treated as foreign income tax eligible for credit against such holder's United States federal income tax liability or, at such holder's election, eligible for deduction in computing such holder's United States federal taxable income. Dividends paid on Offer Shares generally will constitute "foreign source income" and "passive category income" for purposes of the foreign tax credit. The rules governing the treatment of foreign taxes imposed on a United States Holder and foreign tax credits are complex, and United States Holders should consult their tax advisors about the impact of these rules in their particular situation.

Dividends received by certain non-corporate United States Holders (including individuals) may be "qualified dividend income," which is taxed at the lower capital gains rate, provided that (i) either Offer Shares are readily tradable on an established securities market in the United States or we are eligible for benefits under a comprehensive United States income tax treaty that includes an exchange of information program and which the United States Treasury Department has determined is satisfactory for these purposes, (ii) we are neither a PFIC (as discussed below) nor treated as such with respect to the United States Holder for either the taxable year in which the dividend is paid or the preceding taxable year, and (iii) the United States Holder satisfies certain holding periods and other requirements. United States Holders should consult their tax advisors regarding the availability of the reduced tax rate on dividends paid with respect to Offer Shares. The dividends will not be eligible for the dividends received deduction available to corporations in respect of dividends received from other United States corporations.

Dividends paid in a currency other than US dollars will be included in income in a US dollar amount based on the exchange rate in effect on the date of receipt whether or not the currency is converted into US dollars or otherwise disposed of at that time. A United States Holder's tax basis in the non-US currency will equal the US dollar amount included in income. Any gain or loss realized on a subsequent conversion or other disposition of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss. If dividends paid in a currency other than US dollars are converted into US dollars on the day they are received, the United States Holder generally will not be required to recognize foreign currency gain or loss in respect of the dividend income.

13.5.2 Disposition of Stock

Subject to the discussion below under "—*Passive Foreign Investment Company*," a United States Holder generally will recognize capital gains or loss for United States federal income tax purposes on the sale or other taxable disposition of Offer Shares equal to the difference, if any, between the amount realized and the United States Holder's adjusted tax basis in those Offer Shares. If any foreign tax is imposed on the sale, exchange or other disposition of Offer Shares, a United States Holder's amount realized will include the gross amount of the proceeds of the deposits before deduction of the foreign tax. In general, capital gains recognized by a non-corporate United States Holder, including an individual, are subject to a lower rate under current law if such United States Holder held shares for more than one year. The deductibility of capital losses is subject to limitations. Any such gain or loss generally will be treated as United States source income or loss for purposes of the foreign tax credit. A United States Holder's initial tax basis in shares generally will equal the cost of such shares. Because gain for the sale or other taxable disposition of Offer Shares will be treated as United States source income, and United States Holders may use foreign tax credits against only the portion of United States federal income tax liability that is attributed to foreign source income in the same category, a United States Holder's ability to utilize a foreign tax credit with respect to the foreign tax imposed on any such sale or other taxable disposition, if any, may be significantly limited.

The initial tax basis of a United States Holder's Offer Shares generally will be the US dollar value of the non-US currency paid in the Private Placement determined on the date of purchase. If the Offer Shares are treated as traded on an "established securities market" at the time of the Private Placement, a cash basis United States Holder (or, if it elects, an accrual basis United States Holder) will determine the US dollar value of the cost of such Offer Shares by translating the amount paid at the spot rate of exchange on the settlement date of the purchase. A United States Holder that receives a currency other than US dollars on the sale or other disposition of the Offer Shares will realize an amount equal to the US dollar value of the currency received at the spot rate on the date of sale or other disposition (or, if the Offer Shares are traded on an "established securities market" at the time of disposition, in the case of cash basis and electing accrual basis United States Holders, the settlement date). A United States Holder that does not determine the amount realized using the spot rate on the settlement date generally will recognize foreign currency gain or loss if the US dollar value of the currency received at the spot rate on the settlement date differs from the amount realized. A United States Holder generally will have a tax basis in the currency received equal to its US dollar value at the spot rate on the settlement date. Any foreign currency gain or loss realized on the settlement date or on a subsequent conversion of the non-US currency for a different US dollar amount generally will be US source ordinary income or loss.

13.5.3 Passive Foreign Investment Company

We would be a PFIC for any taxable year if, after the application of certain look-through rules, either: (i) 75% or more of our gross income for such year is "passive income" (as defined in the relevant provisions of the Code), or (ii) 50% or more of the value of our assets (generally determined on the basis of a quarterly average) during such year is attributable to assets that produce or are held for the production of passive income. For these purposes, cash and other assets readily convertible into cash or that do or could generate passive income are categorized as passive assets, and the value of goodwill and other unbooked intangible assets is generally taken into account. Passive income generally includes, among other things, rents, dividends, interest, royalties, gains from the disposition of passive assets and gains from commodities and securities transactions. For purposes of this test, we will be treated as owning a proportionate share of the assets and earning a proportionate share of the income of any other corporation of which we own, directly or indirectly, at least 25% (by value) of the stock. Based on our anticipated market capitalization and the composition of our income, assets and operations, we do not believe we were a PFIC for United States federal income tax purposes for our prior taxable year and do not expect to be a PFIC for the current taxable year or in the foreseeable future. However, this is a factual determination that must be made annually after the close of each taxable year. Moreover, the aggregate value of our assets for purposes of the PFIC determination may be determined by reference to the trading value of Offer Shares at the time of Listing and in the future, which could fluctuate significantly. In addition, it is possible that the IRS may take a contrary position with respect to our determination in any particular year, and therefore, there can be no assurance that we will not be classified as a PFIC for the current taxable year or in the future. Certain adverse United States federal income tax consequences could apply to a United States Holder if we are treated as a PFIC for any taxable year during which such United States Holder holds Offer Shares. Under the PFIC rules, if we were considered a PFIC at any time that a United States Holder holds Offer Shares, we would continue to be treated as a PFIC with respect to such holder's investment unless (i) we cease to be a PFIC, and (ii) the United States Holder has made a "deemed sale" election under the PFIC rules.

If we are a PFIC for any taxable year that a United States Holder holds Offer Shares, unless the United States Holder makes certain elections, any gain recognized by the United States Holder on a sale or other disposition of Offer Shares would be allocated pro-rata over the United States Holder's holding period for the Offer Shares. The amounts allocated to the taxable year of the sale or other disposition and to any year before we became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or the highest rate in effect for corporations, as appropriate, for that taxable year, and an interest charge would be imposed. Further, to the extent that any distribution received by a United States Holder on Offer Shares exceeds 125% of the average of the annual distributions on the Offer Shares received during the preceding three years or the United States Holder's holding period, whichever is shorter, that distribution would be subject to taxation in the same manner as gain on the sale or other disposition of Offer Shares if we were a PFIC, described above. If we are treated as a PFIC with respect to a United States Holder for any taxable year, the United States Holder will be deemed to own equity in any of the entities in which we hold equity that also are PFICs. Certain elections may be available that would result in alternative treatments (such as mark-to-market treatment) of the Offer Shares. In addition, a timely election to treat us as a qualified electing fund under the Code would result in an alternative treatment. However, we do not intend to prepare or provide the information that would enable United States Holders to make a qualified electing fund election. If we are considered a PFIC, a United States Holder also will be subject to annual information reporting requirements. United States Holders should consult their tax advisors about the potential application of the PFIC rules to an investment in the Offer Shares.

13.5.4 Information Reporting and Backup Withholding

Distributions on and proceeds paid from the sale or other taxable disposition of Offer Shares may be subject to information reporting to the IRS. In addition, a United States Holder (other than an exempt holder who establishes its exempt status if required) may be subject to backup withholding on dividend payments and proceeds from the sale or other taxable disposition of Offer Shares paid within the United States or through certain U.S.-related financial intermediaries.

Backup withholding will not apply, however, to a United States Holder who furnishes a correct taxpayer identification number, makes other required certification and otherwise complies with the applicable requirements of the backup withholding rules. Backup withholding is not an additional tax. Rather, any amount withheld under the backup withholding rules will be creditable or refundable against the United States Holder's United States federal income tax liability, provided the required information is timely furnished to the IRS.

13.5.5 Foreign Financial Asset Reporting

Certain United States Holders are required to report their holdings of certain foreign financial assets, including equity of foreign entities, if the aggregate value of all of these assets exceeds certain threshold amounts. Offer Shares are expected to constitute foreign financial assets subject to these requirements unless the Offer Shares are held in an account at certain financial institutions. United States Holders should consult their tax advisors regarding the application of these reporting requirements.

14. FINANCIAL INFORMATION

Audited Consolidated Financial Statements of the Company prepared in accordance with IFRS as of and for the fiscal years ended March 31, 2021, March 31, 2020 and March 31, 2019 and independent auditor's report thereon:

Consolidated Financial Statements

Financial Years 2020/21, 2019/20, 2018/19

Car Interior Design (Luxembourg) S.à r.l.

Car Interior Design S.à r.l.
19/21, Route d'Arlon
L-8009 Strassen
Luxembourg

R.C.S. Luxembourg: B162537

Table of contents

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Independent auditor's report

To the Board of Managers
Car Interior Design (Luxembourg) S.à r.l.
19-21, Route d'Arlon
L-8009 Strassen

Opinion

We have audited the consolidated financial statements of Car Interior Design (Luxembourg) S.à r.l. and its subsidiaries (the "Group"), which comprise the consolidated statements of financial position as at 31 March 2021, 31 March 2020 and 31 March 2019 and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and consolidated statements of cash flows for each of the three years in the period ended 31 March 2021, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 March 2021, 31 March 2020 and 31 March 2019, and of its consolidated financial performance and its consolidated cash flows for each of the three years in the period ended 31 March 2021 in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Emphasis of Matter

We draw attention to Note 1.2 to the consolidated financial statements, which describes that the consolidated financial statements have been solely prepared for inclusion in the prospectus and the corresponding offering circular for the envisaged upcoming capital markets transaction (private placement and stock exchange listing) of Car Interior Design (Luxembourg) S.à r.l. As a result, the consolidated financial statements may not be suitable for another purpose. Our opinion is not modified in respect of this matter.

We draw attention to Note 6.7 to the consolidated financial statements, which describes that the consolidated financial statements of the Group as at 31 March 2021, 31 March 2020 and 31 March 2019 initially approved by the Board of Managers on 21 June 2021 have been restated on 30 June 2021 with the issuance of revised audit opinion. Our opinion is not modified in respect of this matter.

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Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (the "Law of 23 July 2016") and with International Standards on Auditing ("ISAs") as adopted for Luxembourg by the "Commission de Surveillance du Secteur Financier" ("CSSF"). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements" section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Managers for the consolidated financial statements

The Board of Managers is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with IFRS as adopted by the European Union, and for such internal control as the Board of Managers determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the consolidated financial statements, the Board of Managers is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Managers either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the "réviseur d'entreprises agréé" for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Managers.
- Conclude on the appropriateness of Board of Managers' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "réviseur d'entreprises agréé" to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "réviseur d'entreprises agréé". However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Ernst & Young
Société anonyme
Cabinet de révision agréé

Yves Even

Luxembourg, 30 June 2021

Car Interior Design (Luxembourg) S.à.r.l.

IFRS consolidated statements of financial position as of March 31, 2021, March 31, 2020 and March 31, 2019

Assets	Notes	31-Mar-2021 EUR k	31-Mar-2020 EUR k	31-Mar-2019 EUR k	01-Apr-2018 EUR k
Intangible assets	3.1	3,618	3,147	2,869	1,984
Property, plant and equipment	3.2	186,787	198,794	205,004	189,422
Trade receivables	3.4	49,645	54,878	45,078	26,039
Other non-current assets	3.7	14,519	14,712	10,930	11,679
Deferred tax assets	4.8	8,974	9,084	9,454	11,446
Total non-current assets		**263,543**	**280,615**	**273,335**	**240,571**
Inventories	3.3	95,470	100,825	100,231	108,910
Trade receivables	3.4	53,003	56,521	81,738	82,293
Other receivables	3.5	27,202	21,721	22,793	15,571
Other current assets	3.7	14,206	12,192	10,583	7,720
Cash and cash equivalents	3.6	175,299	196,166	97,057	168,025
Asset held for sale	3.8	1,224	0	0	0
Total current assets		**366,404**	**387,425**	**312,400**	**382,519**
Total assets		**629,947**	**668,041**	**585,735**	**623,090**

Equity and liabilities	Notes	31-Mar-2021 EUR k	31-Mar-2020 EUR k	31-Mar-2019 EUR k	01-Apr-2018 EUR k
Share capital	3.9	62	62	62	62
Capital reserves	3.9	21,891	21,891	1,319	1,319
Retained earnings/(accumulated losses)	3.9	-528,289	-536,487	63,484	182,968
Currency translation reserve	3.9	1,245	3,368	5,381	0
Total equity		**-505,091**	**-511,166**	**70,246**	**184,349**
Pensions and similar obligations	3.10	34,644	31,442	31,281	27,341
Tax liabilities	3.11	0	0	0	154
Other provisions	3.12	5,169	7,164	1,448	2,166
Financial liabilities	3.13	856,387	830,211	91,266	99,134
Other liabilities	3.14, 3.15, 3.17	34,083	37,894	43,255	45,102
Deferred tax liabilities	4.8	3,651	5,888	1,975	6,924
Total non-current liabilities		**933,934**	**912,600**	**169,224**	**180,821**
Tax liabilities	3.11	14,887	13,292	19,046	17,468
Other provisions	3.12	53,901	40,318	38,995	34,541
Financial liabilities	3.13	3,381	80,411	155,817	78,353
Trade payables	3.16	61,849	57,843	67,026	58,477
Other liabilities	3.14, 3.15, 3.17	67,087	74,743	65,382	69,081
Total current liabilities		**201,104**	**266,607**	**346,265**	**257,920**
		629,947	668,041	585,735	623,090

Car Interior Design (Luxembourg) S.à.r.l.

IFRS consolidated statements of profit and loss and other comprehensive income for the periods from April 1, 2020 to March 31, 2021, April 1, 2019 to March 31, 2020 and April 1, 2018 to March 31, 2019

	Notes	2020/21 EUR k	2019/20 EUR k	2018/19 EUR k
Revenue	4.1	602,718	652,194	711,140
Increase or decrease in finished goods and work in progress		-12,716	2,059	-9,968
Total operating performance		**590,002**	**654,252**	**701,172**
Other operating income	4.2	17,858	12,652	18,388
Cost of materials	4.3	284,045	307,230	338,051
Personnel expenses	4.4	144,440	156,416	159,617
Depreciation, amortization and impairment	4.5	30,940	30,255	26,955
Other operating expenses	4.6	76,152	90,504	79,864
Operating result (EBIT)		**72,285**	**82,499**	**115,074**
Finance income	4.7	8,222	5,659	3,224
Finance costs	4.7	51,292	61,820	91,982
Financial result		**-43,070**	**-56,161**	**-88,758**
Income taxes	4.8	21,122	18,390	25,669
Deferred taxes	4.8	-1,641	3,992	-2,003
Income tax result		**19,480**	**22,382**	**23,667**
Profit for the year		**9,735**	**3,955**	**2,649**
Differences from currency translation	3.9	-2,122	-2,013	5,381
Items that may subsequently be reclassified to consolidated profit or loss		**-2,122**	**-2,013**	**5,381**
Actuarial gains and losses from pensions and similar obligations (before taxes)	3.10	-2,121	708	-2,963
Taxes on actuarial gains and losses from pensions and similar obligations	3.10	583	-240	830
Items that will not subsequently be reclassified to consolidated profit or loss		**-1,537**	**468**	**-2,133**
Other comprehensive income/loss, net of tax		**-3,660**	**-1,545**	**3,247**
Total comprehensive income/loss for the year		**6,075**	**2,410**	**5,897**

Car Interior Design (Luxembourg) S.à.r.l.

IFRS consolidated statements of cash flow for the periods from April 1, 2020 to March 31, 2021, April 1, 2019 to March 31, 2020 and April 1, 2018 to March 31, 2019

	Notes	2020/21 EUR k	2019/20 EUR k	2018/19 EUR k
Profit for the year		9,735	3,955	2,649
Income tax expense (+)/income (-)	4.8	21,122	18,390	25,669
Financial result (+)/(-) net	4.7	48,062	56,289	85,240
Depreciation, amortization and impairment	4.5	30,939	30,255	26,955
Other non-cash expenses (+)/income (-)		-4,029	2,540	-245
Increase (-)/decrease (+) in inventories	3.3	5,355	-595	8,680
Increase (-)/decrease (+) in trade receivables	3.4	8,865	14,290	-18,292
Increase (-)/decrease (+) in other assets	3.7	-7,324	-891	-10,930
Increase (-)/decrease (+) in deferred taxes		-1,544	3,903	-2,494
Increase (-)/decrease (+) in prepaid expenses/deferred income	3.17	-37	-3,455	74
Increase (+)/decrease (-) in provisions	3.12	14,264	3,897	13,048
Increase (+)/decrease (-) in trade payables	3.16	4,006	-9,189	8,549
Increase (+)/decrease (-) in other liabilities	3.14, 3.15	-4,517	9,052	-1,951
Gain (-)/loss (+) on the disposal of non-current assets		135	12	31
Cash received from (+)/cash paid for (-) income taxes		-19,527	-24,002	-24,246
Cash flow from operating activities		**105,506**	**104,451**	**112,736**
Cash received (+) from disposals of property, plant and equiment	3.2	28	22	409
Cash paid (-) for investments in property, plant and equipment	3.1	-18,122	-22,312	-39,870
Cash paid (-) for investments in intangible assets	3.2	-901	-817	-1,407
Interest received (+)		3,229	3,163	3,224
Cash flow from/(used in) investing activities		**-15,765**	**-19,944**	**-37,644**
Cash repayments of loans	3.13	-77,177	-72,844	0
Cash received from loans	3.13	0	0	152,565
Cash repayments (-) to shareholders of the parent company		0	-187,434	-120,000
Cash repayments (-) of shareholders loans	3.13	0	-51,258	-109,753
Cash received from (+) issuance of bonds	3.13	0	391,800	0
Cash paid for (-) subsidies/grants	3.13	-3	-4	-5
Cash paid for (-) finance leases	3.13	-10,384	-8,990	-9,307
Interest paid (-)	3.13	-23,137	-55,443	-60,231
Cash flow from/(used in) financing activities		**-110,702**	**15,827**	**-146,730**
Net increase (+)/decrease (-) in cash and cash equivalents	**3.6**	**-20,961**	**100,335**	**-71,639**
Effect of exchange rate fluctuations on cash and cash equivalents		93	-1,225	671
Cash and cash equivalents at the beginning of the reporting year		196,166	97,057	168,025
Cash and cash equivalents at the end of the reporting year		**175,299**	**196,166**	**97,057**

Car Interior Design (Luxembourg) S.à.r.l.

IFRS consolidated statements of changes in equity for the periods from April 1, 2020 to March 31, 2021, April 1, 2019 to March 31, 2020 and April 1, 2018 to March 31, 2019

	Share capital	Capital reserves	Other retained earnings/ accumulated losses	Currency translation reserve	Total equity
	EUR	EUR	EUR	EUR	EUR
Balance as of 1 April 2018	**62,500**	**1,319,031**	**182,967,986**	**0**	**184,349,518**
Profit or loss for the year	0	0	2,649,428	0	2,649,428
Other comprehensive income or loss	0	0	-2,133,247	5,380,545	3,247,298
Total comprehensive income or loss for the year	0	0	516,181	5,380,545	5,896,726
Distribution	0	0	-120,000,000	0	-120,000,000
Balance as of 31 March 2019	**62,500**	**1,319,031**	**63,484,167**	**5,380,545**	**70,246,244**
Balance as of 1 April 2019	**62,500**	**1,319,031**	**63,484,167**	**5,380,545**	**70,246,243**
Profit or loss for the year	0	0	3,955,065	0	3,955,065
Other comprehensive income or loss	0	0	468,087	-2,012,913	-1,544,826
Total comprehensive income or loss for the year	**0**	**0**	**4,423,152**	**-2,012,913**	**2,410,239**
Capital contribution	0	20,571,506	0	0	20,571,506
Distribution	0	0	-604,394,319	0	-604,394,319
Balance as of 31 March 2020	**62,500**	**21,890,537**	**-536,487,000**	**3,367,632**	**-511,166,331**
Balance as of 1 April 2020	**62,500**	**21,890,537**	**-536,487,000**	**3,367,632**	**-511,166,331**
Profit or loss for the year	0	0	9,735,261	0	9,735,261
Other comprehensive income or loss	0	0	-1,537,413	-2,122,472	-3,659,885
Total comprehensive income or loss for the year	**0**	**0**	**8,197,848**	**-2,122,472**	**6,075,376**
Balance as of 31 March 2021	**62,500**	**21,890,537**	**-528,289,152**	**1,245,160**	**-505,090,955**

Contents

1 General information

The COVID-19 pandemic had a significant negative impact on the global economy and automotive market. According to the Roland Berger Report, global light vehicle production decreased by 8.2% in 2020/21 with the premium segment recording a decrease of 3.7% (Source: Roland Berger Report, March 2021). In the first half of 2020, as the COVID-19 pandemic spread around the globe, we temporarily suspended production in all of our facilities due to government ordered lockdowns or due to lack of demand from our Original Equipment Manufacturer customers and implemented work-from-home protocols for our employees who are able to work remotely.

The suspensions started in China early in 2020, followed by Europe in the spring of 2020 and also affected our facilities in Honduras and Mexico later in 2020. The COVID-19 pandemic and the measures taken by the authorities to contain its spread began to negatively affect our revenue and Adjusted EBITDA by February 2020, with the most pronounced effects in April and May 2020.

Starting in June 2020, revenue and Adjusted EBITDA started to recover, as many restrictions in Europe and America were lifted. In July 2020, our revenue and Adjusted EBITDA had largely recovered to levels at or above the corresponding month in 2019.

1.1 Reporting entity

Car Interior Design (Luxembourg) S.à r.l. (hereinafter also referred to as 'the Company') is domiciled in Strassen, Luxembourg, and is registered in the commercial register of Luxembourg under register file number B 162.537. The Company's registered office is at 19/21, Route d'Arlon, L-8009 Strassen.

The consolidated financial statements for the years ended March 31, 2021, March 31, 2020 and March 31, 2019 comprise Car Interior Design (Luxembourg) S.à r.l. as the ultimate controlling party and its consolidated subsidiaries (together referred to as the 'Group').

