NOVEM ANNUAL REPORT 2021/22

Established in
1947

5,540
employees
worldwide

12
locations
worldwide

2021
IPO

NOVEM AT A GLANCE

The Novem Group is based in the German town of Vorbach and is the world leader in high-quality trim elements and decorative function elements in car interiors. The customers include all major premium carmakers worldwide. They appreciate the innovative technology, exclusivity and exquisite design of Novem's products.

KEY RESULTS

in € million	FY 2020/21	FY 2021/22
Income statement		
Revenue[1]	602.8	614.5
Adj. EBIT	86.4	80.9
Adj. EBIT margin (%)	14.3%	13.2%
Adj. EBITDA	117.3	111.7
Adj. EBITDA margin (%)	19.5%	18.2%
Cash flow		
Capital expenditure	15.9	18.6
Capital expenditure as % of revenue	2.6%	3.0%
Free cash flow	89.7	65.0

1 Including revenue-related adjustments

in € million	31 Mar 21	31 Mar 22
Balance sheet		
Trade working capital	50.1	41.0
Total working capital	125.0	127.3
Net financial debt	258.3	165.6
Net leverage (x Adj. EBITDA)	2.2x	1.5x

ABOUT THIS REPORT

Novem Group publishes the first Annual Report following the initial public offering ("IPO") on 19 July 2021. The financial year of Novem Group S.A. ends on 31 March and therefore covers the period from 1 April 2021 to 31 March 2022. This Annual Report includes a Non-financial Report in accordance with the European Directive and Luxembourg Law and fulfils the *Core option* of the Global Reporting Initiative Standards.

The consolidated financial statements of Novem Group S.A. and the stand-alone financial statements of Novem Group S.A. were audited by Ernst & Young ("EY").

The sustainability report was written in accordance with the Non-Financial Reporting Directive ("NFRD") and in orientation to the GRI standards.

EDITORIAL NOTE

The report is only available in English and solely published in digital form. All references to people such as *employees*, *shareholders*, etc. in this report apply equally to all identities.

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1 To our shareholders

Günter Brenner
Chief Executive Officer

LETTER FROM THE CEO

Ladies and gentlemen,

looking back at the past two financial years so strongly impacted by Covid-19, we are thankful for our shared success in overcoming the special challenges of this period. At the same time, we are aware that the effects of the global pandemic will continue to be felt in the future, as will those from the changed geopolitical situation in Europe due to the war in Ukraine.

I am pleased that Novem has been able to finish the financial year 2021/22 successfully despite the difficult circumstances. In addition to the pandemic, we also had to deal with the chip crisis, the disruption to global supply chains and the associated rise in the volatility of our customers' production, higher prices for materials and considerable increases in transport and energy costs. The fact that we were still able to deliver a solid performance is the result of a firm trend. We grew our consolidated turnover by 2% to €615 million.

In spite of the adverse conditions, the financial year was marked by growth and was positive for Novem overall, with forward-looking decisions in relevant areas proving crucial. A highlight of the year under review was Novem's initial public offering in July 2021, which has unlocked potential for further growth and more flexible financing options.

In terms of strategy, we are maintaining our strong focus on the premium carmaker market, with an emphasis on both winning new customers and growing our business with premium brands. This approach has resulted in positive developments in orders on hand and customer acquisition.

We have considerably enhanced our engineering expertise in China by establishing a technical centre. With a stronger local presence there, we have laid an essential foundation that will enable us to effectively serve Asia's dynamically growing market. Lastly, we were able to gain an additional growth boost at short notice by successfully acquiring the aluminium business of a competitor; this business involves platforms for four different customers.

We are aware of Novem's social and environmental responsibility. In the context of our corporate strategy, we are deeply committed to acting sustainably in the long term, thus ensuring our future success.

For us, success means innovation, profitable growth and a reputation as a strong partner and a dependable employer. In our eyes, responsible management at Novem requires more than ever taking actions that benefit people and the environment in order to provide stability and a positive perspective for the future.