The Group is a developer, provider and system supplier of trim parts and functional elements for vehicle interiors. It uses and processes precious woods, aluminum, wire mesh, carbon, piano lacquer, technical veneers, leather and premium synthetics. The products are used in both the premium sector and mid-range vehicles.

1.2 Basis of preparation and presentation method

In the context of the envisaged upcoming capital markets transaction (private placement and stock exchange listing), the Group prepared these consolidated financial statements (“the consolidated financial statements”) for the years ended March 31, 2021, 2020 and 2019. These consolidated financial statements are prepared solely for the inclusion in the prospectus and the corresponding offering circular of the Group.

The Group's financial year encompasses twelve months and ends on March 31 of each year.

These consolidated financial statements have been prepared on the basis of historical cost. This excludes derivative financial instruments and certain hybrid agreements in which the host contract represents a financial asset, as well as trade receivables that are sold under factoring agreements. These are measured at fair value through profit or loss.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value can either be directly observable or otherwise be estimated using a valuation technique.

When measuring fair value using a valuation technique, it is to be categorized into one of the following levels depending on the available observable parameters and the significance of these parameters for measurement as a whole:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
- Level 2 inputs are inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, or can be derived indirectly from other prices.
- Level 3 inputs are unobservable inputs for the asset or liability.

The Group recognizes reclassifications between different levels at the end of the reporting period in which the change occurred.

The Group classifies assets and liabilities as current if they are expected to be realized or settled within twelve months after the reporting date. If assets and liabilities have both a current and non-current component, they are broken down into their maturity components and reported as current and non-current assets or liabilities in accordance with their accounting classification.

These consolidated financial statements are presented in euros, the Company’s functional currency. All amounts are rounded to the nearest thousand euros [KEUR], unless otherwise indicated. Totals in tables were calculated on the basis of exact figures and rounded to the nearest thousand euros. For computational reasons, there may be rounding differences to the exact mathematical values in tables and references (monetary units, percentages, etc.). The Group has consistently applied the accounting and consolidation policies to all periods presented in these consolidated financial statements. The consolidated statements of profit or loss and other comprehensive income have been prepared using the nature of expense method.

The consolidated financial statements as of March 31, 2021 have been prepared for the first time in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The term 'IFRS' includes all applicable International Accounting Standards (IAS) as well as all interpretations and amendments by the International Financial Reporting Standards Interpretations Committee (IFRS IC) – formerly the International Financial Reporting Interpretations Committee (IFRIC) – and the former Standing Interpretations Committee (SIC). Consequently, in preparing these consolidated financial statements, the provisions of IFRS 1 were also taken into account. Please refer to Section 5.12 for further details on first-time adoption of IFRS in preparing the Company's consolidated financial statements.

The Company has prepared these consolidated financial statements in compliance with all IFRSs effective as of March 31, 2021 and endorsed by the EU.

Car Interior Design (Luxembourg) S.à r.l. has prepared the consolidated financial statements as of March 31, 2021 on a going concern basis. In its assessment, management considered the profit for the last years as well as the strong cash positions. The management also considered the strong positive inflow from operating activities. Reference is also made to note 3.9 “Equity” regards the details of how retained earnings/accumulated losses have developed based on a recapitalization and a related group re-organization in 2019/20.

1.3 Effects of new financial reporting standards

The IASB has issued or revised a number of reporting standards and interpretations that will not become effective until a future date. These new standards and interpretations will not be applied by the Group before they become effective in the EU.

The following table shows the new or amended standards including their effects expected from first-time adoption. If the Group does not expect any effects on the consolidated financial statements from first-time adoption, this is due to the fact that the transactions, other events or conditions affected by the new IFRSs do not currently exist within the Group.

Effective date	New standards or amendments	Potential impact on the consolidated financial statements
Annual periods beginning on or after January 1, 2023*	Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from Single Transaction	negligible
Annual periods beginning on or after January 1, 2023*	IFRS 17 *Insurance Contracts*, including Amendments to IFRS 17	no impact

Annual periods beginning on or after January 1, 2023*	Amendments to IAS 1: Classification of Liabilities as Current or Non-current	negligible
Annual periods beginning on or after January 1, 2023*	Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	negligible
Annual periods beginning on or after January 1, 2023*	Amendments to IAS 8: Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	negligible
Annual periods beginning on or after January 1, 2022*	Reference to the Conceptual Framework Amendments to IFRS 3: Business Combinations	negligible
Annual periods beginning on or after January 1, 2022*	Amendments to IAS 16: Property, Plant and Equipment Proceeds before Intended Use	negligible
Annual periods beginning on or after January 1, 2022*	Amendments to IAS 37: Provisions, Contingent Liabilities and Contingent Assets Onerous Contracts – Costs of Fulfilling a Contract	negligible
Annual periods beginning on or after January 1, 2022*	Annual Improvements 2018-2020 Narrow-scope amendments to IFRS 1, IFRS 9 and IAS 41	negligible
Annual periods beginning on or after June 1, 2020	COVID-19-Related Rent Concessions (Amendment to IFRS 16)	negligible

* EU endorsement still pending

1.4 Consolidated entities and basis of consolidation

Consolidated entities

In addition to Car Interior Design (Luxembourg) S.à r.l., the consolidated financial statements include all subsidiaries that can be controlled by the Company according to the provisions of IFRS 10. According to IFRS 10, the Company controls an entity when it has power over the entity; is exposed or has rights to variable returns from its involvement with the entity; and has the ability to affect those returns through its power over the entity.

The consolidated financial statements include Car Interior Design (Luxembourg) S.à r.l. as well thirteen international subsidiaries that can be controlled by the Company in accordance with IFRS 10.

In financial year 2020/21, the Group's production facility in Kulmbach, Novem Car Interior Design Kulmbach GmbH, was closed. However, as this subsidiary continues to exist legally, it is included unchanged in the consolidated financial statements. Please refer to Section 5.11 for further information on the closure of the Kulmbach plant.

Consolidated entities	Registered office	Ownership interest in %
International		
Novem Group GmbH	Vorbach	100
Novem Beteiligungs GmbH	Vorbach	100
Novem Car Interior Design GmbH	Vorbach	100
Novem Car Interior Design Metalltechnologie GmbH	Vorbach	100
Novem Car Interior Design Kulmbach GmbH	Kulmbach	100
Novem Deutschland GmbH	Vorbach	100
Novem Car Interiors (China) Co., Ltd.	Langfang, China	100
Novem Car Interior Design k.s.	Mesto Touskov, Czech Republic	100
Novem Car Interior Design S.de R.L.	Tegucigalpa, Honduras	100
Novem Car Interior Design S.p.A.	Bagnatica, Italy	100
Novem Car Interior Design S.A. de C.V.	Querétaro, Mexico	100
Novem Car Interior Design d.o.o.	Zalec, Slovenia	100
Novem Car Interior Design Inc.	Troy, USA	100

Basis of consolidation

Subsidiaries are entities controlled by Car Interior Design (Luxembourg) S.à r.l. The Company controls an investee if it has power over the investee; exposure, or rights, to variable returns from its involvement with the investee; and the ability to use its power over the investee to affect the amount of the Company's returns.

In assessing control, all facts and circumstances are considered. This particularly includes the purpose and structure of the investee. For example, changes to decision-making rights can mean that the relevant activities are no longer directed through voting rights, but instead other agreements, such as contracts, give another party or parties the current ability to direct the relevant activities. The assessment of control requires taking into account all facts and circumstances in the management's judgment.

Acquisitions of subsidiaries in the course of business combinations are accounted for using the acquisition method pursuant to IFRS 3. On initial consolidation, the identifiable assets acquired and the liabilities assumed are measured at their acquisition-date fair values. The fair values of property, plant and equipment and of employee benefits and similar obligations are determined on the basis of expert opinions, while the fair values of financial instruments as well as inventories are based on available market information. The fair value of significant intangible assets is measured using adequate valuation techniques based on estimated future cash flows or multiples. Acquisition-related costs are expensed as incurred.

For each business combination, the Group decides on an acquisition-by-acquisition basis whether to recognize the acquisition date components of non-controlling interests in the acquiree at fair value or based on the proportionate share of the acquiree’s net assets.

Goodwill is the positive difference between the consideration transferred and the fair value of the identifiable assets acquired and the liabilities assumed in a business combination. If the measured amount is negative, the difference is recognized directly in profit or loss after reexamination. Goodwill is not amortized but tested for impairment at least annually – or more frequently if required – and, if necessary, written down to the residual value after deduction of the impairment loss.

Subsidiaries are fully consolidated from the date of acquisition, i.e. from the date the group entity obtains control. They are deconsolidated as soon as the group entity loses control. If control is lost at a later date, profit or loss is recognized in the consolidated financial statements for the part of the reporting year during which the group entity had control.

Changes in the Group’s interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Intercompany profit or loss on trade receivables that has not yet been realized from the Group's perspective is eliminated in the consolidated financial statements. Receivables, payables, provisions, revenue, expenses and income between group entities are eliminated. Differences resulting from the elimination of intercompany payables and receivables (genuine elimination differences) are presented under other operating expenses.

Taxes were deferred as required on temporary differences arising from consolidation measures in accordance with IAS 12.

If necessary, the financial statements of group entities are adapted to the accounting policies of Car Interior Design (Luxembourg) S.à r.l. The financial statements of the group entities Novem Car Interiors (China) Co., Ltd., China, and Novem Car Interior Design S.A. de C.V., Mexico, whose reporting date is December 31, are adapted to the parent company's reporting date. The deviating reporting dates compared to the parent company result from the respective national legislation.

1.5 Foreign currency translation

These consolidated financial statements were prepared in accordance with the functional currency concept. The consolidated financial statements are presented in euros, the parent company's functional currency. In addition, the functional currency of each subsidiary is determined. The items contained in the financial statements of the respective subsidiary are then translated into the functional currency of the parent company.

Transactions in foreign currencies are translated into euros at the exchange rate applicable on the date of transaction. In subsequent reporting periods, monetary assets and liabilities denominated in foreign currency are translated at the closing rate. Any resulting gains and losses are recognized in consolidated profit or loss. Non-monetary assets and liabilities are translated into euros at the exchange rate applicable on the date of transaction.

Assets and liabilities of foreign subsidiaries whose functional currency is not the euro are translated into euros at the closing rate on each reporting date. Equity items are translated at historical exchange rates. The income statements and statements of cash flows are translated into euros at the applicable average exchange rates for the period. The resulting foreign currency translation differences are presented in the translation currency reserve in accumulated other comprehensive income.

The Group used the following major exchange rates for currency translation:

Currency (EUR 1 equals)	**Closing rate**		**Average rate**	
	March 31, 2021	**March 31, 2020**	**2020/21**	**2019/20**
CNY	0.12982	0.12806	0.12634	0.12942
CZK	0.03825	0.03660	0.03762	0.03888
HNL	0.03555	0.03668	0.03512	0.03663
MXN	0.04169	0.03889	0.03970	0.04586
USD	0.85288	0.91274	0.85887	0.90032

Currency (EUR 1 equals)	Closing rate		Average rate
	March 31, 2019	April 1, 2018	2018/2019
CNY	0.13226	0.12924	0.12876
CZK	0.03876	0.03932	0.03886
HNL	0.03648	0.03435	0.03576
MXN	0.04595	0.04417	0.04457
USD	0.89008	0.81144	0.86153

2 Accounting policies

2.1 Use of judgments and estimates

In preparing the financial statements in accordance with IFRS, management has made judgments and estimates that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Due to unforeseeable developments beyond the control of management, the actual figures may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognized in accordance with IAS 8 in the period in which they occur, and in each subsequent period affected by the revisions.

The most important forward-looking assumptions and other major sources of estimation uncertainty on the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year are explained below.

Measuring the fair value of financial instruments

If the fair values of financial assets and financial liabilities cannot be measured using quoted prices in active markets, they are determined by applying valuation techniques including the discounted cash flow method. The inputs used in the model are based – to the extent possible – on observable market data. If such data are not available, fair value is determined to a considerable extent based on judgment. Judgments concern such inputs as liquidity risk, credit risk and volatility. Changes in the assumptions for these inputs may affect the recognized fair values of financial instruments. Please refer to Section 5.2 for an overview of the financial instruments measured at fair value.

Impairment of non-financial assets

Management assesses at the end of each reporting period whether there is any objective evidence that assets are impaired. Any intangible assets not yet available for use as of the reporting date in the form of capitalized development costs are also tested for impairment annually. Further tests are conducted when there is objective evidence of impairment. Other non-financial assets or cash-generating units are tested for impairment when there is evidence that the carrying amount is not recoverable. The recoverable amount of an asset or a cash-generating unit is the higher of fair value less costs to sell and value in use. The measurement of fair value less costs to sell is based on available data from binding sales transactions between independent business partners for similar assets or observable market prices less costs directly attributable to sale of the asset. The discounted cash flow method is used to measure value in use. Cash flows are derived from the budget for the next five years, which does not include restructuring measures to which the Group has not yet committed and material future investments that will increase the profitability of the tested cash-generating unit. The recoverable amount depends on the discount rate used in the discounted cash flow method as well as the expected future cash inflows and the growth rate used for extrapolation purposes.

Capitalization of development costs

When capitalizing development costs, management's estimates regarding the technical and economic feasibility of the development projects are considered in the recognition decision. This is usually the case when an internal development project has reached a specific milestone in the existing project management model. Measurement of the capitalized development costs depends on assumptions regarding the amount and period of expected future cash flows as well as discount rates to be applied. For more details, please see Section 3.1.

Net realizable value of inventories

Inventories are stated at the lower of cost and net realizable value. The measurement of net realizable value requires assumptions by management, particularly on the development of sales prices and costs still to be incurred until sale. Please refer to Section 3.3 for further information.

Loss allowances on receivables

Estimates regarding the amount and necessary scope of loss allowances on receivables sometimes require subjective assessments with regard to the creditworthiness of customers. These are therefore subject to an inherent uncertainty of judgment. Please refer to Section 3.4 and Section 5.3 for further information.

Deferred tax assets on tax loss carryforwards

Deferred tax assets are recognized for tax loss carryforwards to the extent that it is considered likely that the related tax benefits will be realized through future taxable profits based on management's profit forecasts for the group entities. The determination of deferred tax assets requires significant judgment by management with regard to the expected occurrence and amount of future taxable income as well as future tax. Please refer to Section 4.8 for further information.

Provisions

Provisions differ from other liabilities in terms of uncertainty about the timing or amount of future expenses. A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Due to differing economic and legal assessments and the complexity of determining a probability of occurrence, there are recognition and measurement uncertainties. This particularly concerns other provisions in the area of sales that also include potential warranty claims by customers. Please refer to Section 3.12 for further information.

The measurement of provisions requires actuarial assumptions. These assumptions depend on the individual judgments of management. These include the determination of discount rates, future wage and salary increases, mortality rate and future pension growth. Due to the complexity of measurement and their long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed on each reporting date. The input parameter whose changes would usually have the strongest impact ist the discount rate. When determining an appropriate discount rate, management uses – as a guideline – the interest rates of fixed-rate corporate bonds in currencies that correspond to the currency of the obligation for post-employment benefits and have at least an AA rating from an internationally recognized rating agency; if necessary, these interest rates are adjusted to the expected term of the defined benefit obligation by extrapolating the yield curve. Furthermore, the quality of the underlying bonds is checked. Those exhibiting excessively high credit spreads are taken out of the bond portfolio from which the discount rate is derived. The mortality rate is based on publicly available mortality tables for the country concerned. These mortality tables typically change only if there are also demographic changes. Future wage, salary and pension increases are based on the expected future inflation rates for the respective country. Please refer to Section 3.10 for further information.

In applying the Group's accounting policies, the management has made the following judgements that have a significant effect on the amounts recognized in the consolidated financial statements:

Determination of the term of leases with extension/termination options

The Group determines the term of its leases based on the non-cancellable period of the lease as well as the periods arising from the option to extend the lease, provided it is reasonably certain that it will exercise this option, or the periods arising from the option to terminate the lease, provided it is reasonably certain that it will not exercise this option. The Group has concluded several leases that include extension and/or termination options. It exercises judgment in determining whether it is reasonably certain that the option to extend or terminate the lease will or will not be exercised. That is, it considers all relevant criteria that create an economic incentive for it to exercise either the extension or termination option. After the commencement date, the Group re-determines the lease term, if there is a significant event or change in circumstances that is within its control and has an effect on whether or not it will exercise the option to extend or terminate the lease (e.g. major leasehold improvements or material adjustment of the underlying asset).

Please refer to Section 5.9 for details on potential future lease payments for periods after the date of exercising the extension and termination options that are not taken into account in the lease term.

Profit-sharing rights of members of management and the Advisory Board

Management has evaluated the applicability of IFRS 2 to the profit-sharing rights of members of management and the Advisory Board and has concluded that members of management and the Advisory Board have not invested in profit-sharing rights that fall within the scope of IFRS 2.

Revenue recognition

For the purpose of revenue recognition it is necessary to identify all distinct performance obligations within a contract with a customer. The assessment of whether a performance obligation is distinct requires judgments by management.

Moreover, determining and allocating the transaction price to distinct performance obligations of a contract requires assumptions and estimates by management. This particularly concerns scenarios in which a stand-alone selling price is not directly observable for a good or service and it must therefore be estimated, or cases in which the transaction price includes variable components. In addition, management must assess whether there is participation in the development costs of automobile manufacturers in exchange for goods or services transferred by customers to the Group, which is customary in the automotive industry. Should this not be the case, estimates are necessary of the future contract volume under the contracts with customers involving such participation. Please refer to Section 2.8 and Section 2.14 for further information.

Furthermore, determining whether a performance obligation is satisfied at a point in time or over time also requires management judgment. This particularly concerns the assessment of whether the criteria for recognition of revenue over time are satisfied in the individual case. Please refer to Section 2.14 for further information.

2.2 Intangible assets

2.2.1 Purchased intangible assets

Intangible assets acquired for valuable consideration are recognized at cost. If they have a determinable useful life, these intangible assets are amortized on a straight-line basis over these useful lives. Straight-line amortization begins when the asset is in the condition necessary for it to be capable of operating in the manner intended by management. After initial recognition, intangible assets are recognized at cost less accumulated amortization and any accumulated impairment losses. Amortization and impairment losses are recognized in profit or loss.

Identifiable intangible assets acquired in a business combination are recognized at fair value at the acquisition date.

Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognized as expenses in the period in which they are incurred.

The useful lives of software and licenses are estimated at three to five years.

Amortization methods and useful lives are reviewed at each reporting date and adjusted as necessary.

2.2.2 Internally generated intangible assets

Expenditures relating to development projects are recognized as intangible assets pursuant to IAS 38, if the following can be demonstrated: 1) the technical feasibility of completing the intangible asset so that it will be available for use or sale; (2) the intention to complete the intangible asset and use or sell it; (3) the ability to use or sell the intangible asset; (4) how the intangible asset will generate probable future economic benefits; (5) the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and (6) the ability to measure reliably the expenditure attributable to the intangible asset during its development. The cost of an internally generated intangible asset is the sum of expenditure incurred from the date when the intangible asset first meets the above-mentioned recognition criteria.

If the above criteria are not satisfied, the development expenditure is recognized immediately in profit or loss in line with the treatment of research expenditure.

In order to continuously assess the need to capitalize development expenditure, ongoing development projects are monitored at a central level and broken down into multi-stage project phases. If the above-mentioned requirements are fulfilled from a particular project phase, the associated expenditure is capitalized as internally generated intangible assets.

Capitalized development expenditure is amortized on a straight-line basis over its useful life of three years. The useful life is determined on the basis of the estimated use of the technologies in line with technical progress or on the basis of the specific application of the development on current platforms. Amortization methods and useful lives are reviewed at each reporting date and adjusted as necessary.

Internally generated intangible assets are tested for impairment when facts or changes in circumstances indicate that their carrying amount may not be recoverable. Intangible assets from development projects not yet available for use are tested for impairment annually.

2.3 Property, plant and equipment

Property, plant and equipment are measured at cost less any accumulated depreciation and any accumulated impairment losses.

The cost of an item of property, plant and equipment comprises its purchase price and any costs directly attributable to bringing the asset to the condition necessary for it to be capable of operating in the manner intended. Rebates, discounts or bonuses are deducted from the purchase price. The cost of internally generated assets includes all costs directly attributable to the production process as well as proportionately attributable production overheads. Borrowing costs are usually not recognized as part of cost. However, if they are directly attributable to the acquisition, construction or production of a qualifying asset, they are capitalized pursuant to IAS 23. Repair and maintenance costs are recognized in profit or loss as incurred, if they generate no additional economic benefits.

To the extent relevant, cost includes the estimated costs of site dismantlement, removal and restoration of the asset.

Land is not depreciated.

Items of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives as follows:

Useful lives of property, plant and equipment	
Buildings	10 to 33 years
Furniture and fixtures, office equipment	3 to 13 years
IT equipment	4 years
Leasehold improvements	10 years

Gains and losses on disposal of an item of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount of property, plant and equipment. These gains and losses are recognized in other operating income or other operating expenses.

The residual values, useful lives and depreciation methods of assets are reviewed at the end of each financial year and adjusted as necessary.

2.4 Impairment of assets

Non-financial assets

According to IAS 36, non-financial assets with finite useful lives are assessed at the end of each reporting period to determine whether there is any indication that an asset may be impaired, e.g. particular events or market developments indicating a possible impairment. The carrying amounts of intangible assets with indefinite useful lives as well as intangible assets not yet available for use are tested for impairment at the end of each reporting period.

For impairment testing, assets that cannot be individually assessed are grouped into the smallest identifiable group of assets generating cash inflows through continuing use, which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

Within the Group, the smallest identifiable group of assets is usually at the level of individual entities.

If any such indication exists, or in cases where annual impairment testing is required, the recoverable amount of the asset is estimated. If the recoverable amount of an asset or corresponding cash-generating unit is less than its carrying amount, an impairment loss is recognized. The resulting difference between the carrying amount and recoverable amount is recognized as an expense in profit or loss.

Measuring recoverable amount

The recoverable amount of an asset or a cash-generating unit is the higher of its fair value less costs to sell and its value in use. Value in use is measured by discounting the estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. The discount rate is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the asset.

For assets to which cash flows cannot be directly allocated, the recoverable amount of the cash-generating unit to which the asset belongs is determined.