Novem is an empathic supporter of the Paris climate goals and has set ambitious milestones on its path to greater sustainability. We are committed to greenhouse gas neutrality in Germany by 2025, in Europe by 2030 and worldwide by 2035. As an example, for some time we have been conducting research into the materials for our trim elements to make the varnishes, substrates and intermediate layers even more environmentally compatible. As the fruit of the labour of all those involved in the process, the ultimate prospect is the production of carbon-neutral cars.

Other elements of our sustainability strategy include our supplier management and health and safety management programmes. When selecting suppliers, we expect them to focus on environmental and sustainability aspects. We systematically integrate them into our value chain for maximum positive impact. We consistently adhere to workplace safety standards worldwide, and we pay great attention to the health of our staff. We began the process of ISO 45001 occupational health and safety certification in March 2022 and plan to complete it for the first six sites by the end of the financial year 2022/23.

We launched further sustainability initiatives in the financial year 2021/22 and are measuring their progress with a substantial number of performance indicators. These measures and activities are summarised in our Non-financial Report, which is part of this Annual Report. As you will see, the positive impact of our sustainability efforts is reflected in our mid-range strategy and planning.

We view Novem's future business prospects with cautious optimism. Depending on how the general economic environment develops, we aim to continue our profitable growth, with an Adj. EBIT margin of 14% to 15%. We remain committed to these objectives, and we associate sustainable growth with economic success.

On behalf of the Management Board, I would like to thank you all very much for your support in the financial year 2021/22. You have delivered an outstanding performance in challenging times. Your dedication is helping to keep Novem safely on track. We appreciate your efforts and your trust.

I look forward to working with you in the coming financial year and to a constructive and productive dialogue with Novem's best interests in mind.

Kind regards,

Günter Brenner
Chief Executive Officer

“In our eyes, responsible management at Novem requires more than ever taking actions that benefit people and the environment in order to provide stability and a positive perspective for the future. “

— Günter Brenner (CEO)

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

the financial year ended 31 March 2022 was still significantly affected by the worldwide Covid-19 pandemic, which impeded Novem also mainly during the first half of calendar year 2021. State-imposed plant closures and supply chain disruptions in a globally networked industry had to be overcome. The aim was to safeguard the Group's ability to act economically and to improve costs as far as possible. However, the top priority was to protect Novem's employees from Covid-19 infections by imposing appropriate hygiene requirements and measures to limit contact wherever possible. Shortly before the end of the financial year, the Russian acts of war within the Ukrainian territory additionally affected the automotive industry sector significantly. Depending on the further outcome, the consequences are still mainly unforeseeable regarding their effect on Novem's business. So far, as a result of excellent management, Novem Group has come through the ongoing crisis better than initially expected.

In the financial year ended 31 March 2022, the Supervisory Board of Novem Group S.A. diligently fulfilled its tasks in accordance with the statutory requirements and the Articles of Association of Novem Group S.A. The Supervisory Board regularly advised on and continuously monitored the work of the Management Board regarding strategic and operational decisions as well as governance topics and compliance. When required by the Articles of Association, the Supervisory Board approved the actions of the Management Board after carefully reviewing them. In the financial year ended 31 March 2022, the members of the Supervisory Board were Dr. Stephan Kessel (Chairman), Mark Wilhelms (Deputy Chairman), Natalie C. Hayday, Florian Schick and Philipp Struth.

The Supervisory Board held a total of three meetings in the financial year ending 31 March 2022. In all of the Supervisory Board meetings, all members were present. To comply with the social distancing requirements, some of the meetings were held partly via conference calls. In the meetings, the Management Board informed the Supervisory

Dr. Stephan Kessel
Chairman of the Supervisory Board

Board regularly and completely on the status and performance of the Novem Group including opportunities and risks, its market position, its course of business as well as its relevant financial data. The discussions were based on regular and extensive reports in verbal and written form presented by the Management Board. The Management Board and the Supervisory Board maintained close contact also outside of the regular meetings to exchange all important information related to the Novem Group. This close collaboration also included strategy discussions as well as information on organisational development.