Reversing an impairment loss

An impairment loss recognized in prior periods for an asset is reversed if there has been a change in the estimates used to determine the asset's recoverable amount, i.e. the expected recoverable amount has increased. However, the increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of amortization or depreciation) had no impairment loss been recognized for the asset in prior years.

Financial assets

The Group mainly recognizes allowances for expected credit losses for:

- Trade receivables measured at amortized cost and
- Contract assets

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses. Lifetime expected credit losses are expected credit losses that result from all possible default events over the expected life of a financial instrument. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

To assess whether the credit risk of a financial asset since initial recognition has significantly increased and for the assessment of expected credit losses, the Group considers reasonable and supportable information which is relevant and available without undue cost or effort. This covers both quantitative and qualitative information and analysis, which is based on past experience of the Group and in-depth assessments, inclusive of forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly when it is more than 30 days past due.

The Group considers a financial asset in default when it is unlikely that the borrower will be able to repay its loan commitment to the Group in full, without the Group having to resort to measures such as sale of collateral (should it exist).

Measurement of expected credit losses

Expected credit losses are defined as the weighted average of credit losses with the respective risks of a default occurring as the weights. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between all contractual cash flows that are due to an entity in accordance with the contract and all cash flows that the entity expects to receive). Expected credit losses are measured within the Group based on a classification of trade receivables and assets by customer (see Section 5.3 for further details).

Presentation of impairment for expected credit losses in the statements of financial position and statements of profit or loss and other comprehensive income

Impairment losses on trade receivables measured at amortized cost and on financial assets are deducted from the gross carrying amount of the assets.

The impairment losses are presented in the consolidated statements of profit or loss and other comprehensive income in accordance with materiality criteria in other comprehensive income.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortized cost are credit-impaired. A financial asset is "credit-impaired" when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit-impaired includes also the following observable data:

- significant financial difficulty of the issuer or the borrower,

- a breach of contract, such as default
- restructuring of a loan or credit by the Group which would not otherwise have been considered
- if it is probable that the borrower will become insolvent or enter into other bankruptcy proceedings, or
- the disappearance of an active market for a security because of financial difficulties.

Impairment

The gross carrying amount of a financial asset is fully or partially impaired if – according to an appropriate assessment – the Group does not assume that the financial asset can be partly or wholly recovered. In this regard, the Group makes an individual assessment as to the point in time and amount of the impairment.

2.5 Government grants

Government grants, including non-monetary grants at fair value, are recognized at the time when there is reasonable assurance that:

a. the associated conditions will be satisfied and that
b. the grants will be received.

Grants are recognized as income as per planning in those periods in which the corresponding expenses that the grants are intended to offset are incurred. Grants received to compensate for already incurred expenses are recognized through profit or loss in the period when the expenses are incurred.

Grants for assets are deducted from the cost of these assets.

Government grants include, for example social security contributions for short-time allowances which was received relating to the global COVID-19 pandemic.

2.6 Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. This is the case if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To identify whether the contract includes the right to control the use of an identified asset, the Group uses the definition of a lease according to IFRS 16.

At the commencement date or on modification of a contract that contains a lease, the Group splits up the contractually agreed transaction price generally based on the relative stand-alone selling price and presents the lease and non-lease components separately. For all classes of assets in the context of leases, however, the Group has decided – pursuant to IFRS 16.15 – not to separate non-lease components and instead to recognize lease and non-lease components as a single lease component.

At the commencement date, the Group recognizes a right-of-use asset and a lease liability. The right-of-use asset is initially measured at cost commensurate with the initial measurement of the lease liability, adjusted by the payments made on or before the commencement date plus any initial direct costs and estimated costs for the dismantling or removal of the underlying assets or the restoration of the underlying assets or site where the asset is located, less any received lease incentives.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group at the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case, the right-of-use asset is depreciated over the useful life of the underlying asset, which is determined in line with the requirements for property, plant and equipment (refer in this regard to Section 2.3). In addition, the right-of-use asset is continually tested for impairment where necessary and adjusted by specified remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate. Generally, the Group uses its incremental borrowing rate as the discount rate.

To determine its incremental borrowing rate, the Group obtains interest rates from a bank and makes corresponding adjustments to account for the lease conditions and type of asset.

The lease payments contained in the measurement of the lease liability include:

- fixed payments, including de facto fixed payments,
- variable lease payments which are linked to an index or (interest) rate, initially measured using the applicable index or (interest) rate at the commencement date,
- amounts which are expected to be paid based on a residual value guarantee, and
- the exercise price of a purchase option that the Group is reasonably certain to exercise, lease payments for a renewal option if the Group is reasonably certain to exercise this option, and payments of penalties for early termination of the lease unless the Group is reasonably certain that it will not terminate the lease early.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments resulting from a change in an index or (interest) rate, when there is a change in the Group's estimate of the amounts expected to be payable under a residual value guarantee, when the Group changes its assessment of whether it will exercise a purchase, renewal or termination option or when there is a revised in-substance fixed lease payment.

The amount of the remeasurement of the lease liability is recognized as an adjustment to the carrying amount of the right-of-use asset or, if this is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss.

The Group presents right-of-use assets for leases in property, plant and equipment and lease liabilities in other financial liabilities.

Furthermore, the Group has decided not to report right-of-use assets and lease liabilities for leases based on low value assets as well as for short-term leases pursuant to IFRS 16.5. The Group recognizes the lease payments associated with these leases in the consolidated statements of profit or loss and other comprehensive income as other operating expenses on a straight-line basis over the term of the lease.

2.7 Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value is the estimated selling price realizable in the ordinary course of business, less necessary costs of completion and the expected costs until completion.

Cost is determined using the moving average cost method. The cost of finished goods and work in process includes, in addition to materials, production and special direct costs of production, also an appropriate share of overheads directly attributable to production as well as production-related depreciation. Production overheads are measured on the basis of normal capacity utilization.

2.8 Other assets

One-off participations in the development costs of automobile manufacturers are recognized as assets by the Group. The exclusive position occupied vis-à-vis business partners means that these payments are recouped through future serial business and the resulting revenue. Based on these contract conditions, payments are recognized continually as reducing revenue from the start of serial production and the asset is correspondingly written down. The write-down is recognized in this regard as the ratio of goods already supplied to the expected total amount of goods to be provided.

Furthermore, contract assets are created through the production of customized serial parts, as there is no alternative use for these serial parts. In this regard, a legal claim exists for payment of the work rendered thus far should the customer terminate the contract. Consequently, control over these goods (pursuant to IFRS 15) is transferred over time, which is also why the corresponding revenue is to be recognized over time. If the Group has not yet received consideration in this regard for the transferred goods and at the same time there is no unconditional right to payment, the corresponding contract assets are recognized.

2.9 Financial instruments

Definition of initial recognition

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument in another entity. Financial instruments are recognized as soon as the Group becomes a party to the financial instrument contract.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value. In the case of an item not measured at fair value through profit or loss, transaction costs are added that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Offsetting

Financial assets and liabilities are offset and the net amount presented in the statements of financial position when, and only when, the Group currently has a legally enforceable right to set off the recognized amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

Derivative financial instruments

The Group uses derivative financial instruments to hedge currency risks resulting during the course of operations. Embedded derivatives in host contracts, which represent either non-financial assets or liabilities, are separated from the host contract under certain circumstances and accounted for separately.

Derivative products are measured at fair value upon initial recognition. Derivatives are subsequently measured at fair value. Any changes therein are generally recognized in other operating expenses or other operating income. The Group does not apply hedge accounting according to IFRS 9.

Financial assets

All purchases and sales of financial assets are recognized as of the trading day, i.e. on that date upon which the Company is obliged to acquire the assets. Financial assets with a remaining maturity of more than one year are classified as non-current.

On initial recognition, a financial asset is classified and measured as follows:

- Financial assets measured at amortized cost (FAAC)
- Debt instruments at fair value through other comprehensive income (FVOCI debt instruments)
- Equity instruments measured at fair value through other comprehensive income (FVOCI equity instruments)
- Financial assets recognized at fair value through profit or loss (FAFVTPL)

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its business model for managing the financial assets, In this case, all affected financial assets are reclassified on the first day of the reporting period following the change in the business model.

A financial asset is measured at amortized cost (FAAC) if it meets both of the following conditions and is not designated as at FAFVTPL:

- the financial asset is held within a business model whose objective is to hold the financial asset to collect the contractual cash flows, and

- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt instrument is measured at FVOCI if it meets both of the following conditions and is not designated as at FAFVTPL:

- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity instrument that is not held for trading, the Group can irrevocably elect to present subsequent value changes in the investment's fair value in other comprehensive income. This decision is made on a case-by-case basis for each investment.

All financial assets not classified as measured at amortized cost or FVOCI are classified as FVTPL. This includes all derivative financial assets, trade receivables sold in the context of factoring agreements. Upon initial recognition, the Group may irrevocably classify a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces accounting mismatches that would otherwise arise.

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes the following:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realizing cash flows through the sale of the assets;
- how the profit/loss of the portfolio is assessed and reported to group management
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed
- how the managers are remunerated – for instance, whether the remuneration is based on the fair value of the managed assets or on the collected contractual cash flows – and
- the frequency, volume and timing of sales of financial assets in prior periods and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

When assessing whether the contractual cash flows are solely payments of principal and interest, the Group considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would no longer meet this condition. In making this assessment, the Group considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual interest rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Group's claim to cash flows from specified assets (e.g. non-recourse features).

The following is applicable for the subsequent measurement of financial assets and the associated gains and losses:

Financial assets at FVTPL are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss. For derivatives not designated as hedging instruments according to IFRS 9, see comments at the top of this section.

Financial assets at amortized cost are measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses as well as impairment losses are recognized as other operating expenses or income. A gain or loss from derecognition is recognized in profit or loss (in other operating income or other operating expenses).

Debt instruments at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment losses are recognized in other operating expenses or income (with the exception of income, which is shown under net finance income). Other net gains or losses are recognized in OCI. Upon derecognition, accumulated other comprehensive income is reclassified to profit or loss (in other operating income or other operating expenses).

Equity instruments at FVOCI are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividends clearly represent cover of a part of costs of the investment. Other net gains or losses are recognized in other comprehensive income and are never reclassified to profit or loss. This category was not relevant within the Group thus far.

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred.

Assets are also derecognized when the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the transferred asset.

In order to recognize incoming payments in a timely fashion, the Group partially sells its trade receivables – mainly from automobile manufacturers and their suppliers – to a bank. These receivables are derecognized from the consolidated statements of financial position at the time of sale, as substantially all opportunities and risks are transferred to the purchaser.

Financial liabilities

Financial liabilities include especially trade payables, liabilities to banks, liabilities to shareholders and other liabilities.

Financial liabilities are classified and measured at amortized cost or at fair value through profit or loss (FVTPL). A financial liability is classified as at FVTPL if it is classified as held for trading, it is a derivative or it is designated as FVTPL on initial recognition.

Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expenses and foreign currency translation differences are recognized in profit or loss (in other operating expenses or other operating income, with the exception of interest expenses, which are shown under net finance costs). Gains or losses (in other operating income or other operating expenses) from derecognition are also recognized in profit or loss.

The Group derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognizes a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognized at fair value.

Upon derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognized in profit or loss (in other operating income or other operating expenses).

2.10 Cash and cash equivalents

Cash and cash equivalents mainly include cash and other current highly-liquid financial investments with a term of not more than three months. Petty Cash and cash in banks is stated at nominal value. For reasons of materiality, the Group refrained from recognizing expected credit losses for cash and cash equivalents.

2.11 Other provisions

A provision is recognized if, as a result of a past event, the Group has a present legal or constructive obligation, whose amount can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation (probability of occurrence is greater than 50%).

Warranty obligations may arise on account of statutory stipulations, an agreement or ex-gratia arrangements. Provisions are recognized for expected claims arising from warranty obligations Utilization of the provision can be expected in particular if the warranty has not yet expired, if warranty expenditure was incurred in the past or if there are specific signs of warranty cases. Depending on the facts of the situation, the warranty risk is derived either using individual estimates or empirical values from the past, for which a corresponding provision is recognized. The Group does not offer any further warranties beyond this in terms of additional maintenance and services. Thus, the warranties are "Assurance Type Warranties", which – in accordance with IAS 37 – are to be recognized and which do not fall within the scope of IFRS 15.

Provisions for restructuring expenses are recognized when the Group has set up and communicated a detailed formal plan for restructuring and has no realistic possibility of withdrawing from these obligations.

Provisions for onerous contracts are recognized when the expected benefits from a contract are lower than the unavoidable cost of meeting the obligations under the contract.

Should the recognition criteria for provisions not be satisfied, then a contingent liability is shown in the notes if certain conditions are met.

Non-current provisions are recognized at present value. For this purpose, the expected future cash flows are discounted by using a pre-tax discount rate that reflects current market expectations of the time value of money and the risks specific to the liability. The effects of movements in interest rates are shown under finance income/costs.

2.12 Deferred liabilities

Deferred liabilities refer to future expenditures, the amount and date of which are uncertain, however less uncertain than for provisions. These are liabilities relating to received or supplied goods and services, which have been neither paid nor invoiced. These also include current amounts owed to employees (such as bonuses and leave entitlements). Deferred liabilities are recognized in the amount of anticipated expenditures.

2.13 Employee benefits

There are defined benefit obligations within the Group. Pursuant to IAS 19, pension obligations are measured using the projected unit credit method on the basis of actuarial reports. The present value of beneficiaries' future claims are estimated using actuarial methods on the basis of the benefits earned by staff in the current and preceding periods. The liability recognized in the consolidated statements of financial position is the present value of the defined benefit obligations adjusted for any actuarial gains or losses not yet offset and less any past service cost not yet recorded. The discount rate is determined by the capital market and takes into account the expected maturity of the obligation. The required actuarial calculations are made in the Group by external actuaries.

If benefits from the pension plan are expanded, then the share of vested additional benefits from the employee's past years of service are recognized immediately in profit or loss.

Actuarial gains and losses from measuring the obligation are – just like the difference between plan asset returns determined at the beginning of the period and plan asset returns actually realized – recognized in other comprehensive income and shown separately in the statements of profit or loss and other comprehensive income. Expenses from the unwinding of discounts on defined benefit obligations as well as interest income from plan assets (net interest expense) are shown under net finance income/costs. The service cost is taken into account in personnel expenses, although past service costs from plan amendments are recognized immediately in profit or loss.

Payments to defined contribution plans are recognized as an expense when employees have rendered the work entitling them to the benefits. To the extent necessary, these are shown as a liability on the reporting date.

2.14 Revenue recognition

Revenue is recognized for all contracts with customers on the sale of goods or rendering of services according to the five-step model specified under IFRS 15. Using this model, the Group determines the amount of revenue as well as the date or period of revenue recognition.

Step 1: Identify the contract with a customer

Step 2: Identify the performance obligations in the contract

Step 3: Determine the transaction price

Step 4: Allocate the transaction price to performance obligations

Step 5: Recognize revenue when (or as) the entity satisfies a performance obligation

The model specifies that revenue as of a point in time (or over time) of transfer of control of the goods or services from the entity to the customer is to be recognized in that amount to which the entity is expected to be entitled.

The Group usually concludes multiple-element contracts with customers, which contain more than one performance obligation. In this regard, two or more agreements are generally combined as these are negotiated as a package with one single economic purpose. The agreements relate to the sale of trim and function elements, the provision of development services as well construction of tools necessary for production of the trim and function elements. Whereas in the case of the agreements for providing development services and the construction of tools, signing of the contract generally satisfies the criteria of an agreement pursuant to IFRS 15, a contract within the meaning of IFRS 15 is typically established for agreements for the delivery of serial parts only as of the date of initial delivery of serial parts. In the case of subsequent, later deliveries, this then involves contract modifications that are to be accounted for separately from the contracts.

As part of multiple-element contracts, the Group has identified the following performance obligations:

- The provision of development services and the sale of tools necessary for the production of serial parts
- Sale of serial parts
- Maintenance of tools

Furthermore, individual contracts have a financing component as the payment date deviates significantly from the date of transfer of power over the goods and services.

As mentioned in Section 2.11, warranty obligations always constitute assurance-type warranties that are recognized according to IAS 37.

The transaction price includes the fair value of the received or receivable consideration, taking into account rebates or volume discounts granted in the serial process, which – to the extent necessary – are estimated based on historical experience, as well as an appropriate allocation of one-off payments rendered upfront (e.g. participation in the development work of the Original Equipment Manufacturer (OEM)). When determining the transaction price, the promised consideration is adjusted for the interest effect of any potentially existing financing component. The discount rate used in this case corresponds to the interest rate that would be used for a separate financing transaction with the customer.

The expected-cost-plus-a-margin approach is used for estimating the stand-alone selling prices as part of allocating the transaction price to the individual performance obligations.

For the one-off payments to be paid by the Group, which grant the Group an exclusive position as supplier and which can be recouped through sales from the related agreement, see the comments in Section 2.8.

In terms of type of revenue recognition, it is necessary to differentiate between performance obligations that are fulfilled over time and those that are fulfilled at a point in time.

Performance obligations that are satisfied at a point in time

The Group is commissioned by customers to develop special tools, which are sold to the customer upon completion. In such constellations, the development work and subsequent sale of the tools constitute one single performance obligation. The associated revenue is recognized upon completion and sale of the tool to the customer, i.e. at a point in time.

The point in time of revenue recognition from the sale of goods generally corresponds – depending on the respective customer contract and respective order – to the date of delivery or acceptance, as control of the good transfers as of this point in time to the customer and the Group has thus fulfilled its contractual performance obligation. The payment terms contractually agreed on with customers are generally between 30 and 90 days.

Advance payments received from customers for tools are shown as contract liabilities under other liabilities.

Performance obligations that are satisfied over time

The Group is commissioned by the customer to manufacture customized serial parts. An asset with no alternative use generally arises as of the point in time when the serial part is customized. Furthermore, in such cases, the Group has an enforceable right to payment for services rendered to date. As a result, revenue for these serial parts are recognized over time and the contract asset for this is recognized, amounting to at least any costs of performance completed to date plus a reasonable profit margin.

Revenue from service agreements is recognized over time in those periods in which the service is rendered.

2.15 Other income and expenses

Other income is recognized on an accrual basis according to the provisions of the underlying agreement. Other income, such as from realized exchange gains, is shown under "other operating income".

Expenses are recognized when they arise or at the time they are incurred. Other expenses, such as from realized exchange losses, are shown under "other operating expenses".

2.16 Expenses for research and non-capitalized development services

Expenses for research and non-capitalized development services are recognized in that period in which they were incurred.

2.17 Operating result (EBIT)

Operating earnings (EBIT) are defined as earnings before finance income, finance costs and income taxes.

2.18 Net finance income/costs

The Group's finance income and finance costs include:

- Interest income
- Interest expenses
- Foreign currency gains and losses
- Expenses and income from measuring certain financial instruments at fair value.

Interest income and expense are recognized on an accrual basis using the effective interest method.

2.19 Income taxes

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the financial year, based on the tax rates applicable or shortly to become applicable on the reporting date, and any adjustment to tax payable for prior years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are only offset under certain conditions.

Deferred taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities in the statements of financial position and the amounts used for taxation purposes. Deferred tax is not recognized for:

- temporary differences on the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future; and
- taxable temporary differences arising on the initial recognition of goodwill.

A deferred tax asset is recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be utilized. Future taxable profits are determined based on the individual business plans of subsidiaries. Deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that the associated tax benefits will be realized. Impairment losses are reversed if the probability of generating taxable earnings in the future increases.

Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets or liabilities.

Deferred tax assets and deferred tax liabilities are offset if certain conditions are fulfilled.

2.20 Contingent liabilities

A contingent liability is a possible obligation to third parties that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity or a present obligation that arises from past events for which an outflow of resources is not probable or the amount cannot be reliably estimated. Contingent liabilities pursuant to IAS 37 are generally not recognized.

2.21 Assets held for sale

Non-current assets or disposal groups that contain assets and liabilities are classified as held for sale if it is highly probable that their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

These assets or the disposal group are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment losses upon initial classification as held for sale and any subsequent gains and losses on remeasurement are recognized in profit or loss.

Intangible assets and property, plant and equipment are no longer amortized or depreciated once they have been classified as held for sale.

3 Notes to the consolidated statements of financial position

3.1 Intangible assets

The development of the Group's carrying amounts of intangible assets is shown below for the 2020/21, 2019/20 and 2018/19 reporting years. The write-downs include here both amortization as well as impairment losses (refer here also to Section 4.5).

KEUR	Concessions, industrial property rights and similar rights and assets as well as licenses to such rights and assets acquired for a consideration	Internally generated intangible assets	**Total**
Cost			
As of Apr. 1, 2018	**4,857**	**974**	**5,832**
Currency differences	15	0	15
Additions	885	492	1,377
Disposals	81	0	81
Reclassifications	20	0	20
As of Mar. 31, 2019	**5,696**	**1,466**	**7,163**
Currency differences	2	0	2
Additions	291	523	814
Disposals	124	0	124
Reclassifications	0	0	0
As of Mar. 31, 2020	**5,865**	**1,989**	**7,855**
Currency differences	-15	0	-15
Additions	685	217	902
Disposals	1	0	1
Reclassifications	232	0	232
As of Mar. 31, 2021	**6,766**	**2,206**	**8,973**

Accumulated amortization and impairment losses			
As of Apr. 1, 2018	**3,824**	**23**	**3,848**
Currency differences	11	0	11
Additions	461	55	516
Disposals	81	0	81
As of Mar. 31, 2019	**4,217**	**77**	**4,294**
Currency differences	1	0	1
Additions	483	55	538
Disposals	124	0	124
As of Mar. 31, 2020	**4,577**	**133**	**4,709**
Currency differences	-9	0	-9
Additions	588	69	657
Disposals	1	0	1
As of Mar. 31, 2021	**5,155**	**202**	**5,356**
Carrying amount			
As of Apr. 1, 2018	**1,033**	**951**	**1,984**
As of Mar. 31, 2019	**1,479**	**1,389**	**2,869**
As of Mar. 31, 2020	**1,288**	**1,856**	**3,146**
As of Mar. 31, 2021	**1,612**	**2,004**	**3,618**

Purchased intangible assets

Purchased concessions, patents, licenses, trademarks and similar rights and assets mainly concern expenses for third parties in connection with the acquisition of application software.

No impairment losses were recognized for purchased intangible assets in the 2020/21, 2019/20 and 2018/19 reporting years.

Internally generated intangible assets

Research costs and non-capitalizable development costs are expensed as incurred. This contrasts with development expenses that must be capitalized amounting to KEUR 2,010 (2019/20: KEUR 1,858; 2018/19: KEUR 1,389). This largely involves the development of processes for applying polyurethane systems for high-volume platforms, development in the area of trims with integrated lighting designs and lighting concepts in car interiors.

The Group differentiates in this regard between customer-based and non-customer-based (internal) development work. Internal development work that can be used across customers is recognized as internally generated intangible assets if the corresponding recognition criteria are met and the assets are amortized over their expected useful life.

No impairment losses were recognized for intangible generated assets in 2020/21, 2019/20 and 2018/19 reporting years.

The Group recognized KEUR 1,755 (2019/20: KEUR 2,190; 2018/19: KEUR 1,932) in research and development expenses in reporting year 2020/21.

3.2 Property, plant and equipment

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Land, leasehold rights and buildings, including buildings on third-party land	80,831	85,766	91,042	85,038
Thereof right-of-use assets from leases	29,744	32,968	39,521	40,659
Technical equipment and machinery	87,057	91,761	93,818	87,171
Thereof right-of-use assets from leases	570	2,692	5,278	7,220
Other equipment, operating and office equipment	13,024	14,042	11,376	12,210
Thereof right-of-use assets from leases	5,397	5,688	3,068	3,685
Advance payments and assets under construction	5,876	7,226	8,768	5,003
	186,787	198,795	205,004	189,422

Additions to property, plant and equipment (excluding advance payments and assets under construction) amounted to KEUR 17,600 in the reporting year (2019/20: KEUR 28,217; 2018/19: KEUR 34,991) and largely related to Technical equipment and machinery. Neither impairment losses nor reversal of impairment losses were recognized in a significant amount in 2020/21, 2019/20 and 2018/19 reporting years.

Property, plant and equipment in the form of land and buildings of Novem Car Interior Design Kulmbach GmbH were reclassified from property, plant and equipment to assets held for sale in reporting year 2020/21. (Please see Section 5.11 for further information):

The development of the Group's carrying amounts of property, plant and equipment is shown below for the 2020/21, 2019/20 and 2018/19 reporting years. The write-downs include here both depreciation as well as impairment losses (refer here also to Section 4.5).

KEUR	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost					
As of Apr. 1, 2018	**118,961**	**248,296**	**39,183**	**5,247**	**411,687**
Currency differences	-125	1,937	201	158	2,171
Additions	12,927	18,902	3,162	6,581	41,572
Disposals	639	2,990	2,126	238	5,993
Reclassifications	474	2,134	334	-2,964	-20
As of Mar. 31, 2019	**131,598**	**268,279**	**40,754**	**8,784**	**449,416**
Currency differences	-3,897	-2,679	-499	-97	-7,172
Additions	8,533	12,070	7,614	2,893	31,110
Disposals	2,671	6,674	1,474	0	10,819
Reclassifications	586	3,596	157	-4,337	0
As of Mar. 31, 2020	**134,149**	**274,592**	**46,552**	**7,243**	**462,536**
Currency differences	1,968	425	142	615	3,150
Additions	4,145	8,953	4,502	2,900	20,500
Disposals	3,610	14,472	2,934	95	21,111
Reclassifications	372	3,511	136	-4,251	-232
As of Mar. 31, 2021	**137,024**	**273,009**	**48,398**	**6,412**	**464,843**

Accumulated depreciation and impairment losses					
As of Apr. 1, 2018	**33,923**	**161,125**	**26,973**	**243**	**222,264**
Currency differences	61	1,120	73	0	1,254
Additions	7,188	15,164	4,076	11	26,439
Disposals	617	2,925	1,765	238	5,545
Reclassifications	1	-22	21	0	0
As of Mar. 31, 2019	**40,556**	**174,462**	**29,378**	**16**	**244,412**
Currency differences	-452	-1,914	-357	0	-2,723
Additions	8,627	16,253	4,837	0	29,717
Disposals	348	5,970	1,347	0	7,665
Reclassifications	0	0	0	0	0
As of Mar. 31, 2020	**48,383**	**182,831**	**32,511**	**16**	**263,741**
Currency differences	645	363	145	525	1,678
Additions	8,424	16,296	5,502	60	30,282
Disposals	1,259	13,543	2,785	60	17,647
Reclassifications	0	5	1	-6	0
As of Mar. 31, 2021	**56,193**	**185,952**	**35,374**	**535**	**278,054**

Carrying amount					
As of Apr. 1, 2018	**85,038**	**87,171**	**12,210**	**5,003**	**189,422**
As of Mar. 31, 2019	**91,042**	**93,818**	**11,376**	**8,768**	**205,004**
As of Mar. 31, 2020	**85,766**	**91,761**	**14,041**	**7,227**	**198,795**
As of Mar. 31, 2021	**80,831**	**87,057**	**13,024**	**5,876**	**186,787**

3.3 Inventories

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Inventories, net carrying amounts				
Raw materials and consumables	30,037	29.201	27,928	25,478
Work in process	11,625	11,779	10,206	11,816
Finished goods and merchandise	15,980	13,677	15,100	10,668
Tools	37,334	45,708	46,968	58,030
Advance payments for tools	466	458	29	2,911
Advance payments for raw materials	28	2	0	8
Total	**95,470**	**100,825**	**100,231**	**108,911**

The majority of inventories consists of tools as well as raw materials and consumables.

The write-downs recognized on inventories amounted to KEUR 7,958 in reporting year 2020/21 (2019/20: KEUR 5,953; 2018/19: KEUR 5,951). In the case of write-downs, marketability, age as well as all apparent storage and inventory risks are taken into account.

Due to the fact that there is no alternative use options for the finished parts on stock as of the reporting date, for which there are also firm purchase commitments by the Original Equipment Manufacturers ("OEMs"), an adjustment was made to the inventories in the amount of KEUR 9,682 (2019/20: KEUR 7,960; 2018/19: KEUR 6,332) based on recognition of revenue over time under IFRS 15, together with the recognition of contract assets amounting to KEUR 12,005 (2019/20: KEUR 10,083; 2018/19: KEUR 7,551).

3.4 Trade receivables

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Trade receivables	104,183	115,275	129,455	110,020
Expected credit losses on trade receivables	-1,535	-3,876	-2,639	-1,688
Net carrying amount	**102,648**	111,399	126,816	108,332
Non-current	49,645	54,878	45,078	26,039
Current	53,003	56,521	81,738	82,293

Trade receivables mainly constitute receivables from contracts with customers. As part of the sale of receivables, receivables were sold to a bank as part of a factoring agreement for a purchase price of KEUR 40,073 as at March 31, 2021 (March 31, 2020: KEUR 24,558; March 31, 2019: KEUR 23,209). These receivables were measured at fair value through profit or loss until the date of their sale. The increase in non-current receivables in prior periods was mainly due to the new platforms, which were launched in the corresponding reporting year.

Trade receivables are partially or fully written down if there are indications of uncollectibility. Furthermore, expected credit losses are determined using a portfolio approach for trade receivables that are not measured at fair value through profit or loss (refer here also to Section 5.3). For this purpose, the Group bundles the receivables according to individual customers. The expected credit losses developed as follows in this regard:

In TEUR	2020/21	2019/20	2018/19
	Loss allowance	Loss allowance	Loss allowance
As of Apr. 1	3,876	2,639	1,688
Additions	13	2,684	1,246
Reversals	-2,354	-1,447	-295
Used	0	0	0
Exchange rate effects	0	0	0
As of Mar. 31	**1,535**	**3,876**	**2,639**

3.5 Other receivables

The Group's other receivables comprise the following components:

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
From VAT	20,865	18,369	20,142	12,356
From employees	270	223	44	132
From payroll tax	12	0	0	0
From social security	0	22	0	0
From advance payment receivables	256	177	226	114
Other	5,799	2,930	2,381	2,969
Carrying amount	**27,202**	**21,721**	**22,793**	**15,571**

The majority are receivables from tax authorities. This is the result of regular offsetting and notification of paid and received VAT.

3.6 Cash and cash equivalents

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Cash and cash equivalents				
Cash on hand	71	71	41	50
Cash at banks	175,228	196,095	97,016	167,975
	175,299	196,166	97,057	168,025

Cash and cash equivalents are available at all times and are not subject to any restrictions. Cash and cash equivalents are concentrated at Novem Beteiligungs GmbH, which operates a group-wide cash pooling system.

3.7 Other non-current / current assets

KEUR		Mar. 31, 2021			Mar. 31, 2020	
	Current	Non-current	**Total**	Current	Non-current	**Total**
Transaction costs	104	209	313	104	313	417
Prepaid expenses	357	7	364	43	7	36
Miscellaneous other assets	0	272	272	0	269	269
Contract assets	11,987	0	11,987	10,095	0	10,095
Contribution to development for later supply contracts	1,758	14,031	15,789	2,036	14,123	16,159
	14,206	**14,519**	**28,275**	**12,192**	**14,712**	**26,904**

KEUR		Mar. 31, 2019			Apr. 1, 2018	
	Current	Non-current	**Total**	Current	Non-current	**Total**
Transaction costs	82	246	328	82	328	410
Prepaid expenses	1,021	7	1,028	916	26	942
Miscellaneous other assets	0	280	280	0	170	170
Contract assets	7,689	0	7,689	4,729	0	4,729
Contribution to development for later supply contracts	1,791	10,397	12,188	1,993	11,155	13,148
	10,583	**10,930**	**21,513**	**7,720**	**11,679**	**19,400**

Other non-financial, non-current assets of KEUR 14,519 (March 31, 2020: KEUR 14,712; March 31, 2019: KEUR 10,930; April 1, 2018: KEUR 11,679) include development contributions for later supply contracts.

The presented other non-financial current assets amounting to KEUR 14,206 (March 31, 2020: KEUR 12,192; March 31, 2019: KEUR 10,583; April 1, 2018: KEUR 7,720) mainly include development contributions for later supply contracts as well as contract assets, i.e. acquired right to consideration for already satisfied performance obligations from contracts with customers as of the reporting date. Contract assets are reclassified as trade receivables as soon as there is an unconditional right to receive cash, which is obtained upon invoicing the customer for the quantities actually delivered. In this regard, KEUR 10,134 was reclassified in 2020/21 (2019/20: KEUR 7,736; 2018/19: KEUR 4,758) from contract assets to trade receivables.

The expected credit losses on contract assets (refer here also to Section 5.3), which are shown within other operating expenses, developed as follows on Group level:

In TEUR	2020/21	2019/20	2018/19
As of Apr. 1	39	47	29
Additions	0	0	18
Reversals	-9	8	0
Used	0	0	0
Exchange rate effects	0	0	0
As of Mar. 31	30	39	47

3.8 Assets held for sale

Closure of production facility in Kulmbach

In financial year 2020/21, the Group's production facility in Kulmbach, Novem Car Interior Design Kulmbach GmbH, was closed following a management decision on the Group's strategic future operational focus. However, this did not lead to the subsidiary being liquidated under law and subsequently wound up, meaning that it remains included in the consolidated financial statements. Novem Car Interior Design Kulmbach GmbH is allocated to the Europe segment.

The land and buildings of Novem Car Interior Design Kulmbach GmbH belonging to the business premises are classified as a disposal group held for sale according to IFRS 5 as of March 31, 2021. The sales effort for this disposal group has begun and the sale is expected in the coming financial year 2021/22.

No impairment losses were necessary either following the reclassification of the affected assets from property, plant and equipment to the disposal group nor as of March 31, 2021, as the disposal group's fair value less costs to sell exceeded its carrying amount. The disposal group's carrying amount as of March 31, 2021, was KEUR 1,224.

3.9 Equity

For detailed information on changes in consolidated equity, please refer to the consolidated statements of changes in equity.

Total equity as of March 31, 2021 was negative €505,091 thousand compared to negative €511,166 thousand as of March 31, 2020. The increase of €6,075 thousand represents the total comprehensive income for financial year 2020/21.

Total equity as of March 31, 2020 was negative €511,166 thousand compared to positive €70,246 thousand as of March 31, 2019. The change primarily resulted from a decrease in other retained earnings in connection with a recapitalization of the Group financed by the issuance of senior secured floating rate notes in an aggregate nominal amount €400 million. At the beginning of Fiscal Year 2019/20, a new intermediate holding company, Novem Group GmbH, was established as a wholly-owned subsidiary of the Company. In connection with this transaction, the Company contributed its shares in Novem Beteiligungs GmbH, the previous German holding company of the operational group, to Novem Group at a fair value of €762 million. Of this fair value, €160 million were paid into capital reserves of Novem Group GmbH, with the remaining €602 million being converted into a shareholder loan.

As this was a transaction between parties under common control, the gain resulting from the contribution was not recognized in the Company's consolidated financial statements under IFRS. In the unconsolidated financial statements of the Company under Luxembourg generally accepted accounting principles as approved by the management board, this transaction however resulted in a significant capital gain equal to the difference between the book value of Novem Beteiligungs GmbH immediately prior to the contribution and the value of €762 million derived from valuation models for which one the main assumptions are the prospective earnings based on the management's best estimates and perpetual growth rates.

Shortly after the contribution described above, Novem Group GmbH issued the Senior Secured Notes in an aggregate principal amount of €400 million and used a portion of the proceeds in an amount of approximately €185 million to partially repay the shareholder loan described above in part. The Company in turn declared a dividend to Automotive Investment in an amount of €604,394 thousand of which €187,434 thousand were paid in cash with the remainder being converted into a shareholder loan.

The declaration of this dividend reduced the Company's equity position in its consolidated financial statements and resulted in a negative equity. However, in the unconsolidated balance sheet of the Company under Luxembourg generally accepted accounting principles, a significant positive equity position remained that resulted out of the gain from the contribution at fair value of Novem Beteiligungs GmbH described above. However, this increase in equity was decreased later due to the dividend distribution to the shareholder as also described above.

Share capital

The share capital of Car Interior Design (Luxembourg) S.à r.l. as of March 31, 2021 consists of 62,500 shares with a nominal value of EUR 1 per share (2019/20: 62,500 shares with a nominal value of EUR 1 per share, 2018/19: 62,500 shares with a nominal value of EUR 1 per share).

Capital Reserves

The capital reserves amounted to KEUR 21,981 as of March 31, 2021 (March 31, 2020: KEUR 21,891; March 31, 2019: KEUR 1,319; April 1, 2018: KEUR 1,319).

Retained earnings/(accumulated losses)

The retained earnings amounted to KEUR -528,289 as of March 31, 2021 (March 31, 2020: KEUR -536,487; March 31, 2019: KEUR 63,484; April 1, 2018: KEUR 182,968).

Foreign currency translation reserves

The balance sheet and income statement items are translated into euro for all international subsidiaries whose functional currency is not the euro. The resulting currency translation differences are recognized in other comprehensive income within consolidated equity in the item entitled foreign currency translation reserve.

Due to the still changing legal form, no information on Earnings per Share is provided.

3.10 Employee benefits

The Group grants its staff in and outside of German pension entitlements, which are either defined-contribution or defined-benefit pension plans. In this regard, besides the ongoing contributions, the defined contribution plans do not lead to any further payment obligations. The pension provision for the defined benefit plans is generally calculated using the projected unit credit method. Under this projected unit credit method, expected future increases in salaries and pensions are taken into account in addition to the pensions and vested entitlements known as of the reporting date. The present value of the obligation (Defined Benefit Obligation or DBO) is determined by discounting the future expected cash outflows using a discount rate that is based on the returns on high-quality fixed-rate corporate bonds in the same currency. In doing so, the underlying corporate bonds are used to derive a yield curve and the related discount rate is determined using the term of the future obligations.

Defined benefit plans

The significant defined benefits are in Germany and include staff's entitlements to retirement benefits in the case of disability or upon reaching retirement age – and also in the event of death in individual cases. The general commitment specifies payments for a standard basic sum, which rises by a fixed amount for each year of service completed. Furthermore, there are various individual commitments in Germany based on final salary. The benefit entitlements applicable to Germany encompassed defined benefit obligations amounting to KEUR 31,510 as of March 31, 2021 (March 31, 2020: KEUR 28,605; March 31, 2019: KEUR 28,583; April 1, 2018: KEUR 24,745) and, thus, accounted for 91.00% of the total obligation. There are retirement benefit obligations in Italy, Slovenia and Mexico with entitlement to capital sums based on statutory regulations.

The risks associated with the defined benefit plans essentially include the usual risks of defined benefit pension plans relating to possible changes to the discount rate and, to a small extent, inflation trends and longevity. In order to limit the risks of changing capital market conditions and demographic developments, a new general pension scheme was closed to new entrants in Germany in 2015. The specific risks of salary-based obligations are minimal within the Group.

The present value of the defined benefit obligations developed as follows:

KEUR	2020/21	2019/20	2018/19
The development of defined benefit plans			
Present value of the benefit entitlements on April 1	**31.442**	**31,281**	**27,341**
Current service cost	1.319	1,313	1,144
Past service cost	0	33	0
Interest expense	601	534	594
Employer's direct benefit payments	-883	-916	-772
Actuarial gains (-)/losses (+)			
Thereof on account of changes to demographic assumptions	0	0	476
Thereof on account of changes to financial assumptions	1.793	-898	2,535
Thereof on account of experience-based adjustments	328	190	-48
Effects of changes in foreign exchange rates	44	-94	11
Present value of the obligation on March 31	**34.644**	**31,442**	**31,281**

The employee benefit expense for defined benefit plans recognized in profit or loss consists of the following items:

KEUR	2020/21	2019/20	2018/19
Current service cost	1.319	1,313	1,144
Subsequently calculated service cost	0	33	0
Total service cost	**1.319**	**1,346**	**1,144**
Interest expense	601	534	594
Total pension expense for benefit plans	**1.920**	**1,879**	**1,738**

The pension provision is derived as follows:

KEUR	2020/21	2019/20	2018/19
Present value of benefit entitlements from benefit plans	34,644	31,442	31,281
Financing status	34,644	**31,442**	**31,281**
Pension provision on March 31	**34,644**	**31,442**	**31,281**

The benefits paid out in 2020/21 amounted to KEUR 883 (2019/20: KEUR 916; 2018/19: KEUR 772). Payments amounting to KEUR 954 are expected for 2021/22, which are directly rendered by the employer.

The pension provision developed as follows:

KEUR	2020/21	2019/20	2018/19
Pension provision on April 1	**31.442**	**31,281**	**27,341**
Pension expense	1.920	1,879	1,738
Actuarial gains (–) and losses recognized in other comprehensive income	2.121	-708	2,963
Employer's direct benefit payments	-883	-916	-772
Effects of changes in foreign exchange rates	44	-94	11
Pension provision on March 31	**34.644**	**31,442**	**31,281**

Actuarial gains and losses are recognized directly in other comprehensive income. They are part of retained earnings and will never be reclassified to the profit or loss.

The actuarial assumptions for calculating the Company's pension obligations are shown below:

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Discount rate	1.66%	1.94%	1.73%	2.20%
Salary trend/growth of pension expectancies	2.29%	2.29%	2.28%	2.28%
Future pension growth	1.50%	1.50%	1.50%	1.50%

The figures stated are weighted averages. A discount rate of 1.54% was set for Germany (March 31, 2020: 1.85%; March 31, 2019: 1.66%; April 1, 2018: 2.15%). A uniform discount rate of 1.46% was set for the euro area (Italy and Slovenia) (March 31, 2020: 1.85%; March 31, 2019: 1.66%; April 1, 2018: 2.15%). Heubeck's 2018 G guideline tables were used as the biometric basis for calculation in Germany in 2018.

An increase or decrease in the discount rate by 25 basis points would impact the present value of the benefit entitlements as of March 31, 2021, as follows:

KEUR	Mar. 31, 2021
Change in present value of the benefit entitlements if the	
discount rate were to be 25 basis points higher	**33,117**
discount rate were to be 25 basis points lower	**36,270**

A decrease or increase in assumed life expectancy by 1 year would impact the present value of the benefit entitlements in Germany as of March 31, 2021, as follows:

KEUR	Mar. 31, 2021
Change in present value of the benefit entitlements if the	
life expectancy were to be 1 year higher	**36,159**
life expectancy were to be 1 year lower	**33,129**

*Since changes in life expectancy have a minimal impact on capital commitments, the benefit entitlements abroad are not taken into account.

An increase or decrease in the pension progression by 25 basis points would impact the present value of the benefit entitlements as of March 31, 2021, as follows:

KEUR	Mar. 31, 2021
Change in present value of the benefit entitlements if the	
Pension progression were to be 25 basis points higher	**35,699**
Pension progression were to be 25 basis points lower	**33,639**

The weighted average duration of the defined benefit obligations is 18 years.

Defined contribution plans

The amounts for the Group's statutory pension insurance are treated as defined contribution plans pursuant to IAS 19. Expenses amounting to KEUR 9,424 were reported in reporting year 2020/21 (2019/20: KEUR 9,783; 2018/19: KEUR 9,635) in Germany, Italy, the Czech Republic, Slovenia and in the US.

3.11 Income tax liabilities

KEUR

Change in income tax liabilities	Current	Non-current	Total
As of Apr. 1, 2018	17,468	154	17,622
Used	-14,387	0	-14,387
Addition	15,769	0	15,769
Reclassification	154	-154	0
Exchange rate difference	42	0	42
As of Mar. 31, 2019	**19,046**	**0**	**19,046**
As of Apr. 1, 2019	**19,046**	**0**	**19,046**
Used	-13,126	0	-13,126
Addition	7,551	0	7,551
Exchange rate difference	-179	0	-179
As of Mar. 31, 2020	**13,292**	**0**	**13,292**
As of Apr. 1, 2020	**13,292**	**0**	**13,292**
Used	-7,900	0	-7,900
Addition	9,407	0	9,407
Exchange rate difference	88	0	88
As of Mar. 31, 2021	**14,887**	**0**	**14,887**

The Group is subject to income taxes in different jurisdictions. Therefore, key assumptions are necessary to take into account the various tax legislation and to determine the global income tax liability.

The Group might be subject to tax risks attributable to previous tax assessment periods and might be subject to unanticipated tax expenses in relation to previous tax assessment periods which have not yet been subject to a tax audit or are currently subject to a tax audit. It cannot be ruled out that tax authorities may apply a different approach in ongoing and/or future tax audits from the one adopted by the group which may lead to an additional tax expense and/or payment, which could have a material and adverse effect on our business, financial condition and results of operations.