During the reporting period, the members of the Audit and Risk Committee were Mark Wilhelms (Chairman), Dr. Stephan Kessel and Natalie C. Hayday. Significant questions related to auditing, accounting, risk management, compliance and internal control systems were especially reviewed by the Audit and Risk Committee. The Audit and Risk Committee monitored the effectiveness of the internal control system, the risk management system, the internal auditing system and the compliance management system. The Audit and Risk Committee discussed in particular the quarterly reports, the relationship with investors and the audit assignment to Ernst & Young S.A. Luxembourg including the focus areas of the audit. One main focus area of the Audit and Risk Committee was monitoring the tender process regarding the selection of the future auditing firm to be proposed to the Annual General Meeting on 25 August 2022. The Committee held three meetings in the financial year ending 31 March 2022. In the meetings, all members were present. In the meetings, all members were present. One meeting was held in person, while two were held via conference calls.

In the reporting period, the members of the Remuneration and Nomination Committee were Dr. Stephan Kessel (Chairman), Mark Wilhelms and Natalie C. Hayday. The Committee discussed all remuneration and nomination related topics. It prepared the Remuneration Report in accordance with the Luxembourg law of 1 August 2020, the Second Shareholders' Rights Directive ("SRD II", Directive (EU) 2017/828). The Remuneration and Nomination Committee held two meetings. In all meetings, all members of the Remuneration and Nomination Committee were present.

The Supervisory Board examined the Company's annual accounts, the consolidated financial statements and the Group Management Report for the financial year ending 31 March 2022. Representatives of the auditor Ernst & Young S.A. Luxembourg attended the meetings of the Audit and Risk Committee on 17 February 2022 and 25 May 2022 at which the financial statement primaries were examined. The representatives of the auditor reported extensively on their findings, provided a written presentation and were available to give additional explanations and opinions. The Supervisory Board did not raise objections to the Company's annual accounts or to the consolidated financial statements drawn up by the Management Board for the financial year ending 31 March 2022 and to the auditors' presentation. Furthermore, the Supervisory Board approved the Non-financial Report of Novem Group S.A.

The Supervisory Board agreed to the proposal of the Management Board, recommended by the Audit and Risk Committee, and approved the Company's annual accounts and the consolidated financial statements for the financial year 2021/22. The auditor issued unqualified audit opinions on 27 June 2022.

During the financial year ended 31 March 2022, there were no conflicts of interest between the members of the Supervisory Board and the Company.

On behalf of the Supervisory Board, I would like to thank the Management Board of Novem Group S.A. for excellent achievements throughout the past financial year and the open and effective collaboration. I also would like to thank all employees for their remarkable contributions to the Group's success during challenging times and last but not least our shareholders for their continuous support. We all highly value your trust in Novem Group.

Luxembourg, 27 June 2022
On behalf of the Supervisory Board of Novem Group S.A.

Yours sincerely,

Dr. Stephan Kessel
Chairman of the Supervisory Board

NOVEM AND THE CAPITAL MARKET

Dr. Johannes Burtscher
Chief Financial Officer

Stock market

In 2021, the stock exchange was characterised by turbulent conditions. Above all, persistently high Covid-19 infection figures, the resulting restrictions and worldwide supply bottlenecks shaped the market.

Despite all Covid-19 and supply chain worries, major indices such as MSCI World, S&P 500, Eurostoxx and the DAX reached new highs in 2021. One reason for this could be that despite low interest rates, investors still saw few alternatives to the stock market to protect their money from the loss in value caused by high inflation.

However, the rapid spread of the Omicron variant of Covid-19 dampened the stock market's euphoria to some extent towards the end of the year and into 2022. Shortly after the turn of the year, the first interest rate hikes were announced due to persistently high inflation rates in the USA and the same is expected for Europe. This led to a partial rotation from growth to value stocks. What also clouded the markets at the beginning and into 2022 were the terrible acts of war unfolding on 24 February 2022 in Ukraine. Russia's invasion of Ukraine fuelled the surge in energy prices and further amplified inflationary pressures in basically all areas of life.