3.12 Other provisions

The provisions cover all identifiable risks and other uncertain obligations. The provisions are shown in the following in each case broken down into non-current and current provisions.

Development of the provisions – non-current	**Asset retirement obligation**	**Obligations from sales**	**Employee benefits**	**Other risks**	**Total**
As of Apr. 1, 2018	**789**	**0**	**1,377**	**0**	**2,166**
Used	-349	0	-11	**0**	-360
Reversal	-440	0	0	**0**	-439
Addition	0	0	81	**0**	81
Exchange rate difference	0	0	0	**0**	0
As of Mar. 31, 2019	**0**	**0**	**1,448**	**0**	**1,448**
As of Apr. 1, 2019	**0**	**0**	**1,448**	**0**	**1,448**
Used	0	0	-65	0	-65
Reversal	0	0	0	0	0
Addition	0	5,704	77	0	5,781
Exchange rate difference	0	0	0	0	0
As of Mar. 31, 2020	**0**	**5,704**	**1,460**	**0**	**7,164**
As of Apr. 1, 2020	**0**	**5,704**	**1,460**	**0**	**7,164**
Used	0	0	-157	0	-157
Reversal	0	0	0	0	0
Addition	0	0	99	345	444
Reclassification	0	-2,282	0	0	-2,282
Exchange rate difference	0	0	0	0	0
As of Mar. 31, 2021	**0**	**3,422**	**1,402**	**345**	**5,169**

The non-current provisions amounted to KEUR 5,169 as of March 31, 2021 (March 31, 2020: KEUR 7,164; March 31, 2019: KEUR 1,448; April 1, 2018: KEUR 2,166) and are expected to fall due between one and five years.

Of this amount, KEUR 1,402 (March 31, 2020: KEUR 1,460; March 31, 2019: KEUR 1,448; April 1, 2018: KEUR 1,448) is fully attributable to provisions in the personnel area. These personnel-related obligations relate to long-service awards, which are calculated using actuarial reports. The provisions attributable to the sales area include primarily risks arising from warranty claims.

KEUR

Development of the provisions – current	Employee benefits	Obligations from sales	Other risks	Total
As of Apr. 1, 2018	1,506	26,721	6,313	**34,540**
Used	-872	-9,445	-2,027	-12,344
Reversal	-138	-4,621	0	-4,759
Addition	1,120	16,057	3,144	20,321
Exchange rate difference	31	886	301	1,218
Transfer	0	19	0	19
As of Mar. 31, 2019	**1,647**	**29,617**	**7,731**	**38,995**
As of Apr. 1, 2019	**1,647**	**29,617**	**7,731**	**38,995**
Used	-1,013	-12,290	-2,166	-15,469
Reversal	-56	-3,027	-20	-3,103
Addition	1,101	17,353	1,431	19,885
Exchange rate difference	-122	42	89	9
Transfer	0	0	0	0
As of Mar. 31, 2020	**1,557**	**31,695**	**7,065**	**40,317**
As of Apr. 1, 2020	**1,557**	**31,695**	**7,065**	**40,317**
Used	**-1,123**	**-7,543**	**-3,458**	**-12,124**
Reversal	**-327**	**-4,415**	**-14**	**-4,756**
Addition	**1,858**	**15,038**	**11,942**	**28,838**
Exchange rate difference	**53**	**-557**	**-151**	**-655**
Reclassification		**2,282**		**2,282**
Transfer	**0**	**0**	**0**	**0**
As of Mar. 31, 2021	**2,018**	**36,500**	**15,384**	**53,901**

Current provisions as of March 31, 2021, which are recognized for uncertain obligations within one year, in particular include provisions from obligations from the personnel and sales areas as well as other risks of KEUR 53,901 (March 31, 2020: KEUR 40,317; March 31, 2019: KEUR 38,995; April 1, 2018: KEUR 34,540).

The personnel-related obligations relate largely to provisions for partial retirement benefits, severance payments and performance-based obligations.

The provisions attributable to the sales area include especially risks arising from warranty claims, price risks and not yet finalized customer debit notes.

Management's best estimate is used as a basis when measuring warranty provisions. These are estimated based on past experience with respect to the Group's liability. Specific individual cases are also taken into account.

The outstanding customer debit notes recognized in the consolidated financial statements relating to price or quantity differences, as well as quality deficiencies, were based on assumptions or estimates made on account of ongoing customer negotiations or past experience with customers.

The remaining risks primarily involve a number of discernible individual risks and uncertain liabilities that are accounted for at their probable settlement amounts.

It is expected that all current provisions will be used during the course of the following reporting year.

3.13 Financial liabilities

Change in liabilities from financing activities	Liabilities to shareholders	Liabilities to banks	Liability from bonds	Total
As of Apr. 1, 2018	**177,422**	**65**	**0**	**177,487**
Cash flows from financing activities	-	152,565	0	152,565
Capitalized interest	84,730	0	0	84,730
Repayment/ reduction	-109,753	0	0	-109,753
Interest paid*	-57,947	0	0	-57,947
As of Mar. 31, 2019	**94,452**	**152,630**	**0**	**247,082**
As of Apr. 1, 2019	**94,452**	**152,630**	**0**	**247,082**
Raising/increasing borrowing	416,960	0	391,800	808,760
Repayment/reduction	-51,258	-72,844	0	-124,102
Contribution to Capital reserves	-20,572			-20,572
Capitalized/ accrued interest	37,502	0	2,508	40,010
Interest paid*	-40,110	0	0	-40,110
Other	0	-1,884	1,435	-449
As of Mar. 31, 2020	**436,976**	**77,902**	**395,743**	**910,622**
As of Apr. 1, 2020	**436,976**	**77,902**	**395,743**	**910,622**
Raising/increasing borrowing	0	0	0	0
Repayment/reduction	0	-77,177	0	-77,177
Capitalized/ accrued interest	24,909	0	2,567	27,476
Interest paid*	0	0	-2,508	-2,508
Other	0	-285	1,640	1,355
As of Mar. 31, 2021	**461,885**	**441**	**397,442**	**859,767**

*Partial of amount presented in the statements of cash flows as interest paid.

A tradable bond of subsidiary Novem Group GmbH was issued on May 23, 2019 with a nominal amount of KEUR 400,000. The bond's repayment date at maturity is no later than May 2024. The Group is currently evaluating a potential early repayment of the bond in the context of the potential initial public offering. The bond's interest is linked to the 3-month Euribor +5.25%, but at least 5.25%, and is to be paid quarterly. There are no covenants or other conditions for this bond.

The bond is secured by all outstanding shares in each of the subsidiary guarantors incorporated under the laws of Germany and Slovenia, certain of the shares in NOVEM Car Interior Design k.s. (incorporated under the laws of the Czech Republic), certain intercompany receivables owed to the issuer and the guarantors and certain bank accounts of the issuer and the subsidiary guarantors.

In the event of enforcement of the collateral, the holders of the Notes will receive proceeds from such collateral only after all the obligations under the revolving credit facility and certain hedging obligations have been repaid in full.

The non-derivative liabilities to banks in reporting year 2018/19 of KEUR 150,195, which resulted from drawing on the line of credit, were fully repaid in reporting year 2019/20. Furthermore, a new credit facility was granted in reporting year 2019/20 in the amount of KEUR 75,000, which was drawn on as of March 31, 2020. In December 2020, the full repayment was made from operating funds. Derivatives liabilities to banks mainly relate to forward exchange contracts with a negative market value.

Financial year 2018/19: In this year, a dividend of KEUR 120,000 was distributed to shareholders and loans and interest totaling KEUR 109,753 were paid to shareholders and affiliated companies. Financial year 2019/20: The loan from affiliated companies granted in September 2011 in the original amount of EUR 59,400 thousand was repaid in full in financial year 2019/20 in the amount of KEUR 73,367 (including interest). Furthermore, as part of contributing the shares of Novem Beteiligungs GmbH to Novem Group GmbH in reporting year 2019/20 a dividend amounting to KEUR 604,394 was declared, which was paid in the amount of KEUR 187,434 and converted into a new shareholder loan in the amount of KEUR 416,960. Owing to their subordination, the shareholders' claims in the event of liquidation have the character of equity. The interest rate on the shareholder loan is 5.70% and has to be repaid at maturity in December 2024. Furthermore, the shareholder loan in the amount of KEUR 20,572 was converted into a capital reserve.

3.14 Other financial liabilities

Other financial liabilities are composed as follows:

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Other current financial liabilities				
Lease liabilities	6,837	8,553	8,367	7,673
Other non-current financial liabilities				
Lease liabilities	29,274	34,506	39,739	44,024
Loan (benefits fund)	11	15	19	24
Carrying amount	36,122	43,074	48,125	51,721

The liabilities to leases changed due to cash outflow of KEUR 10,384 in FY 2020/21 (2019/20: KEUR 8,990; 2018/19: KEUR 9,307). Other changes to the lease liability occurred primarily from new contracts or contract modifications.

The lease liabilities of KEUR 36,111 as at March 31, 2021 (March 31, 2020: KEUR 43,059; March 31, 2019: KEUR 48,106; April 1, 2018: KEUR 51,697) are largely from leasing land and buildings, technical facilities and machinery as well as operating and office equipment (refer to Section 5.9).

3.15 Other non-financial liabilities

Other non-financial liabilities breakdown as follows:

In TEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Other current liabilities				
Employee-related liabilities	7.468	6,349	7,094	7,154
VAT	2.143	1,292	3,685	2,911
Other liabilities	4.903	4,049	2,710	6,147
Contract liabilities	15.491	31,292	19,925	18,065
	30.005	**42,982**	**33,414**	**34,227**
Other non-current liabilities				
Other liabilities	3.356	1,922	2,141	549
Carrying amount	**3.356**	**1,922**	**2,141**	**549**

Current non-financial liabilities amounted to KEUR 30,005 as of March 31, 2021 (March 31, 2020: KEUR 42,982; March 31, 2019: KEUR 33,414; April 1, 2018: KEUR 34,227). This item included especially contract liabilities in the form of advance payments received for tools, VAT liabilities as well as personnel-related liabilities, which were recognized in the context of social security for social insurance contributions still outstanding. In addition, the OEM's development contributions are shown under other liabilities.

Non-current non-financial liabilities amounted to KEUR 3,356 as of the reporting date (March 31, 2020: KEUR 1,922; March 31, 2019: KEUR 2,141; April 1, 2018: KEUR 549). These pertain primarily the OEM’s development contributions.

The following table shows the significant changes in contract liabilities whose duration is always less than one year:

KEUR	2020/21	2019/20	2018/19
Change in contract liabilities			
Revenue recognized in the financial year that was included in the carrying amount of the contract liabilities at the beginning of the financial year.	24,705	14,299	8,005
Increase in the reporting year on account of advance payments for tools.	8,904	25,666	9,865

The carrying amount of the contract liabilities equaled KEUR 31,292 as of April 1, 2020 (April 1, 2019: KEUR 19,925; April 1, 2018: KEUR 18,065).

3.16 Trade payables

Trade payables comprise outstanding obligations from the exchange of the Group's goods and services. Outstanding invoices and liabilities for deliveries received are reported in accordance with their character under trade payables. Trade payables amounted to KEUR 61,849 on the reporting date (March 31, 2020: KEUR 57,843; March 31, 2019: KEUR 67,026; April 1, 2018: KEUR 58,477). The increase in trade payables was influenced by both business volume and cash flow management.

3.17 Deferred liabilities/Accruals

In TEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Accruals				
Personnel-related accruals	13.089	10.770	11.698	12.979
Outstanding invoices for trade payables	15.453	10.919	9.927	12.705
Costs related to the year-end audit and annual financial statements	1.440	1.102	1.419	1.108
Other deferred liabilities	1.703	1.869	1.913	845
Carrying amount	**31.685**	**24.660**	**24.957**	**27.637**
Non-current	1.441	1.452	1.356	506
Current	**30.244**	**23.208**	**23.601**	**27.131**

Accruals are disclosed under other liabilities. Accruals are liabilities to pay for goods or services already received, but which have not been paid, nor invoiced by the supplier.

These largely comprise outstanding obligations within the Group from the exchange of goods and services as well as on account of employee benefits.

Employee benefits largely include matters such as leave not yet taken, Christmas and vacation pay or performance-related salary components.

4 Explanatory notes on the consolidated statements profit or loss and other comprehensive income

Basis for all information are the statements of profit or loss and other comprehensive incomein accordance with IAS 1. Supplementary the income statement including adjustments is presented to give a more tailored view on the Company.

	Notes	2020/21 EUR k	2019/20 EUR k	2018/19 EUR k
Revenue	4.1	602,718	652,194	711,140
Increase or decrease in finished goods and work in progress		-12,716	2,059	-9,968
Total operating performance		**590,002**	**654,252**	**701,172**
Other operating income	4.2	17,858	12,652	18,388
Cost of materials	4.3	284,045	307,230	338,051
Personnel expenses	4.4	144,440	156,416	159,617
Depreciation, amortization and impairment	4.5	30,940	30,255	26,955
Other operating expenses	4.6	76,152	90,504	79,864
Operating result (EBIT)		**72,285**	**82,499**	**115,074**
Finance income	4.7	8,112	5,657	3,224
Finance costs	4.7	51,182	61,818	91,982
Financial result		**-43,070**	**-56,161**	**-88,758**
Income taxes	4.8	21.122	18.390	25.669
Deferred taxes	4.8	-1.641	3.992	-2.003
Income tax result		**19,480**	**22,382**	**23,667**
Consolidated profit or loss		**9,735**	**3,955**	**2,649**
Differences from currency translation	3.9	-2,122	-2,013	5,381
Items that may subsequently be reclassified to consolidated profit or loss		**-2,122**	**-2,013**	**5,381**
Actuarial gains and losses from pensions and similar obligations (before taxes)	3.10	-2,121	708	-2,963
Taxes on actuarial gains and losses from pensions and similar obligations	3.10	583	-240	830
Items that will not subsequently be reclassified to consolidated profit or loss		**-1,537**	**468**	**-2,133**
Other comprehensive income, net of tax		**-3,660**	**-1,545**	**3,247**
Total comprehensive income for the period		**6,075**	**2,410**	**5,897**

Adjusted EBIT – adjusted profit or loss statements

	Note	2020/21 EUR k	2019/20 EUR k	2018/19 EUR k
Revenue		602,833	652,194	711,140
Increase or decrease in finished goods and work in progress		-12,716	2,059	-9,968
Total output		**590,117**	**654,252**	**701,172**
Cost of materials		284,043	306,862	336,406
Personnel expenses		141,334	156,280	159,617
Other operating expenses		65,222	79,982	70,569
Other operating income		17,797	12,652	18,286
Adjusted EBITDA		**117,315**	**123,781**	**152,866**
Depreciation, amortization and impairment		30,880	30,255	26,944
Adjusted EBIT		**86,435**	**93,525**	**125,923**
Adjustements	5.8	14,150	11,027	10,849
Reported EBIT		**72,285**	**82,499**	**115,074**
Financial result		**-43,070**	**-56,161**	**-88,758**
Income tax result		**-19,480**	**-22,382**	**-23,667**
Consolidated profit or loss		**9,735**	**3,955**	**2,649**

4.1 Revenue

The Group generated revenue totaling KEUR 602,718 in the 2020/21 reporting year (2019/20: KEUR 652,194; 2018/19: KEUR 711,140), which was exclusively from contracts with customers. Wood surfaces have been the driving force behind the Group's success in recent years. Revenue decreased by approx. 8% in the 2020/21 reporting year. CID reported an approx. 8% decrease in revenue in the 2019/20 prior year. Revenue can be broken according to the surface areas mentioned below, although the actual breakdown is into the Europe, America and Asia segments:

KEUR	2020/21	2019/20	2018/19
Revenue by surface area			
Wood	468,150	501,266	543,519
Aluminum	110,656	137,685	144,870
Synthetic	23,912	13,243	22,751
	602,718	**652,194**	**711,140**

The production of customized serial parts creates an asset for which there is no alternative use for the Group. Furthermore, these contract constellations contain a legal right to payment of the already rendered service to date or a specified purchase commitment of these customized serial parts within a specific release period. Consequently, revenue is recognized over time in such cases. Revenue within the Group can be broken down by type of revenue recognition as follows:

KEUR	2020/21	2019/20	2018/19
Point in time of revenue recognition			
Goods transferred at a point in time	590,713	642,111	703,589
Goods and services transferred over time	12,005	10,083	7,551
	602,718	**652,194**	**711,140**

Furthermore, this item includes a corresponding adjustment of revenue in the amount of KEUR 1,795 (2019/20: KEUR 1,894; 2018/19: KEUR 1,610) on account of current contract conditions, according to which revenue is recognized at a reduced amount upon start of production (SOP) of some platforms on the basis of delivered quantities and the asset is correspondingly released with respect to the contribution to development.

The Group expects that revenue for performance obligations from contracts with customers (contract liabilities) not (or only partially) fulfilled at the end of the reporting year will presumably be recognized within one year.

4.2 Other operating income

KEUR	2020/21	2019/20	2018/19
Other operating income			
Income from the disposal of property, plant and equipment and intangible assets	61	19	44
Foreign currency translation gains	6,466	6,078	4,176
Income from charging out to third parties	4,325	545	4,865
Other income	7,006	6,010	9,303
	17,858	**12,652**	**18,388**

Other operating income increased in reporting year 2020/21 by KEUR 5,206 from KEUR 12,652 to KEUR 17,858 year on year. Other operating income mainly includes effects from currency translation as well as income from charging out to third parties. Primarily based on a Cash Sharing and Indemnity Agreement entered into with his Shareholders in connection with the preparation of a Private Placement and Listing. Other income also includes insurance reimbursements and income from reversing provisions.

4.3 Cost of materials

The cost of materials includes the expenses for raw materials, consumables and purchased goods/services as well as purchased services. For further information on inventories, refer to Section 3.3.

KEUR	2020/21	2019/20	2018/19
Cost of materials			
Cost of raw materials and consumables and of purchased goods	267,354	287,951	313,707
Cost of purchased services	16,689	19,279	24,344
	284,045	**307,230**	**338,051**

The reported cost of materials decreased year on year by 7,55%. This decline contrasts with a decrease in turnover of 7.59%.”. The cost of materials ratio (cost of materials to revenue) is constant on account of changes in the product mix and cost savings and equaled 47.13% (PY: 47.11%).

4.4 Personnel expenses

An average of 2,000 salaried employees (2019/20: 2,012; 2018/19: 1,954) were employed in production and administration in the reporting year as well as 3,765 (2019/20: 3,902; 2018/19: 4,000) wage earners. The personnel expenses include social security, pension and other benefits.

The high level of vertical integration means personnel expenses in the Group account for a considerable portion of total expenses. Personnel expenses were lower year on year due to the rise in average headcount and collective pay agreement adjustments.

Management's compensation as well as those of staff in managerial positions is designed with variable components in differing proportions. The variable payments are based on fulfilling the Group's revenue and earnings targets as well as on individual objectives.

KEUR	2020/21	2019/20	2018/19
Personnel expenses			
Wages and salaries	120,798	129,452	132,516
Social security	21,492	24,710	24,978
Pension expense	2,150	2,254	2,123
	144,440	**156,416**	**159,617**

The personnel expenses ratio (personnel expenses to revenue) rose slightly year on year and equaled 23.96% (PY: 23.98%).

In the financial year 2020, the personnel costs presented above include government grants amounting to KEUR 1.204 granted in connection with the global COVID-19 pandemic, this amount was deducted from the corresponding expenses.

4.5 Amortization, depreciation and impairment losses

Amortization and depreciation of KEUR 30,940 was recognized in the reporting year (2019/20: KEUR 30,255; 2018/19: KEUR 26,955).

KEUR	2020/21	2019/20	2018/19
Intangible assets	657	538	516
Property, plant and equipment	30,282	29,717	26,439
Thereof right of use assets from leases	8,753	8,666	7.860
Amortization, depreciation and write-downs	**30,940**	**30,255**	**26,955**

4.6 Other operating expenses

Other operating expenses include especially:

KEUR	2020/21	2019/20	2018/19
Other operating expenses			
Order-related expenses	21,097	26,997	20,785
Personnel-related expenses	12,151	8,992	10,770
Maintenance expenses	8,320	9,679	11,209
Expenses for environmental protection	1,778	1,724	1,831
Legal and advisory fees	9,699	6,739	7,945
Expenses for current and low-value leases as well as for variable lease payments not contained in the lease liability	3,814	4,659	6,021
Expenses for insurance, fees and contributions	3,971	3,351	3,344
Other services	3,221	3,328	3,047
Loss allowances on receivables	-2,189	2,323	1,807
Expenses from foreign currency translation	7,578	15,951	4,546
Expenses relating to other periods	1,273	278	438
Expenses from remeasuring derivative financial instruments at fair value	406	691	2,435
Other expenses	5,033	5,792	5,686
Total	**76,152**	**90,504**	**79,864**

The remaining expenses primarily include IT, Vehicle and telephone costs.

Other operating expenses decreased in the reporting year 2020/21 by KEUR 14,352 from KEUR 90,504 to KEUR 76,152 year on year.

4.7 Net finance income/costs

The net finance income/costs equaled KEUR 43,070 in the reporting year 2020/21 (2019/20: KEUR 56,161; 2018/19: KEUR 88,758).

Finance income

Finance income amounted to KEUR 8,222 in reporting year 2020/21 (2019/20: KEUR 5,659; 2018/19: KEUR 3,224) and was largely attributable to interest income from customer tools in the amount of KEUR 2,761 (2019/20: KEUR 2,951; 2018/2019: KEUR 2,517).

KEUR	2020/21	2019/20	2018/19
Finance income			
Interest income	3,229	5,530	3,224
Income from currency translation	4,993	129	0
Total	**8,222**	**5,659**	**3,224**

Finance costs

Finance expenses of KEUR 51,292 (2019/20: KEUR 61,820; 2018/19: KEUR 91,982) mainly arose from interest expenses for shareholder loans and the bond. With the exception of the interest expense from unwinding of discounts on provisions, the interest expense was calculated using the effective interest method.

KEUR	2020/21	2019/20	2018/19
Finance costs			
Interest paid to banks	3,165	2,531	976
Interest paid on shareholder loans	24,909	39,849	84,711
Interest paid on bond	21,292	17,617	0
Expenses from unwinding the discounting on provisions	625	557	633
Interest expense arising from leases	667	835	837
Other interest expenses	634	431	1,308
Expenses from currency translation	0	0	3,517
Total	**51,292**	**61,820**	**91,982**

4.8 Tax expense

The income tax expense for 2020/21, 2019/20 and 2018/19 can be broken down as follows:

KEUR	2020/21	2019/20	2018/19
Taxes on income			
Income taxes	21,122	18,390	25,669
Deferred taxes	-1,641	3,992	-2,003
	19,481	**22,382**	**23,666**

The total tax rate of 27.01% (2019/20: 27.04%; 2018/19: 27.05%) is based on a corporation tax rate of 15.00% and a solidarity surcharge of 5.50% on the corporation tax as well as a trade tax rate of 11.18%.

Reconciliation of the income taxes in the 2020/21, 2019/20 and 2018/19 reporting years, using a total tax rate of 27.01% (2019/20: 27.04%; 2018/19: 27.05%) (corporation tax and trade tax) to the income tax expense shown in the statements of profit or loss is as follows:

Reconciliation of income taxes

KEUR	2020/21	2019/20	2018/19
Profit/loss before tax	**29,215**	**26,337**	**26,316**
Weighted average tax rate (%)	27.01%	27.04%	27.05%
Tax expense at average weighted tax rate	7,891	7,122	7,119
Causes for additional amounts/shortfalls:			
Non-deductible expenses*	13,063	9,212	2,036
Non-deductible effect from income-sharing loan*	0	7,835	13,345
Tax-exempt income	-1,177	-462	-2,458
Tax income/expense relating to other periods*	144	-146	4,691
Change in tax rates	-1,155	-1,729	-4,029
Other effects	741	551	2,963
Disclosed expense for income taxes	**19,481**	**22,382**	**23,666**

*The tax expense relating to other periods was in 2018/19 largely due to reversing deferred tax assets for the interest carried forward on account of contributing Novem Beteiligungs GmbH to Novem Group GmbH. The non-deductible expenses in the current and prior year largely consist of non-deductible interest in the context of the interest rate cap and non-deductible withholding taxes. The non-deductible effect from income-sharing loan mainly contains a reversal of an intercompany elimination gain. No deferred tax assets were recognized for the interest carryforward of KEUR 52,367.

Deferred tax assets and liabilities result from temporary differences in the following items in the statements of financial position and are broken down as follows:

KEUR	2020/21	2019/20	2018/19
Deferred income tax assets			
Property, plant and equipment and intangible assets	5,848	4,517	4,157
Receivables and other assets	286	846	2,195
Tax interest carryforward	0	0	0
Liabilities	186	95	3,515
Provisions	11,860	10,505	7,480
Deferred income tax assets (gross)	18,180	15,963	17,347
Offset	9,206	6,879	7,893
Deferred income tax assets recognized	**8,974**	**9,084**	**9,454**
Deferred income tax liabilities			
Property, plant and equipment and intangible assets	3,969	3,614	2,017
Receivables and other assets	4,923	4,787	5,013
Liabilities	1,671	1,973	88
Provisions	2,295	2,394	2,750
Deferred income tax liabilities (gross)	12,857	12,768	9,868
Offset	9,206	6,879	7,893
Deferred income tax liabilities recognized	**3,651**	**5,888**	**1,975**
Deferred income tax asset (net)	**5,323**	**3,196**	**7,480**

Deferred taxes on "outside basis differences" were not recognized due to the lack of requirements necessary here to do so in the current and prior years. The not recognized “outside basis differences” were KEUR 90,209 at the 31st of March 2019.

KEUR 583 in deferred taxes were recognized outside of profit or loss in reporting year 2020/21. KEUR 240 were reversed outside of profit or loss in reporting year 2019/2020 and KEUR 830 were recognized outside of profit or loss in 2018/19.

5 Other disclosures

5.1 Working Capital

Trade Working Capital and Total Working Capital are amongst others key performance indicators to track our operating performance. They are not required by, or presented in accordance with, IFRS and are also not measurements of financial performance under IFRS and should not be considered as alternatives to other indicators of our operating performance, cash flows or any other measure of performance derived in accordance with IFRS.

The following table shows the amounts of the working capital broken down by balance sheet class position:

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019
Working capital			
Inventories – non tooling 1)	57,669	54,660	53,234
Receivables from third parties 2)	47,102	45,549	69,153
Payables to third parties 3)	54,689	53,184	54,672
Trade Working Capital	50,082	47,025	67,715
Tooling net 4)	62,922	69,976	67,126
Contract assets 5)	12,017	10,134	7,736
Total working capital	**125,020**	**127,134**	**142,578**

1) Inventories excluding tools and advance payment for tools (March 31, 2021 kEUR 37,800 / March 31, 2020 kEUR 46,166 / March 31, 2019 kEUR 46,997)

2) Receivables from third parties Trade receivables excluding tooling (current: March 31, 2021 kEUR 5,901, March 31, 2020 kEUR 10,972, March 31, 2019 kEUR 12,607; non-current: March 31, 2021 kEUR 49,645, March 31, 2020 kEUR 54,878, March 31, 2019 kEUR 45,056)

3) Payables to third parties Trade payables excluding tooling (March 31, 2021 kEUR 7,159, March 31, 2020 kEUR 4,659, March 31, 2019 kEUR 12,354)

4) Tooling inventories (March 31, 2021 kEUR 37,334, March 31, 2020 kEUR 45,708, March 31, 2019 kEUR 46,968), current tooling trade receivables (March 31, 2021 kEUR 5,901, March 31, 2020 kEUR 10,972, March 31, 2019 kEUR 12,607), non-current tooling trade receivables (March 31, 2021 kEUR 49,645, March 31, 2020 kEUR 54,878, March 31, 2019 kEUR 45,056), tooling related trade payables (March 31, 2021 kEUR 7,159, March 31, 2020 kEUR 4,659 March 31, 2019 kEUR 12,354), advance payment for tools (March 31, 2021 kEUR 466, March 31, 2020 kEUR 458, March 31, 2019 kEUR 29), tooling received advanced payments current (March 31, 2021 kEUR 15,491, March 31, 2020 kEUR 31,292, March 31, 2019 kEUR 19,925), other provisions (provision suppliers tooling) non-current (March 31, 2021 kEUR 4,849, March 31, 2020 kEUR 3,848, March 31, 2019 kEUR 4,608), other provisions current (provision for outstanding tooling invoices) (March 31, 2021 kEUR 2,927, March 31, 2020 kEUR 2,242, March 31, 2019 kEUR 645)

5) Section 3.7 „Other non-current / current assets, contract assets" excluding ECL (March 31, 2021 kEUR 30 / March 31, 2020 kEUR 39 / March 31, 2019 kEUR 47)

5.2 Financial instruments

The following table shows the carrying amounts and fair values of the financial instruments broken down by balance sheet class and category:

KEUR	Category	Mar. 31, 2021 Carrying amount	Mar. 31, 2021 Fair value	Mar. 31, 2020 Carrying amount	Mar. 31, 2020 Fair value
Financial assets by classification					
Trade receivables	FAAC	92,712	92,712	111,191	111,191
Trade receivables within the scope of factoring agreements	FAFVTPL	9,936	9,936	208	208
Cash and cash equivalents	FAAC	175,299	175,299	196,166	196,166
Financial liabilities by classification					
Trade payables	FLAC	61,849	61,849	57,843	57,843
Liabilities to shareholders	FLAC	461,885	461,885	436,976	436,976
Liabilities from bond	FLAC	397,442	397,442	395,743	395,743
Non-derivative financial liabilities	FLAC	34	34	77,211	77,211
Derivative financial instruments	FLFVTPL	406	406	691	691
Summary by category					
FAAC		268,011	268,011	307,357	307,357
FAFVTPL		9,936	9,936	208	208
FLAC		921,210	921,210	967,773	967,773
FLFVTPL		406	406	691	691

KEUR	Category	Mar. 31, 2019 Carrying amount	Mar. 31, 2019 Fair value	Apr. 1, 2018 Carrying amount	Apr. 1, 2018 Fair value
Financial assets by classification					
Trade receivables	FAAC	123,986	123,986	103,621	103,621
Trade receivables within the scope of factoring agreements	FAFVTPL	2,830	2,830	3,742	3,742
Cash and cash equivalents	FAAC	97,057	97,057	168,025	168,025
Financial liabilities by classification					
Trade payables	FLAC	67,026	67,026	58,477	58,477
Liabilities to shareholders	FLAC	91,266	91,266	99,134	99,134
Non-derivative financial liabilities	FLAC	150,195	150,195	65	65
Derivative financial instruments	FLFVTPL	2,435	2,435	0	0
Summary by category					
FAAC		221,043	221,043	271,646	271,646
FAFVTPL		2,830	2,830	3,742	3,742
FLAC		308,487	308,487	157,676	157,676
FLFVTPL		2,435	2,435	0	0

The abbreviations have the following meanings:

FAAC: Financial assets measured at amortized cost

FAFVTPL: Financial assets measured at fair value through profit or loss

FLAC: Financial liabilities measured at amortized cost

FLFVTPL: Financial liabilities measured at fair value through profit or loss

	Mar. 31, 2021			Mar. 31, 2020		
KEUR	Level 1[1)]	Level 2[2)]	Level 3[3)]	Level 1[1)]	Level 2[2)]	Level 3[3)]
Financial assets						
Trade receivables within the scope of factoring agreements		9,936			208	

	Mar. 31, 2019			Apr. 1, 2018		
KEUR	Level 1[1)]	Level 2[2)]	Level 3[3)]	Level 1[1)]	Level 2[2)]	Level 3[3)]
Financial assets						
Trade receivables within the scope of factoring agreements		2,830			3,742	

	Mar. 31, 2021			Mar. 31, 2020		
KEUR	Level 1[1)]	Level 2[2)]	Level 3[3)]	Level 1[1)]	Level 2[2)]	Level 3[3)]
Financial liabilities						
Derivative financial instruments		406			691	

	Mar. 31, 2019			Apr. 1, 2018		
KEUR	Level 1[1)]	Level 2[2)]	Level 3[3)]	Level 1[1)]	Level 2[2)]	Level 3[3)]
Financial liabilities						
Derivative financial instruments		2,435			0	

1) Measurement of fair value based on quoted prices (non-adjusted) for these or identical instruments on active markets.

2) Measurement of fair value based on inputs that are either directly (i.e. as prices) or indirectly (i.e. derived from prices) observable on active markets.

3) Measurement of fair value based on inputs that do not represent any observable market data.

There were no reclassifications between the different measurement hierarchies in the reporting years.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants on the measurement date. The following methods and assumptions were used in the preceding reporting years to estimate fair value:

The invoice amount of the receivables was used as a reasonable approximation for the fair value of trade receivables in the context of factoring agreements.

In the case of trade receivables that are not subject to any factoring arrangements, cash and cash equivalents as well as the remaining financial assets, it is assumed that the carrying amount appropriately approximates the fair value on account of the duration. It is also assumed for trade payables, non-derivative liabilities to banks and other financial liabilities that the carrying amount corresponds to fair value.

The following table shows net gains and losses from financial instruments by category:

2020/21

in KEUR	Interest	Fair value measurement	Currency translation	Impairment
Category				
FAAC	3,229	0	14,044	-2,189
FLAC	49,365	0	0	0
FLFVTPL	0	406*	0	0

2019/20

in KEUR	Interest	Fair value measurement	Currency translation	Impairment
Category				
FAAC	27,268	0	22,029	2,323
FLAC	59,996	0	0	0
FLFVTPL	0	691	0	0

2018/19 in KEUR	Interest	Fair value measurement	Currency translation	Impairment
Category				
FAAC	3,224	0	8,722	1,807
FLAC	85,687	0	0	0
FLFVTPL	0	2,435	0	0

*In addition to the KEUR 406 financial liabilities from derivatives reported here as of March 31, 2021, KEUR 1,186 in realized gains were generated during the reporting year 2020/21.

5.3 Risk reporting

Management of financial risks

The Group is exposed to a wide range of risks and opportunities within the scope of its business activities. Its business operations are focused on seizing opportunities and identifying and controlling the related risks early on. Group-wide risk management aims to identify risks based on operations as early as possible so as to take appropriate and effective steps to manage or avoid these risks. The Group is exposed to the following risks in particular.

- Liquidity risks
- Credit risk
- Market risk
- Interest rate risk

The Company's management has overall responsibility for establishing and overseeing the Group's risk management system. The finance department is responsible for developing and monitoring the risk management system and reports regularly on these matters to management.

At the core of risk management is an internal reporting system that continually optimizes monitoring of all business-relevant key data and is adapted to current challenges. In addition, the business opportunities and risks are recorded, analyzed and evaluated in a multi-tiered planning, information and control process, allowing changes to the business environment and deviations from plan to be recognized early and countermeasures introduced in advance. Additionally, important KPIs (metrics such as order intake, revenue, adjusted EBIT, EBITDA, staffing level. fluctuation, quality data) are reported monthly and evaluated by management.

Liquidity risks

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. Liquidity risks arise from current liabilities due to long-term rental agreements, interest and repayments.

Funds are largely generated from operations and used to cover financing needs.

To ensure and monitor liquidity, the Corporate Treasury department permanently tracks, optimizes and documents the current cash flows of all entities and has established rolling 12-month liquidity planning. The planning takes into account the maturities of financial investments and financial assets (e.g. receivables, other financial assets) as well as expected cash flows from the operating activities. Both the liquidity status (weekly) and the liquidity plan (monthly) are regularly reported to management and, if this results in changes in financing needs, measures are initiated at an early stage. This approach allows the entire Group's needs and also those of individual group companies to be addressed optimally.

The Group ensures compliance with the financing requirements of its operating business and with financial obligations by means of cash pooling agreements, intragroup loans and credit lines based on the respective legal and tax regulations. To secure liquidity, the Company as of March 31, 2021, had a total of KEUR 75,000 (March 31, 2020: KEUR 2,676; March 31, 2019: KEUR 2,568) in unused credit lines and funds from bond issues. Furthermore, a new credit line of KEUR 75,000 was agreed in the reporting year 2019/20 and also fully drawn down for financing purposes in March 2020. The repayment from operating funds in fiscal 2020/21 was made in December 2020.

The following overviews show the contractually agreed terms of financial liabilities, which represent expected future cash outflows.

in KEUR	Less than 1 year	Between 1 and 5 years	More than 5 years	**Total**
As of Mar. 31, 2021				
Liabilities to shareholders	25,516	530,761	0	**556,277**
Liabilities to banks (non-derivative)	34	0	0	**34**
Liabilities to banks (derivative)	406*	0	0	**406**
Liabilities from bonds	21,292	447,833	0	**469,125**
Trade payables	61,849	0	0	**61,849**
Lease liabilities	7,315	18,986	10,288	**36,589**
As of Mar. 31, 2020				
Liabilities to shareholders	23,832	526,222	0	**550,054**
Liabilities to banks (non-derivative)	77,212	0	0	**77,212**

Liabilities to banks (derivative)	691*	0	0	**691**
Liabilities from bonds	21,233	469,125	0	**490,358**
Trade payables	57,843	0	0	**57,843**
Lease liabilities	9,253	20,499	14,035	**43,787**

As of Mar. 31, 2019				
Liabilities to shareholders	3,186	91,266	0	**94,452**
Liabilities to banks (non-derivative)	150,195	0	0	**150,195**
Liabilities to banks (derivative)	2,435*	0	0	**2,435**
Trade payables	67,026	0	0	**67,026**
Lease liabilities	8,367	23,589	16,150	**48,106**
As of Apr. 1, 2018				
Liabilities to shareholders	78,288	99,134	0	**177,422**
Liabilities to banks (non-derivative)	65	0	0	**65**
Trade payables	58,477	0	0	**58,477**
Lease liabilities	7,673	26,132	17,891	**51,696**

*The amount stated relates to the market value and results from the difference between the purchase of EUR in the amount of KEUR 54,843 (KEUR 26,591) and the sale of USD in the translated amount of KEUR 54,437 (KEUR 25,900).

The contractually agreed cash flows related to non-derivative bank and shareholder liabilities and liabilities from the bond issue include expected variable and fixed interest as well as the repayment amount of the loans or bonds. The expected cash flows for derivative liabilities to banks in the form of forward exchange contracts incorporate their negative value as of the reporting date. Based on the current state of knowledge, the cash outflows presented are not expected to occur significantly earlier or to considerably deviate in amount from the values shown in the table.

Credit risk

Credit risk is the risk of financial losses if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Credit risk arises mainly from trade receivables, with the maximum credit risk corresponding to the carrying amount of the financial assets. Impairment losses are also recorded for contract assets.

The following tables give information on the carrying amounts of trade receivables and contract assets arising from contracts with customers:

in KEUR	Mar. 31, 2021	Mar. 31, 2020
Trade receivables	102,648	111,399
Contract assets	11,987	10,095

in KEUR	Mar. 31, 2019	Apr. 1, 2018
Trade receivables	126,816	107,363
Contract assets	7,689	4,758

Accumulated impairment losses on trade receivables and contract assets are as follows:

in KEUR	2020/21	2019/20	2018/19
Impairment loss			
Trade receivables	1,535	3,876	2,638
Contract assets	30	39	47
	1,565	**3,915**	**2,685**

Trade receivables

Credit risk relates in particular to a receivable being repaid late, partially or not at all. The Group uses a number of measures to minimize this risk. As part of receivables management, the Group continuously monitors open positions, conducts maturity analyses and contacts the customer at an early stage if payment delays emerge. The highest priority is placed on monitoring early indicators. On the statements of financial position, the residual risk for trade receivables is accounted for by calculating expected credit losses. In general, the Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. Trade receivables are spread essentially over the major manufacturers in the automotive industry, which, due to solid sector performance in America, Europe and Asia, is assessed as representing relatively low default risk for the Group. This assessment is based primarily on long-standing business relationships with most customers and the ratings of the major rating agencies. Historical default rates for these receivables are extremely low. In the event that one of the three largest OEMs defaults (currently assessed as unlikely), credit risk arising from open receivables as of March 31, 2021, would be between KEUR 3,185 and KEUR 7,288 (March 31, 2020: KEUR 3,980 and KEUR 4,525; March 31, 2019: KEUR 6,389 and KEUR 7,282; April 1, 2018: KEUR 3,980 and KEUR 4,525).

Expected credit losses for trade receivables recognized at amortized cost are measured based on the lifetime expected credit losses. This involves the receivables being grouped according to the individual customers. For these customers, a one-year probability of default is then determined via a credit agency. Expected credit losses per customer are calculated ultimately as the product of the gross carrying amount of the receivable, the customer's probability of default (maturity-adjusted as required) and an appropriate insolvency ratio.

The gross carrying amounts and related probabilities of default of customers for trade receivables measured at amortized cost are as follows:

Trade receivables

	Financial year 2020/21		Financial year 2019/20		Financial year 2018/19	
in KEUR	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default
	55,951	< 1%	52,735	< 1%	54,477	< 1%
	3,891	1% < x < 2%	1,767	1% < x < 2%	15,137	1% < x < 2%
	29,040	2% < x < 5%	39,329	2% < x < 5%	39,992	2% < x < 5%
	15,303	> 5%	21,444	> 5%	19,848	> 5%
	104,185		**115,275**		**129,454**	

Contract assets

As of the reporting date of March 31, 2021, contract assets were recognized amounting to KEUR 12,017 (March 31, 2020: KEUR 10,134, March 31, 2019: KEUR 7,736; April 1, 2018: KEUR 4,758). These assets have arisen with the right to consideration acquired from contractual obligations already satisfied. Contract assets are reclassified to trade receivables as soon as an unconditional right to payment arises, which is obtained by invoicing the customer for the quantities actually delivered.

Expected credit losses for contract assets are measured using the lifetime expected credit losses. This involves the contract assets being grouped according to the individual customers. For these customers, a one-year probability of default is then determined via a credit agency. Expected credit losses per customer are calculated ultimately as the product of the gross carrying amount of the contract asset, the customer's probability of default (maturity-adjusted as required) and an appropriate insolvency ratio.

The gross carrying amounts and related probabilities of default of customers for contract assets are as follows:

Contract assets

	Financial year 2020/21		Financial year 2019/20		Financial year 2018/19	
in KEUR	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default
	4,234	< 1%	3,011	< 1%	4,297	< 1%
	1,358	1% < x < 2%	67	1% < x < 2%	2,665	1% < x < 2%
	3,547	2% < x < 5%	3,801	2% < x < 5%	520	2% < x < 5%
	2,878	> 5%	3,255	> 5%	69	> 5%
	12,017		**10,134**		**7,551**	

Cash and cash equivalents

The Group had cash and cash equivalents as of March 31, 2021, of KEUR 175,299 (March 31, 2020: KEUR 196,166; March 31, 2019: KEUR 97,057; April 1, 2018: KEUR 168,025). Thus, this amount represents the maximum exposure to credit risk in terms of these assets. The cash and cash equivalents are held at banks that have Fitch ratings of BBB+ to AA. For reasons of materiality, no expected credit losses were recognized for cash and cash equivalents by the Group. Moreover, external ratings indicate that these assets have only low credit risk.

Derivatives

Derivatives are concluded with banks with a rating from Fitch Ratings of BBB+. As of March 31, 2021, all derivatives in the form of forward exchange contracts have a negative market value totaling KEUR 406 (March 31, 2020: KEUR 691; March 31, 2019: KEUR 2,435).

Market risk

Market risk is the risk of changes in market prices such as exchange rates or interest rates that affect the Group's earnings or the value of the financial instruments it holds. The objective of managing market risk is to manage and control market risk exposure within an acceptable range while optimizing income.

Foreign currency risks arise when group companies settle transactions in currencies other than their functional currency. Through its subsidiaries, the Group has assets and liabilities outside the eurozone. These assets and liabilities are denominated in local currencies. If the value of net assets is translated into euro, exchange rate fluctuations from one period to the next result in changes to these net asset values. Accordingly, the Corporate Treasury department cooperates with the Currency Commission and is guided by the latter's instructions to minimize the resulting foreign currency risks. The Group mainly has foreign currency exposure to Czech koruna, US dollar, Mexican peso and Chinese renminbi, which arise from trade receivables/payables and from procurement. The Group counters its foreign currency risks through natural hedging, i.e. by raising the purchase volume in the foreign currency area or increasing local production. To further secure operating activities, the option of group netting foreign currency exposures within the Group is used. A further measure taken is to manage the volume of excess liquidity arising from the respective hedged items in foreign currency based on incremental FX spot transactions within a prescribed scope.