Another issue for the automotive industry in 2021 and beyond was the shortage of chips. As a missing core component, this has brought entire productions to a standstill. The premium segment, which is vital for Novem, was less affected than the mass market. In addition, customer demand remained high despite difficult circumstances, so original equipment manufacturers ("OEMs") were still able to achieve good results by prioritising higher-priced models. While things went well for the OEMs, it was not as easy for suppliers during the same period. The volatility of call-offs, in particular, made it difficult to manage the situation confidently and blocked foresight.

During the reporting period (1 April 2021 to 31 March 2022), the broad MSCI World index recorded a price increase of around 7.5%. Meanwhile, the S&P500 index achieved a gain of about 14.3% in the same period. Looking at Europe as the largest market by revenue for Novem, the EURO STOXX 50 posted a slight year-on-year increase of 0.8%. The DAX (-4.6%) and SDAX (-9.5%) showed a different picture for the overall German market. The benchmark index DAXsubsector Auto Parts & Equipment recorded a decline of -29.0% in the period under review.

Stock performance

The development of the share price echoed the challenging market conditions with volatile call-offs, increased material costs as well as tensions on the supply side. The issue price of the Novem share at the time of listing on 19 July 2021 was €16.50. The share closed the first trading day precisely at the level of the issue price (XETRA closing price), after having risen to €16.80 during the course of the day. On 17 August 2021, the share reached its high for the period under review at €18.10. While the stock hit its low on 28 January 2022 at €10.01, it closed at €10.35 on 31 March 2022.

IPO process

In July 2021, Novem completed its IPO on the regulated market of the Frankfurt Stock Exchange and, simultaneously, to the sub-segment thereof with additional post-admission obligations (Prime Standard). On 19 July 2021, trading commenced with an opening price of €16.50 per share.

In the course of the initial public offering, 3,030,303 new ordinary shares in a dematerialised form with no nominal value have been issued from a cash capital increase. The share capital of the Company amounts to €430,303.03 and is divided into 43,030,303 ordinary shares in a dematerialised form with no nominal value. Each share of the Company represents a par value of €0.01 in the Company's share capital. All shares are fully paid up. The total offering size amounts to €247.2 million including an over-allotment of 2,254,545 shares. J.P. Morgan, Berenberg and Commerzbank acted as Joint Global Coordinators, while Jefferies and UniCredit acted as Joint Bookrunners for the transaction.

Dividend

In agreement with the Supervisory Board, the Management Board will propose the distribution of a dividend of €0.40 per share at the Annual General Meeting to be held on 25 August 2022. This corresponds to a payout of 39.1% of net income and shares Novem's success with the shareholders. The proposed dividend exceeds the targeted payout ratio of approx. 35% due to the solid balance sheet and strong cash flow development of the Group.

Investor Relations activities

Our Investor Relations ("IR") work aims to ensure open and transparent communication with our capital market stakeholders. The focus is on equal treatment, timely information and continuity in reporting. Through open and reliable communication, we aim to build long-term trust in the capital market and sustainably increase market awareness of the Novem Group. Since the IPO, the Management Board and IR Team have maintained a constant dialogue with the financial market, characterised by numerous one-on-one meetings and conference calls in addition to the quarterly investor and analyst conferences. In the financial year 2021/22, Novem was represented at three conferences held in a virtual format. Furthermore, it is in the Company's particular interest to bring investors and analysts to its headquarters to make the production processes, business model and its potential even more tangible.

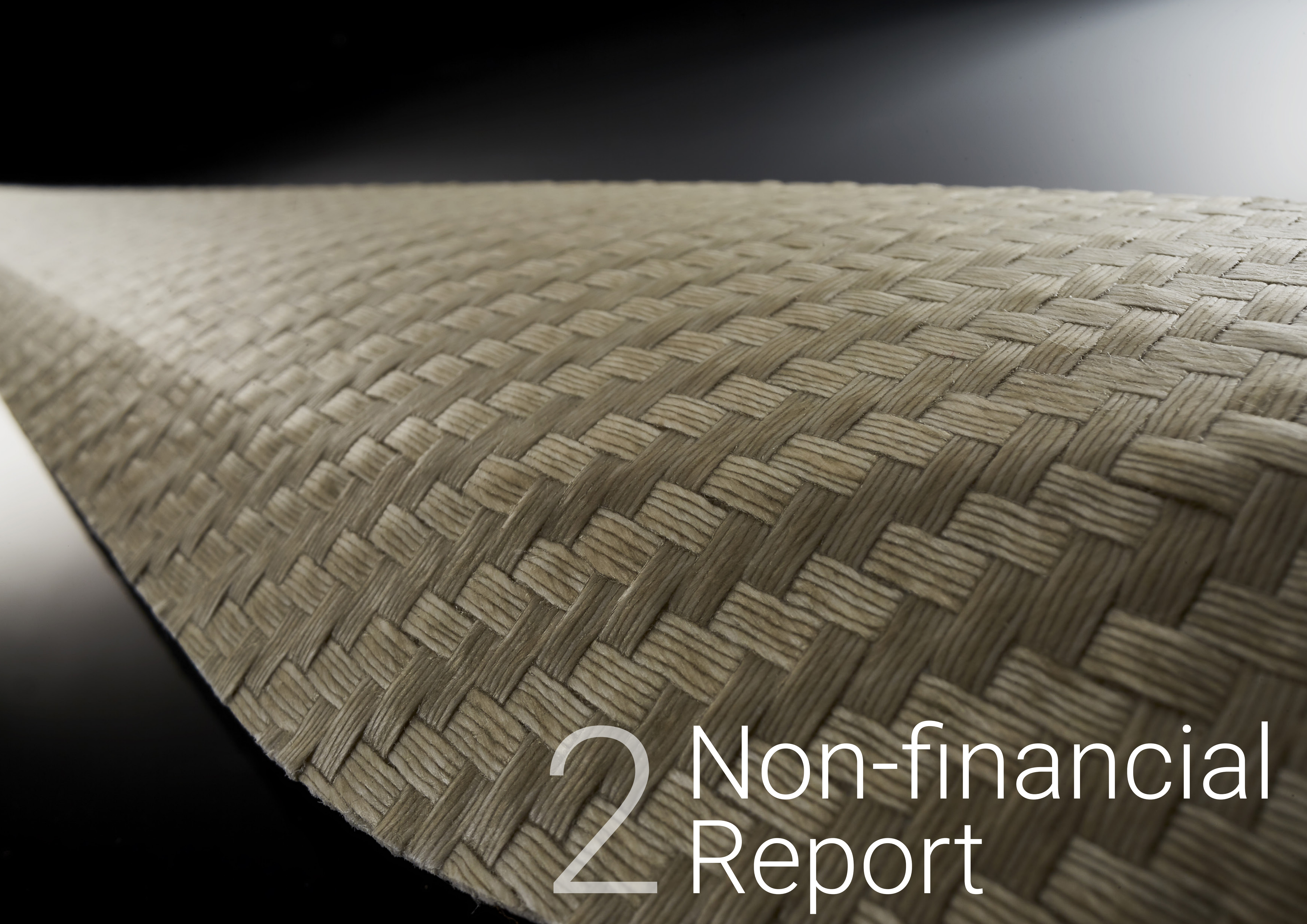
In addition, the Company offers a newsletter to which interested capital market participants can subscribe to stay up to date.

"Despite continued headwinds, Novem was able to further strengthen its balance sheet. Based on its strong cash flow performance, the proposed dividend even exceeds the targeted payout ratio."