A sharp appreciation of the euro against currencies of other exporting countries could, however, negatively impact the Group's competitiveness.

A reasonably possible change in exchange rates would influence consolidated earnings due to the fair values of the monetary assets and liabilities. The following table is based on the exchange rates determined at the reporting date. It illustrates the effects of appreciation or depreciation of the currencies to be considered (USD, CNY, CZK, MXN, HNL) of +10 percent or -10 per cent against the respective functional currency. The overall result for each currency thus includes effects calculated based on appreciation or depreciation of the euro, where the functional currency corresponds to the currency stated in the table.

in KEUR		Mar. 31, 2021		Mar. 31, 2020
Changes in foreign exchange rates (gain)	+10%	-10%	+10%	-10%
USD	8,878	-10,041	-1,910	1,193
CNY	17	-21	-1	1
CZK	91	-91	69	-69
MXN	-18	18	-25	25
HNL	0	0	0	0

in KEUR	Mar. 31, 2019		Apr. 1, 2018	
Changes in foreign exchange rates (gain)	+10%	-10%	+10%	-10%
USD	-12,722	10,405	-54	66
CNY	0	0	-943	1,152
CZK	102	-102	-12	15
MXN	-33	33	-183	223
HNL	0	0	-1,618	1,978

To further reduce foreign currency risk from US dollar exposures, the Group concluded a number of forward exchange contracts with a bank for the first time in December 2018. Using these derivative instruments, the significant part of the forecast net foreign currency exposures for the respective next 12 months is hedged in US dollar. As of March 31, 2021, these derivatives had a negative market value of KEUR 406. In this regard, they are not presented as hedges: instead, the derivatives are measured at fair value through profit or loss.

Interest rate risks

Net finance income/costs and financial performance can be positively influenced by favorable interest rate and exchange rate developments. To allow prompt reactions to positive developments, the financial markets are monitored continuously.

At March 31, the Group's interest-bearing financial instruments can be aggregated as follows with regard to the basic structure of the respective interest rate:

in KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Interest rate exposure				
Variable rate instruments *Financial liabilities*	397,442	395,743	0	65
Fixed-rate instruments *Financial liabilities*	461,919	439,187	94,647	177,487
	859,361	834,930	94,647	177,552

Fixed interest rates have been agreed for financial liabilities of the Novem Group resulting from the shareholder loan and the syndicated loan. Interest rate risk exists solely for the bond issued as it is linked to the 3-month Euribor. In view of the current negative 3-month Euribor, however, there are overall only very small risks from fluctuating interest rates as the market interest rates for the bond in this case are 0% + the agreed margin.

5.4 Capital management

The objective of the Group's capital management is primarily to ensure a stable, high credit rating so as to reduce the risks arising from the financing structure involving high leverage.

Opportunities to repay and refinance liabilities and to finance future business activities and future investments depend on how the total operating revenue of the company develops and its ability to obtain sufficient liquidity. Thanks to the business model and the operations on global markets, the Group generates predictable and sustainable cash flows under normal business conditions. The Group therefore manages its capital structure and makes necessary adjustments based on the prevailing business conditions.

Due to the inflows from the bond issue and the recently utilized master loan agreement amounting to KEUR 75,000, group financing is secured over the long term. Additional financial covenants have also been defined within the master loan agreement. According to these, the Group undertakes to comply with a specific net leverage ratio over the loan period. Regular quarterly monitoring of the financial ratios has been implemented. Management does not expect non-compliance with this obligation.

5.5 Consolidated statements of cash flows

The statements of cash flows have been prepared in accordance with IAS 7 and is broken down into cash flows from operating, investing, and financing activities.

Cash held comprises current available funds and cash equivalents less bank liabilities due on demand (current account liabilities). With profit for the period as the starting point, the significant non-cash expenses and changes in net working capital are accounted for to calculate cash flows from operating activities.

Investing activities comprise payments to acquire intangible assets, property, plant and equipment and financial assets as well as proceeds from the sale of intangible assets, property, plant and equipment and financial assets. Financing activities include the repayment of bonds and borrowings.

5.6 Operating segments

Segment information is provided on the basis of the Group's internal reporting in order to assess the type and financial impact of the Group's business activities as well as the economic environment in which it operates. Transactions between the operating segments based on transfer prices are determined according to arm's length conditions typical for the market.

The Group is structured into divisions, with business activities organized over the geographical sales regions of Europe, America and Asia.

The CODM (Chief Operation Decision Maker) makes the assessment. The CODM within the meaning of IFRS 8 is the management of the parent company, as it regularly reviews the segments in terms of their profitability and resource allocation using internal management reporting.

The management of the parent company evaluates the performance of the operating segments based on a measure for segment earnings (performance indicator) designated as adjusted EBIT, as this provides the most relevant information for assessing the earnings of specific segments in relation to other companies operating in these sectors.

Adjusted EBIT is EBIT adjusted by management primarily for business transactions of a one-off and non-recurring nature. The accounting policies for segment reporting are based on the IFRSs applied in these consolidated financial statements.

Segment reporting as determined by management is disclosed for the segments Europe, America and Asia. There are no further segments within the Group.

Reportable segments	**Business activities**
Europe	Production, processing and sale of high-quality trims and decorative functional elements in vehicle interiors
America	Production, processing and sale of high-quality trims and decorative functional elements in vehicle interiors
Asia	Production, processing and sale of high-quality trims and decorative functional elements in vehicle interiors

5.7 Reporting by region

The Group is organized and managed at regional level. The Group's three reportable operating segments are Europe, America and Asia. The product portfolio in these three regional segments is broadly similar.

in KEUR	Europe	America	Asia
Financial year 2018/19			
Revenue generated from third parties [1)]	397,756	218,795	94,589
Financial year 2019/20			
Revenue generated from third parties [1)]	346,024	228,118	78,052
Financial year 2020/21			

Revenue generated from third parties [1)]	311,123	199,893	91,702

1) Breakdown of revenue according to parent company location (i.e. from the "invoiced by" perspective).

In reporting year 2020/21, between 22,49% and 50,40% (2019/20: 26.62% and 47.87%; 2018/19: 22.08% and 78.28%) in the three regions was attributable to the respective most significant customers.

Overall, revenue of between 5,60% and 42,41% (2019/20: 6.30% and 38.57%; 2018/19: 7.01% and 42.60%) was generated with three major customers in all segments.

Revenue is spread over the individual segments according to surfaces as follows:

in KEUR	Europe	America	Asia
Financial year 2020/21			
Wood	235,881	155,805	76,464
Aluminum	51,836	43,582	15,238
Synthetic	23,406	506	0
Financial year 2019/20			
Wood	257,049	177,004	67,213
Aluminum	76,211	50,635	10,839
Synthetic	12,764	479	0
Financial year 2018/19			
Wood	290,637	169,596	83,287
Aluminum	85,960	47,607	11,302
Synthetic	21,159	1,592	0

Revenue is spread over the individual segments according to the category of revenue recognition as follows:

in KEUR	Europe	America	Asia
Financial year 2020/21			
Goods transferred at a point in time	306,907	194,006	89,800
Goods and services transferred over time	4,216	5,887	1,902
Financial year 2019/20			

Goods transferred at a point in time	342,772	223,081	76,258
Goods and services transferred over time	3,252	5,037	1,794
Financial year 2018/19			
Goods transferred at a point in time	396,045	214,458	93,086
Goods and services transferred over time	1,711	4,337	1,503

In reporting year 2020/21, between 22,49% and 50,40% (2019/20: 26.62% and 47.87%; 2018/19: 22.08% and 78.28%) in the three regions was attributable to the respective most significant customers.

Overall, revenue of between 5,60% and 42,41% (2019/20: 6.30% and 38.57%; 2018/19: 7.01% and 42.60%) was generated with three major customers in all segments.

Revenue is spread over the individual segments according to surfaces as follows:

in KEUR	Europe	America	Asia
Financial year 2020/21			
Wood	235,996	155,805	76,464
Aluminum	51,836	43,582	15,238
Synthetic	23,406	506	0
Financial year 2019/20			
Wood	257,049	177,004	67,213
Aluminum	76,211	50,635	10,839
Synthetic	12,764	479	0
Financial year 2018/19			
Wood	290,637	169,596	83,287
Aluminum	85,960	47,607	11,302
Synthetic	21,159	1,592	0

Revenue is spread over the individual segments according to the category of revenue recognition as follows:

in KEUR	Europe	America	Asia
Financial year 2020/21			
Goods transferred at a point in time	307,022	194,006	89,800
Goods and services transferred over time	4,216	5,887	1,902
Financial year 2019/20			
Goods transferred at a point in time	342,772	223,081	76,258
Goods and services transferred over time	3,252	5,037	1,794
Financial year 2018/19			
Goods transferred at a point in time	396,045	214,458	93,086
Goods and services transferred over time	1,711	4,337	1,503

Adjusted revenue - adjusted income statements

in KEUR	Europe	America	Asia
Financial year 2018/19			
Revenue generated from third parties [1)]	397,756	218,795	94,589
Financial year 2019/20			
Revenue generated from third parties [1)]	346,024	228,118	78,052
Financial year 2020/21			
Revenue generated from third parties [1)]	311,238	199,893	91,702

2) Breakdown of revenue according to parent company location (i.e. from the "invoiced by" perspective).

5.8 Reconciliation of information on reportable segments

The following table shows further information on the adjusted EBIT performance indicator, which is used to assess the performance of the operating segments:

Adjustments

Category	Detail	2020/21 EUR k	2019/20 EUR k	2018/19 EUR k
Restructuring	Changing business	6,008		
Exceptional items	Exceptional ramp up costs	2,599	2,864	6,792
	Material quality claims		7,168	
	Covid-19	1,018		
	Single provision	2,960		
	Others	1,565	994	4,057*
Total		**14,150**	**11,027**	**10,849**

*Includes severance payments (€1,501 thousand) and project costs mainly relating to the conversion of the accounting system and the introduction of a manufacturing execution system (€809 thousand), one-off import duties (€1,704 thousand) and miscellaneous in Fiscal Year 2018/19.

Segment reporting	**Europe**			**America**		
in KEUR	2020/21	2019/20	2018/19	2020/21	2019/20	2018/19
External revenue	311,238	346,024	397,756	199,893	228,118	218,795
Revenue between segments	43,025	46,414	63,151	54,848	50,765	47,742
Total revenue	354,263	392,438	460,907	254,741	278,883	266,537
Adjusted EBITDA	**48,557**	**61,071**	**82,336**	**36,824**	**40,918**	**44,657**
Depreciations	14,902	14,997	17,055	10,821	10,165	6,387
Adjusted EBIT	**33,655**	**46,074**	**65,281**	**26,003**	**30,753**	**38,270**
Adjustments	13,491	7,718	4,296	600	3,308	6,065
EBIT	**20,164**	**38,356**	**60,985**	**25,403**	**27,445**	**32,205**

Segment reporting	Asia		
in KEUR	2020/21	2019/20	2018/19
External revenue	91,702	78,052	94,589
Revenue between segments	21,781	19,269	15,674
Total revenue	113,483	97,321	110,263
Adjusted EBITDA	**31,934**	**21,793**	**25,874**
Depreciations	5,157	5,094	3,502
Adjusted EBIT	**26,777**	**16,699**	**22,372**
Adjustments	59	0	487
EBIT	**26,718**	**16,699**	**21,885**

Segment reporting	Total segments			Other/consolidation		
in KEUR	2020/21	2019/20	2018/19	2020/21	2019/20	2018/19
External revenue	602,833	652,194	711,140	0	0	0
Revenue between segments	119,655	116,448	126,567	119,655	116,448	126,567
Total revenue	722,488	768,642	837,707	119,655	116,448	126,567
Adjusted EBITDA	**117,315**	**123,781**	**152,867**	**0**	**0**	**0**
Depreciations, amortization and impairment	30,880	30,255	26,944	**0**	**0**	**0**
Adjusted EBIT	**86,435**	**93,526**	**125,923**	**0**	**0**	**0**
Adjustments	14,150	11,027	10,849	0	0	0
EBIT	**72,285**	**82,499**	**115,074**	**0**	**0**	**0**

Segment reporting	Group		
in KEUR	2020/21	2019/20	2018/19
External revenue	602,833	652,194	711,140
Revenue between segments	0	0	0
Total revenue	602,833	652,194	711,140
Adjusted EBITDA	**117,315**	**123,781**	**152,867**
Depreciations, amortization and impairment	30,880	**30,255**	**26,944**
Adjusted EBIT	**86,435**	**93,526**	**125,923**
Adjustments	14,150	11,027	10,849
EBIT	**72,285**	**82,499**	**115,074**

The amounts shown above in the "Other/consolidation" column include the elimination of transactions between the segments and specific items at group level that relate to the Group as a whole and cannot be allocated to the segments.

Within the segment reporting in the three regions of Europe, America and Asia and in relation to recognition of revenue over time according to IFRS 15, KEUR 4,216 relates to Europe, KEUR 5,887 to the America region and KEUR 1,902 to Asia (2019/20: KEUR 3,252 to Europa, KEUR 5,037 in the America region und KEUR 1,794 to Asia; 2018/19: KEUR 1,711 to Europa, KEUR 4,337 to Amerika and KEUR 1,503 to Asia).

The following table shows the reconciliation of adjusted EBIT to EBIT and to earnings before taxes for financial years 2020/21, 2019/20 and 2018/19.

Reconciliation of total comprehensive income of all segments to earnings before taxes

in KEUR	2020/21	2019/20	2018/19*
Total adjusted EBITDA of all segments	**117,315**	**123,781**	**152,867**
Other/consolidation	0	0	0
Adjusted EBITDA (Group)	**117,315**	**123,781**	**152,867**
Depreciations, amortization and impairment	30,880	30,255	26,944
Adjusted EBIT	**86,435**	**93,525**	**125,923**
Adjustments	**14,150**	**11,027**	**10,849**
EBIT	**72,285**	**82,499**	**115,074**
Finance income	8,222	5,659	3,224
Finance costs	51,292	61,820	91,982
Earnings before taxes	**29,215**	**26,338**	**26,316**

Earnings before adjustments include transactions that occurred in the ordinary course of business but which were not included in EBIT due to their one-off nature. In financial year 2020/21 this relates to costs for ceasing business at the Kulmbach site, costs of onerous contracts, costs of implementing measures under Corona, as well as other costs (e.g. organizational adjustments and project costs).(In the prior year: this was related to costs for building a logistics site in Cottondale, USA, with a focus on sequencing, costs for new products as well as other costs (e.g. organizational adjustments and project costs).

5.9 Leases

The Group is lessee in different leases covering land and buildings, technical equipment and machinery as well as parts of operating and office equipment. The lease term for land and buildings is typically between 1 and 17 years. Leases of technical equipment and machinery generally have a term of less than 1 and 2 years. Leases of operating and office equipment usually have a term of between 1 and 10 years. In some cases, the Group's leases include extension options. The Group estimates that exercising these extension options – which are currently not incorporated into the measurement of the lease liability – would lead to potential additional future undiscounted lease payments of KEUR 44,868.

Some leases of land and buildings provide for additional lease payments based on a change in the local price indices.

Future cash outflows from variable lease payments not incorporated into the measurement of the lease liability amount to KEUR 4,224 (2019/20: KEUR 4,150; 2018/19: KEUR 1,682). These relate mainly to leases of land and buildings.

Information on leases in which the Group is the lessee is presented below. There are no leases in which the Group acts as lessor.

Right-of-use assets

In KEUR	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	**Total**
Depreciation and impairment 2020/21	4,779	1,318	2,524	**8,621**
Additions to right-of-use assets	2,100	0	2,333	**4,434**
Carrying amount as of Mar. 31, 2021	29,743	570	5,397	**35,710**

In KEUR	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	**Total**
Depreciation and impairment 2019/20	4,737	5,635	2,053	**12,425**
Additions to right-of-use assets	3,274	346	4,552	**8,172**
Carrying amount as of Mar. 31, 2020	32,968	2,692	5,688	**41,348**

In KEUR	Land and buildings	Technical equipment and machinery	Other equip-ment, operating and office equip-ment	**Total**
Depreciation and impairment 2018/19	4,305	2,136	1,419	**7,860**
Additions to right-of-use assets	3,106	0	738	**3,844**
Carrying amount as of Mar. 31, 2019	39,521	5,278	3,068	**47,876**

Amounts recognized in profit and loss and cash flows

in KEUR	2020/21	2019/20	2018/19
Interest expenses for lease liabilities	674	833	223
Short-term lease expenses	2,275	2,102	1,761
Lease expenses for low value assets except short-term leases for low value assets	888	409	161
Expense for variable lease payments not included in the measurement of lease liabilities	427	407	1,682
Total cash outflow for leases	13,090	12,368	12,310

5.10 Other financial liabilities and contingent liabilities

There were no significant other financial obligations occurring after the reporting date. There are just financial obligations within the usual range resulting from the purchase commitment in the amount of KEUR 27,785 (March 31, 2020: KEUR 23,006; March 31, 2019: KEUR 23,018; April 1, 2018: KEUR 42,810).

Contingent liabilities constitute off-balance sheet contingent liabilities recognized in the amount of the valuation as of the reporting date. Contingent liabilities include sureties and guarantees assumed for third parties amounting to KEUR 830 (March 31, 2020: KEUR 1,323; March 31, 2019: KEUR 1.432; April 1, 2018: KEUR 1,932). The probability of claims on these sureties and guarantees is assessed as low based on past experience.

5.11 Related parties

In accordance with IAS 24, individuals or entities that control or are controlled by the Company must be disclosed unless they have already been included as consolidated entities in the Group's consolidated financial statements.

The disclosure requirements under IAS 24 also include transactions with associates and persons which exercise significant influence over the financial and operating policies of the Company. This includes close members of the family and intermediate entities. In addition, the requirements under IAS 24 encompass transaction with another entity where a member of the Company's key personnel is also member of the entity's key personnel.

Pursuant to the IAS 24 definition, members of management and of the Advisory Board are also considered related parties. As shown in the table under Section 6.5, members of management and of the Advisory Board receive remuneration solely as part of their functions as key management personnel.

In FY 2020/21 the Company incurred costs in connection with the preparation of a private placement and listing. Due to a cost sharing and indemnity agreement entered into with its direct and indirect shareholders, the costs incurred will be reimbursed by its shareholders so that these costs represent a pass-through item (amounts already incurred have been estimated in a low one-digit-million Euro amount).

Financial liabilities to shareholders

Financial liabilities to shareholders due on December 31, 2024, in the amount of KEUR 461,885 as of March 31, 2021, are owed in the full amount to the parent company (see Section 6.2). These liabilities are unsecured and are charged interest at a rate of 6.00%. Owing to their subordination, the shareholders' claims in the event of liquidation have the character of equity. Future expected cash outflows from the liabilities, their fair values at the reporting date and movements in the liabilities related to financing activities for the financial year are presented in Sections 3.13, 5.2 and 5.3.

Other transactions with related parties

In FY 2020/21 the transaction volume regarding the purchase of tools with Kunststoff Schwanden AG was KEUR 208.

5.12 Explanatory notes on the transition to IFRS

These consolidated financial statements, which have been prepared in accordance with the standards and interpretations as adopted by the EU, are also the first consolidated financial statements of Car Interior Design S.à r.l. Under Luxembourg law, the Company was previously exempt from preparing consolidated financial statements in accordance with local accounting standards.

As this is the first time that consolidated financial statements have been prepared by the Company, there is an exemption for the generally required explanatory notes on how the transition from Luxembourg financial accounting standards to IFRS has affected the assets, liabilities, financial position and financial performance presented in the consolidated financial statements. In preparing the IFRS consolidated financial statements, the accounting policies described in Section 2 have been applied uniformly and consistently for the financial years 2020/21, 2019/20 and 2018/19, as well as for the opening IFRS consolidated statement of financial position as of April 1, 2018 (date of transition to IFRS).

The first-time consolidation of Novem Beteiligungs GmbH and its immediate subsidiaries took effect without retrospective application according to the option under IFRS 1. As a result, first-time consolidation as of April 1, 2018, under application of the specific carrying amounts for the assets and liabilities of Novem Beteiligungs GmbH and its direct subsidiaries at this date and the corresponding cost of the investment in Novem Beteiligungs GmbH in the separate financial statements of Car Interior Design S.à r.l., was carried out at this date. The resulting difference of KEUR 93,685 was recorded accordingly as an increase in the Group's retained earnings.

Novem Group GmbH was established on April 3, 2019. In the course of an intragroup capital reorganization, Car Interior Design (Luxembourg) S.à r.l contributed all of the shares it had held in Novem Beteiligungs GmbH at a fair value of KEUR 762,000. An amount of KEUR 160,000 of the contribution amount was paid into the share premium account of Novem Group GmbH. The amount exceeding the non-cash contribution of KEUR 602,000 was extended to Novem Group GmbH as a shareholder loan. As a result of this transaction, Novem Group GmbH has since held all of the shares in Novem Beteiligungs GmbH and is thus its new sole shareholder and thereby also its direct parent company. As sole shareholder of Novem Group GmbH, however, Car Interior Design (Luxembourg) S.à r.l retains control of Novem Beteiligungs GmbH. Nevertheless, because these corporate law transactions in financial year 2019/20 from the Group's point of view constituted a capital reorganization with no effects on the Group's economic situation, they had no impact on the consolidated financial statements.

6 Additional information

6.1 Exemptions pursuant to Section 264 (3) HGB

Novem Group GmbH, Novem Beteiligungs GmbH, Novem Car Interior Design GmbH, Novem Car Interior Design Metalltechnologie GmbH and Novem Car Interior Design Kulmbach GmbH, which are all entities included in the consolidated financial statements according to IFRS, have exercised the exemption clauses under Section 264 (3) HGB.

6.2 Parent company and holding company

Parent company

The share capital of Car Interior Design (Luxembourg) S.à r.l. is fully held by Automotive Investments S.à r.l.

Holding company

The direct senior and ultimate holding company of the Group is Rokoko Automotive Holdings (Jersey) Limited, Jersey. There were no transactions between the Group and the ultimate holding company during financial year 2020/21.