— Dr. Johannes Burtscher (CFO)

SHARE DATA
as of 31 March 2022

- Ticker symbol: NVM
- ISIN: LU2356314745
- WKN: A3CSWZ
- Frankfurt Stock Exchange
- Market segment: Prime Standard
- Number of shares: 43,030,303
- Dematerialised shares with no nominal value
- Market capitalisation: €445,363,636
- Highest price FY 2021/22: €18.10
- Lowest price FY 2021/22: €10.01
- Closing price: €10.35



2 Non-financial Report

ORGANISATION

Business model

Founded in 1947, Novem can look back on a success story lasting several decades. Since that time, Novem has constantly been growing and has entered new markets and extended its product and material portfolio. We have thus become the global market leader for high-quality trim parts such as centre consoles, beltlines or dashboards as well as decorative functional elements in car interiors – with around 28.8 million components produced in 2021. These can be found in numerous vehicles in a variety of forms – especially in the premium car segment. We manufacture our products for a growing customer base that includes all the world's leading premium car manufacturers.

Novem Group S.A. has been listed on the Frankfurt Stock Exchange since 19 July 2021.

The Novem locations worldwide

- Americas: 1,842 employees | Honduras, Mexico, USA
- Europe: 2,969 employees | Czech Republic, Germany, Italy, Slovenia
- Asia: 729 employees | China

We manage our global network of production, logistics and sales locations from our headquarters in Vorbach in the Upper Palatinate. The parent company Novem Group S.A. is located in Contern, Luxembourg. Today, we have twelve locations worldwide in Europe, Asia and the Americas, where we employ a total of around 5,540 people. Our international presence allows us to be close to our customers and to distribute our products worldwide.

Companies of the Novem Group

- Novem Group S.A.
- Novem Group GmbH
- Novem Beteiligungs GmbH
- Novem Deutschland GmbH
- Novem Car Interior Design GmbH
- Novem Car Interior Design Vorbach GmbH
- Novem Car Interior Design Metalltechnologie GmbH
- Novem Car Interior Design S.p.A. Bergamo
- Novem Car Interior Design k.s.
- Novem Car Interior Design d.o.o.
- Novem Car Interior Design, Inc.
- Novem Car Interior Design Mexico S.A. de C.V.
- Novem Car Interior Design S. de R.L.
- Novem Car Interiors Design (China) Co., Ltd.

Economic stability and capacity for transformation

The automotive industry is undergoing a fundamental transformation. Electrification, autonomation and digitalisation are changing the way vehicles are thought about, manufactured and used. Along with these developments, the concept of the vehicle interior is also changing. New surfaces and spaces are emerging and with them, the opportunity to redesign the interior. Autonomous driving is also making this space increasingly experienceable, and consumers are placing even higher demands on functionality and comfort.

As the global industry leader, Novem wants to actively shape this change. We are responding to the transformation of the industry with targeted investments in order to prepare our employees and our locations for the challenges ahead and to drive forward the development of new technologies and innovations.

INNOVATIONS FOR FUNCTIONALITY AND SUSTAINABILITY

Novem demonstrates with the application Function in Authentic Materials (FIAM) how the company combines functionality and sustainability. The production procedures of screen printing, high-pressure forming and injection moulding are combined in the manufacture of function elements for the car interior. This reduces the production and assembly steps and integrates functions in the materials. As a result, Novem saves materials and energy and reduces the assembly space taken up by the function trim.

Centre console with fine wood panelling and integrated switch and lighting elements (smart surface)

Sustainability plays a key role here: with renewable and recycled raw materials, we are reducing our ecological footprint and creating sustainable values for our customers. For example, we are already researching alternative materials such as bio-based plastics, vegan adhesives and sustainable substrates. We are also developing new designs that cater to our customers' increasing demands for functionality, sustainability and quality. Our spirit of research is reflected in the large number of patents and utility models held by Novem.

A solid economic foundation enables us to make investments that secure our future viability as a company. In the financial year 2021/22, the Novem Group achieved sales of €614.6 million (PY: €602.7 million).

Addressing the EU taxonomy

In accordance with the European Non-financial Reporting Directive (NFRD), as of financial year 2021/22, companies that are subject to reporting are required to include taxonomy disclosures in their non-financial reporting. This also applies to Novem. The EU taxonomy is a classification system for economic activities aimed at achieving the goals of the Paris Agreement by means of transparency in the capital market.

The Taxonomy Regulation with its corresponding delegated acts sets threshold values for economic activities in CO2-intensive sectors in particular. These relate to the six environmental objectives of the European Union (EU). Under the Regulation, an economic activity contributes substantially to the achievement of an environmental objective (taxonomy alignment) if the threshold values for this environmental objective are not exceeded, none of the other environmental objectives is negatively affected by the economic activity and the minimum social standards are met. This year, companies are only required to show the extent of eligibility or the possibility of being eligible in order to make a substantial contribution to two (climate change mitigation and climate change adaptation) of the six environmental objectives. The mandatory disclosure applies to turnover, capital expenditures (capex) and operational expenditures (opex).

A working group initiated at Group level, consisting of specialists and executives from the Finance, Controlling, Investor Relations and Central Quality & EHS (Environment, Health and Safety) Departments, analysed all business activities together with a consultancy with regard to the requirements of the EU taxonomy. The working group compared the business activities of the Novem Group with those published in the delegated acts of the EU taxonomy.

The in-depth analysis found that a part of the business activities falls under economic activity 3.3. of the regulations (Manufacture of low carbon technologies for transport). These are primarily the manufacture of interior or trim components and other parts intended for the use in electric vehicles. For these products, we mainly use materials like carbon, rattan, linen or fibreglass. These materials are specifically selected according to the criteria of sustainability, reduced weight and economy.

Consequently, the related turnover, capex and opex are to be reported. By allocating the revenue, it was possible to determine that 5.5% of the total sales are generated by economic activity 3.3. and are thus taxonomy-eligible.

The analysis also revealed that 5.5% of the operating costs associated with the above-mentioned turnover are also considered taxonomy-eligible. Here, it should be noted that only the operating costs from research and development could be directly allocated to the business activities under activity 3.3. For all other operating costs within the scope of the EU taxonomy, the portion of the taxonomy-eligible operating costs was determined using an allocation process. The analysis of the capital expenditures showed that no investments made by Novem fall under the EU taxonomy.

Proportion of turnover, opex and capex of taxonomy-eligible activities

in € thousand	Absolute	Proportion
Turnover of taxonomy-eligible activities	33,864	5.5%
Opex of taxonomy-eligible activities	660	5.5%
Capex of taxonomy-eligible activities		-

As only one business activity has been identified as taxonomy-eligible, there is no risk of double counting. Further information on turnover, opex and capex can be found in chapter Consolidated financial statements of the Annual Report.

Product safety and quality

Our products are not components relevant to safety in the vehicle. Nevertheless, we are committed to high quality and safety standards along the entire value chain – from planning and manufacture to delivery to our customers. We link our quality aspiration to the use of high-end materials and modern production processes. Novem uses the Quality Management System certified in conformity with IATF 16949 at all its locations. This is how we consistently improve our processes and ensure that our products are in compliance with the high quality standards.

All safety and quality aspects are controlled by Central Quality Management; this department defines guidelines applicable to all locations in the Group. Each location has a dedicated Quality Manager who implements all of the central regulations.

In keeping with our high aspiration for quality, we process many of our products to a relatively high degree by hand, thereby lending them particular exclusivity. By combining different materials such as wood, aluminium, carbon and premium synthetics, and by using renewable raw materials such as flax (linen) and bamboo, we create highly individual, innovative products. In addition, at our *Novem Interior World* design centre, we work on ideas for new and sustainable surfaces.