6.3 Number of employees

The table below sets forth the number of employees (by headcount) we employed as of the dates indicated for each of the regions in which we operate:

In KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019
Region (including headquarter and excluding leased workers, interns and students)			
Europe	3,010	3,158	3,279
Americas	1,958	1,953	1,991
Asia	749	705	746
Total	**5,717**	**5,816**	**6,016**

6.4 Events after the reporting period

On 18 June 2021 the Company entered into a Facilities Agreement (KEUR 250,000 term loan and KEUR 60,000 related Revolving Credit Facility (RCF)) which would enable the Company an early repayment of the bond and the related RCF, but condition precedent of the initial utilization of the Facilities Agreement funds is the Initial Public Offering (IPO) settlement. The new term loan facility effectively provides that the IPO must be completed by the end of October 2021. If it has not completed by then, the Availability Period for a drawdown under the term loan facility expires and no draw down can occur. Term: Five years from the date of first utilization under the new facilities agreement; additionally the first drawdown under the Term Loan Facility must also take place no later than one month after the IPO.

No further subsequent events occurred due to date.

6.5 Remuneration of key management personnel and the Advisory Board

Key management personnel include the members of management, split into the positions of Chief Executive Officer, Chief Financial Officer and the Heads of Department in the Corporate division. The totality of remuneration paid to key management personnel is calculated as the amount of cash remuneration and benefits in kind. The latter includes the provision of company cars and pension benefits.

The total remuneration of the Group's aforementioned key management personnel amounted to KEUR 4,193 for financial year 2020/21 (March 31, 2020: KEUR 4,526; March 31, 2019: KEUR 7,712), and is classified as current benefits to employees. The total amount for reporting date March 31, 2021, can be divided into fixed remuneration of KEUR 2,990 (March 31 2020: KEUR 3,183; March 31 2019: 2,832) and variable remuneration of KEUR 1,203 (March 31, 2020: KEUR 1,343; March 31, 2019: KEUR 4,880).

As of March 31 2021, KEUR 1,072 (March 31, 2020: KEUR 497; March 31, 2019: KEUR 844) was added to the pension provisions for key management personnel. The present value of the pension entitlements is KEUR 4,638 (March 31, 2019: KEUR 3,566; March 31, 2019: KEUR 3,069).

Pension obligations for former members of management bodies amounted to KEUR 2,096 (March 31, 2020: KEUR 1,403; March 31, 2019: KEUR 1,614) as of the reporting date.

The total remuneration of the Advisory Board in financial year 2020/21 was KEUR 123 (2019/20: KEUR 128; 2018/19: KEUR 125).

Advisory Board

The Advisory Board was composed of the following members in financial year 2020/21:

Dr. Stephan Kessel (Chairman)

Florian Schick (Deputy Chairman)

Philipp Struth

Norbert Heller

6.6 Audit fees and services

The following fees for the group auditor only concern services directly related to the group parent, Car Interior Design (Luxemburg) S.à r.l., and its subsidiaries.

in KEUR	2020/21	2019/20	2018/19
Audit fees			
Audit services	1,040	590	658
Audit-related fees	0	420	60
Other assurance services	10	12	12
Tax advisory services	869	878	1,073
Total fees	1,919	1,900	1,803

6.7 Amendments to the consolidated financial statements of 21 June 2021

The consolidated financial statements were initially approved by the Board of Managers on 21 June 2021. Following a change to note 1.2, clarifying the purpose of the consolidated financial statements and other minor disclosure changes which do not impact the consolidated statements of financial position, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of cash flows and the consolidated statements of changes in equity. The consolidated financial statements have been amended accordingly and approved by the Board of Managers on 30 June 2021.

A summary of the changes is presented below:

Note	Description	Consolidated financial statements approved as at 21 June 2021	Consolidated financial statements approved as at 30 June 2021
1.2	**Basis of preparation**	In the context of the Initial Public Offering of the Group and the related prospectus for the offer to the public of newly issued shares of Car Interior Design (Luxembourg) S.à r.l. ("the Prospectus"), the Group prepared these consolidated financial statements ("the consolidated financial statements") for the years ended March 31, 2021, 2020 and 2019. These consolidated financial statements are prepared solely for the inclusion in the prospectus of the Group.	In the context of the envisaged upcoming capital markets transaction (private placement and stock exchange listing), the Group prepared these consolidated financial statements ("the consolidated financial statements") for the years ended March 31, 2021, 2020 and 2019. These consolidated financial statements are prepared solely for the inclusion in the prospectus and the corresponding offering circular of the Group.
3.2	**Property Plant and Equipment**	Please see table 1 below	Please see table 2 below
3.9	**Description of the dividend amount distributed to Automotive investments**	€604,934 thousand	€604,394 thousand

In addition, typographical changes were made to the consolidated statements of changes in equity to correct the respective lines showing the total comprehensive income or loss for the years ended 31 March 2020 and 31 March 2019 that were not computed accurately.

Table 1

Property, plant and equipment

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Land, leasehold rights and buildings, including buildings on third-party land	80,830	85,765	91,042	85,037
Thereof right-of-use assets from leases	29,744	32,968	39,521	40,659
Technical equipment and machinery	87,056	91,761	93,818	87,171
Thereof right-of-use assets from leases	570	2,692	5,278	7,220
Other equipment, operating and office equipment	13,025	14,042	11,143	12,210
Thereof right-of-use assets from leases	5,397	5,688	3,068	3,685
Advance payments and assets under construction	5,876	7,226	8,768	5,004
	186,787	198,794	205,004	189,422

Additions to property, plant and equipment (excluding advance payments and assets under construction) amounted to KEUR 17,600 in the reporting year (2019/20: KEUR 28,217; 2018/19: KEUR 31,146) and largely related to Technical equipment and machinery. Neither impairment losses nor reversal of impairment losses were recognized in a significant amount in 2020/21, 2019/20 and 2018/19 reporting years.

KEUR	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost					
As of Apr. 1, 2018	**117,372**	**248,296**	**39,183**	**5,247**	**410,097**
Currency differences	1,464	1,937	201	158	3,759
Additions	12,927	18,902	3,162	6,581	41,572
Disposals	639	2,990	2,126	238	5,993
Reclassifications	474	2,134	334	-2,964	-20
As of Mar. 31, 2019	**131,598**	**268,279**	**40,754**	**8,784**	**449,416**

Currency differences	-3,897	-2,679	-499	-97	-7,171
Additions	8,533	12,070	7,614	2,893	31,110
Disposals	2,671	6,674	1,474	0	10,819
Reclassifications	586	3,596	157	-4,337	0
As of Mar. 31, 2020	**134,149**	**274,592**	**46,552**	**7,243**	**462,536**
Currency differences	1,968	425	142	615	3,150
Additions	4,145	8,953	4,502	2,900	20,500
Disposals	1,274	14,360	2,934	95	18,663
Reclassifications	372	3,511	136	-4,251	-232
As of Mar. 31, 2021	**139,360**	**273,121**	**48,398**	**6,412**	**467,291**

Accumulated depreciation and impairment losses					
As of Apr. 1, 2018	**33,334**	**161,125**	**26,973**	**243**	**221,675**
Currency differences	61	1,120	73	0	1,254
Additions	7,777	15,164	4,076	11	27,028
Disposals	617	2,925	1,765	238	5,545
Reclassifications	1	-22	21	0	0
As of Mar. 31, 2019	**40,556**	**174,462**	**29,378**	**16**	**244,412**
Currency differences	-1,005	-1,914	-357	0	-3,276
Additions	8,453	16,253	4,551	0	29,258
Disposals	348	5,970	1,347	0	7,665
Reclassifications	0	0	0	0	0
As of Mar. 31, 2020	**47,656**	**182,831**	**32,225**	**16**	**262,728**
Currency differences	645	363	145	525	1,678
Additions	8,424	16,296	5,502	60	30,282
Disposals	1,220	13,539	2,785	60	17,604

Reclassifications	0	5	1	6	12
As of Mar. 31, 2021	**55,505**	**185,956**	**35,088**	**547**	**277,096**
Carrying amount					
As of Apr. 1, 2018	**85,038**	**87,171**	**12,210**	**5,003**	**189,422**
As of Mar. 31, 2019	**91,042**	**93,818**	**11,376**	**8,768**	**205,004**
As of Mar. 31, 2020	**85,766**	**91,761**	**14,041**	**7,227**	**198,795**
As of Mar. 31, 2021	**80,830**	**87,056**	**13,024**	**5,876**	**186,787**

Table 2

Property, plant and equipment

KEUR	Mar. 31, 2021	Mar. 31, 2020	Mar. 31, 2019	Apr. 1, 2018
Land, leasehold rights and buildings, including buildings on third-party land	80,831	85,766	91,042	85,038
Thereof right-of-use assets from leases	29,744	32,968	39,521	40,659
Technical equipment and machinery	87,057	91,761	93,818	87,171
Thereof right-of-use assets from leases	570	2,692	5,278	7,220
Other equipment, operating and office equipment	13,024	14,042	11,376	12,210
Thereof right-of-use assets from leases	5,397	5,688	3,068	3,685
Advance payments and assets under construction	5,876	7,226	8,768	5,003
	186,787	198,795	205,004	189,422

Additions to property, plant and equipment (excluding advance payments and assets under construction) amounted to KEUR 17,600 in the reporting year (2019/20: KEUR 28,217; 2018/19: KEUR 34,991) and largely related to Technical equipment and machinery. Neither impairment losses nor reversal of impairment losses were recognized in a significant amount in 2020/21, 2019/20 and 2018/19 reporting years.

KEUR	Land, leasehold rights and buildings, including buildings on third-party land	Technical equipment and machinery	Other equipment, operating and office equipment	Advance payments and assets under construction	**Total**
Cost					
As of Apr. 1, 2018	**118,961**	**248,296**	**39,183**	**5,247**	**411,687**
Currency differences	-125	1,937	201	158	2,171
Additions	12,927	18,902	3,162	6,581	41,572
Disposals	639	2,990	2,126	238	5,993
Reclassifications	474	2,134	334	-2,964	-20
As of Mar. 31, 2019	**131,598**	**268,279**	**40,754**	**8,784**	**449,416**
Currency differences	-3,897	-2,679	-499	-97	-7,172

Additions	8,533	12,070	7,614	2,893	31,110
Disposals	2,671	6,674	1,474	0	10,819
Reclassifications	586	3,596	157	-4,337	0
As of Mar. 31, 2020	**134,149**	**274,592**	**46,552**	**7,243**	**462,536**
Currency differ-ences	1,968	425	142	615	3,150
Additions	4,145	8,953	4,502	2,900	20,500
Disposals	3,610	14,472	2,934	95	21,111
Reclassifications	372	3,511	136	-4,251	-232
As of Mar. 31, 2021	**137,024**	**273,009**	**48,398**	**6,412**	**464,843**

Accumulated depreciation and impairment losses					
As of Apr. 1, 2018	**33,923**	**161,125**	**26,973**	**243**	**222,264**
Currency differences	61	1,120	73	0	1,254
Additions	7,188	15,164	4,076	11	26,439
Disposals	617	2,925	1,765	238	5,545
Reclassifications	1	-22	21	0	0
As of Mar. 31, 2019	**40,556**	**174,462**	**29,378**	**16**	**244,412**
Currency differences	-452	-1,914	-357	0	-2,723
Additions	8,627	16,253	4,837	0	29,717
Disposals	348	5,970	1,347	0	7,665
Reclassifications	0	0	0	0	0
As of Mar. 31, 2020	**48,383**	**182,831**	**32,511**	**16**	**263,741**
Currency differences	645	363	145	525	1,678
Additions	8,424	16,296	5,502	60	30,282
Disposals	1,259	13,543	2,785	60	17,647
Reclassifications	0	5	1	-6	0
As of Mar. 31, 2021	**56,193**	**185,952**	**35,374**	**535**	**278,054**

Carrying amount					
As of Apr. 1, 2018	**85,038**	**87,171**	**12,210**	**5,003**	**189,422**
As of Mar. 31, 2019	**91,042**	**93,818**	**11,376**	**8,768**	**205,004**
As of Mar. 31, 2020	**85,766**	**91,761**	**14,041**	**7,227**	**198,795**
As of Mar. 31, 2021	**80,831**	**87,057**	**13,024**	**5,876**	**186,787**

Matthias Van der Looven

Manager

Raf Bogaerts

Manager

15. GLOSSARY

A-PPRs	Class-A profit participation rights.
APMs	Certain financial and non-financial alternative performance measures.
Audit Law	Luxembourg law of July 23, 2016 on the audit profession, as amended.
B-PPRs	Class-B profit participation rights.
Brexit	Withdrawal of the United Kingdom from the European Union following a national referendum and enactment of legislation by the government of the United Kingdom.
Chief Executive Officer	Chief executive officer of the Company.
Chief Financial Officer	Chief financial officer of the Company.
CIT	Corporate income tax.
Chromium VI	A chemical compound used in the production of chrome parts.
Co-Investment Program	Co-investment program for Management Board and the Supervisory Board via profit participation rights.
Company	Novem Group S.A., with registered office at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg, Legal Entity Identifier 222100KIY63U7PV8N251.
Cost Sharing and Indemnity Agreement	Agreement between the Company and the Shareholders, dated April 16, 2021, regarding their cooperation relating to the preparation of the Private Placement and Listing.
COVID-19	SARS-CoV-2 and its associated disease.
EEA	European Economic Area.
EPA	U.S. Environmental Protection Agency.
EU	European Union.
EU-UK Trade Agreement	Ratified trade and cooperation agreement between the United Kingdom and the European Union governing its future relationship.
Euroclear	Euroclear Bank S.A./N.V., 1, Boulevard du Roi Albert II, 1210 Brussels, Belgium.
EY Luxembourg	Ernst & Young S.A., a public company limited by shares (*société anonyme*), organized under the laws of the Grand Duchy of Luxembourg, having its registered office at 35E, avenue John F. Kennedy, L-1855 Luxembourg, Grand Duchy of Luxembourg, registered with the Luxembourg Register of Trade and Companies (*Registre de Commerce et des Sociétés, Luxembourg*) under number B88019.
FTT	Published proposal of the European Commission for a directive for a common financial transactions tax.
German Disbursing Agent	A German resident credit institution, financial services institution (*inländisches Kredit- oder Finanzdienstleistungsinstitut*) (including in each case a German branch of such foreign institution), a securities trading company (*inländisches Wertpapierhandelsunternehmen*) or a securities trading bank (*inländische Wertpapierhandelsbank*).
GAAP	Generally accepted accounting principles.
Group	The Company and its consolidated subsidiaries
HSE	Health, safety and employment.

IAS	International Accounting Standard
IFRS	International Financial Reporting Standards as adopted by the European Union.
Issuer	Novem Group S.A., with registered office at 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg, Legal Entity Identifier 222100KIY63U7PV8N251.
IT	Information technology.
LIR	Luxembourg income tax law of December 4, 1967, as amended (*loi concernant l'impôt sur le revenu*), as commented and currently applied by the Luxembourg tax authorities.
LuxCSD	LuxCSD S.A.
Luxembourg Eligible Parent	An Eligible Parent, that is a fully taxable resident joint-stock company not listed in article 166 paragraph 10 LITL.
Luxembourg Mandatory Squeeze-Out and Sell-Out Law	Luxembourg law of July 21, 2012 on mandatory squeeze-out and sell-out of securities of companies admitted or previously admitted to trading on a regulated market or having been offered to the public, as amended.
Luxembourg Market Abuse Law	Luxembourg law of 23 December 2016 on market abuse, as amended.
Luxembourg Shareholders' Rights Law	Luxembourg law of May 24, 2011 on the exercise of certain rights of shareholders in general meetings of the shareholders of listed companies and implementing Directive 2007/36/EC of the European Parliament and of the Council of July 11, 2007 on the exercise of certain rights of shareholders in listed companies, as amended.
Luxembourg Takeover Law	Luxembourg law of May 19, 2006 implementing Directive 2004/25/EC of the European Parliament and the Council of April 21, 2004 on takeover bids, as amended.
Luxembourg Transparency Law	Luxembourg law of January 11, 2008 on transparency requirements regarding information about issuers whose securities are admitted to trading on a regulated market, as amended.
Majority Owner	Individual or legal entity, acting alone or in concert with another, who becomes the owner directly or indirectly of a number of Shares or other voting securities representing at least 95% of capital carrying voting rights and 95% of the voting rights of the Company according to the Luxembourg Mandatory Squeeze-Out and Sell-Out Law.
MBT	Municipal business tax.
Management Board	Management board of the Company.
Mandatory Squeeze-Out	A Majority Owner may require the holders of the remaining Shares or other voting securities to sell those remaining securities under the Luxembourg Mandatory Squeeze-Out and Sell-Out Law.
Mandatory Sell-Out	If a Majority Owner, acquires additional shares or other voting securities of the Company, one or several holders of the remaining shares or other voting securities of the Company may require this Majority Owner to buy their shares or other voting securities subject to the timing conditions set out under the Luxembourg Mandatory Squeeze-Out and Sell-Out Law.
MiFID II	Directive 2014/65/EU of the European Parliament and of the Council of May 15, 2014 on markets in financial instruments, as amended.

MiFID II Requirements	Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 of April 7, 2016 supplementing MiFID II and local implementing measures.
MNWT	Minimum net worth tax.
NWT	Net worth tax.
OEM	Original equipment manufacturer.
PFIC	Passive foreign investment company.
Platform	A distinct car model platform for a distinct set of interior (e.g. “BMW X5 wood”)
Portfolio Participation	Shareholder holding a participation of less than 10% in the share capital of the Company at the beginning of the calendar year (*Streubesitzbeteiligung*).
PPRs	Profit participation rights.
PUR	Polyurethane, a synthetic material used in the production of decorative trim elements.
Qualified Participation	If a shareholder, or in the case of a gratuitous acquisition, the shareholder’s legal predecessor, directly or indirectly hold at least one percent of the share capital of the Company at any time during the five years preceding the sale of shares.
Qualified Shareholding	If the Company holds a direct participation in the Qualified Subsidiary of an acquisition price of at least €1.2 million.
Qualified Subsidiary	If the distributing company is a qualified subsidiary.
REACH	Regulation (EC) No. 1907/2006 (Registration, Evaluation, Authorisation and Restriction of Chemicals).
Relevant Threshold	Threshold under the Luxembourg Transparency Law.
Rokoko	Rokoko Automotive Holdings (Jersey) Limited
Roland Berger Report	Commissioned Roland Berger market study, March 2021.
Sanctions	Regulations and economic sanction programs, including, without limitation, those administered by the United Nations, the European Union and the Office of Foreign Asset Control in the United States.
Scrap Rate	The percentage of defective products or products that do not meet agreed upon specifications.
Securities Act	United States Securities Act of 1933, as amended.
Selling Shareholder	Rokoko Automotive Holdings (Jersey) Limited.
Senior Secured Notes	€400,000,000 senior secured notes due 2024 issued by Novem Group GmbH.
series net sales (excluding tooling)	The portion of the Group’s revenue derived from the sale of series trim elements.
Share Ownership Target	Obligation of the Management Board members to acquire and hold a certain amount of shares during their entire appointment.
Shareholders	Rokoko Automotive Holdings (Jersey) Limited together with Automotive Investments (Luxembourg) S.à r.l.
Stabilization Period	Period in which stabilization measures may be taken by Stabilization Manager from the date the Shares are listed on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) on, they must be terminated no later than the thirtieth calendar day after such date.
SUV	Sport utility vehicle.

Underwriters	UniCredit together with Jefferies and the Joint Global Coordinators.
Underwriting Agreement	Underwriting agreement between the Underwriters, the Company and the Selling Shareholder to the Private Placement and Listing.
WHO	World Health Organisation.
WLTP	Worldwide Harmonized Light-Duty Vehicle Test Procedure.
1915 Companies Act	Luxembourg law of August 10, 1915 on commercial companies, as amended (*loi du 10 août 1915 sur les sociétés commerciales*).

16. RECENT DEVELOPMENTS AND OUTLOOK

16.1 Current Trading

We estimate our revenue and Adjusted EBIT for the months of April and May 2021 to be significantly ahead of the corresponding prior year periods, which were affected by the COVID-19 pandemic, in particular in Europe and America. We further estimate with respect to the past that our Adjusted EBIT margin for the twelve month period that ended May 31, 2021 was only slightly below our mid-term target. Such estimate is not a guarantee of future financial performance.

16.2 Outlook

Taking into consideration our historical revenue development, expected future vehicle production levels, our planned expansion in Asia and the potential for acquisition of new customers, we target a revenue CAGR of 5-6% over the mid-term. Such target should be understood as an average annual growth rate over the mid-term. While we expect a revenue growth slightly below this mid-term target in the Fiscal Year 2021/22, we expect the revenue growth rate to more than double in the Fiscal Year 2022/23, driven by an envisaged contract acquisition out of the running series from a competitor, the launch of a new platform in China and revenues generated from additional customers in Asia.

Based on our historical profitability, we also target a 17-18% target Adjusted EBIT margin over the mid-term. These mid-term targets are further supported by favorable trends such as increasing premiumization of mid-tier platforms that currently do not include premium decorative trim elements as well as increasing tech integration and demand for "smart" surfaces.

We anticipate that over the mid-term, our capital expenditures and depreciation and amortization will remain in line with our last three-year average of approximately 4% and 4-5% of revenues respectively, a trade working capital in line with our historical average, a leverage ratio of net financial debt to Adjusted EBITDA of approximately 1.0-1.5x and a IFRS tax rate of approximately 25%.

We expect our costs of materials to remain roughly stable also going forward because of the realisation of continued purchasing savings in the range of approximately 3% as an average per annum, the sustainable reduction of leased workers and external production. These savings should compensate the annual lifetime adjustments of approximately 2% per annum and keep the cost of materials roughly stable. Currently faced price increases for individual commodity groups (e.g. surface material, coatings, chemicals, resin, aluminum) could lower the planned purchasing savings in Fiscal Year 2021/22 to approximately 2-2.5%. However, at this stage, we expect these price volatilities to be of a temporary nature.

We expect personnel expenses to increase moderately over time. In the short to mid-term, we expect the personnel expenses slightly decrease due to the recently closed plant in Kulmbach, the realisation of economies of scale and ongoing productivity gains in the range of approximately 5% as an average per annum.

Our mid-term targets are based on our results for the Fiscal Year 2020/21.

The statements in this sections, in particular the mid-term targets, described above, constitute forward-looking statements. These forward-looking statements are not guarantees of future financial performance, and the Group's actual results could differ from those expressed or implied by these forward-looking statements as a result of many factors, including but not limited to those described under *1. Risk Factors* and *2.2 Forward-looking statements*.