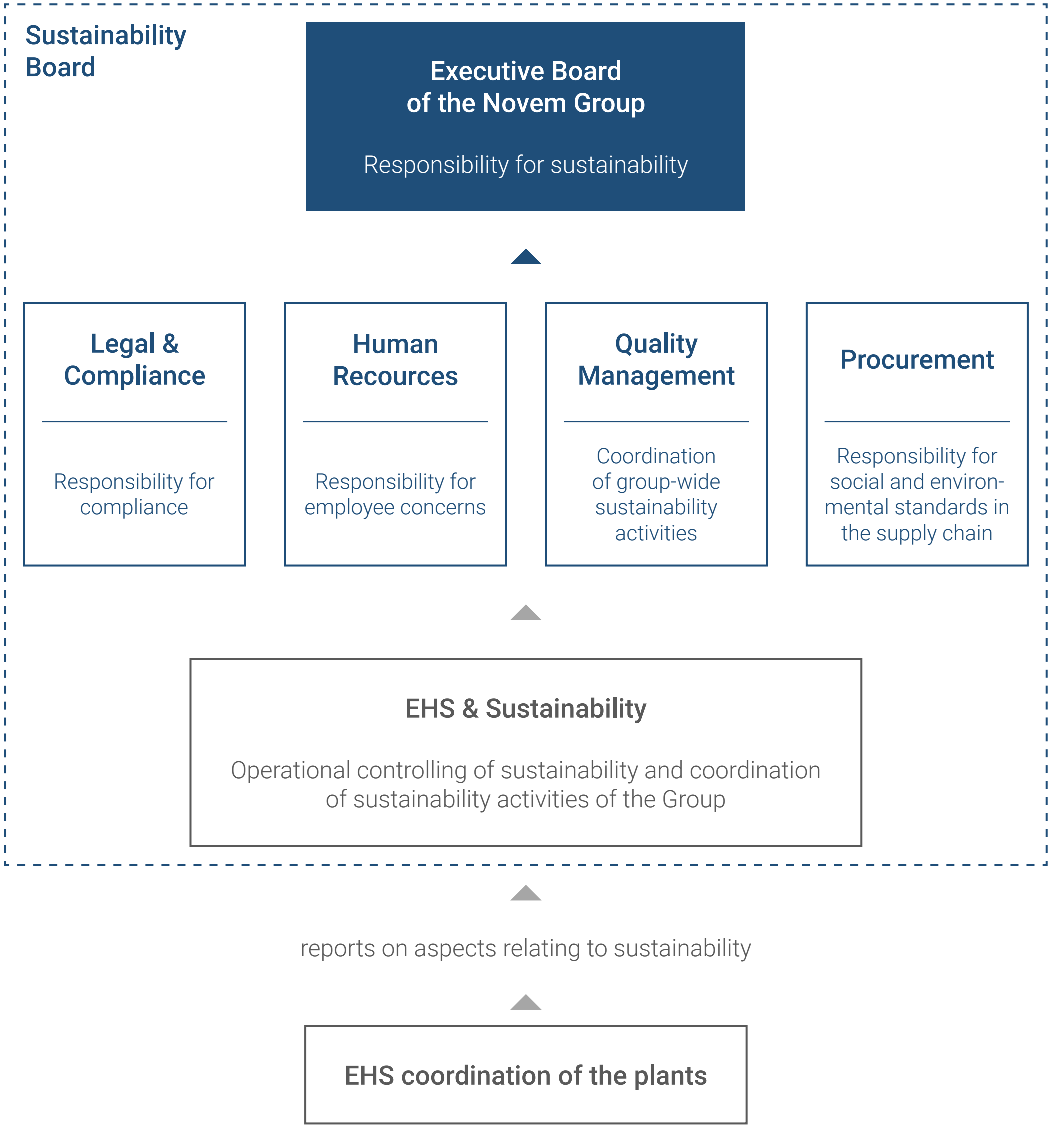
Sustainability management

Social, environmental and also sustainable economic responsibility will empower Novem and the entire automobile industry to move forward into the future. The benchmark for this at Novem is provided by customer goals and consumer aspirations, alongside key social developments.

The strategic responsibility for sustainability at Novem lies with the Executive Board, which heads the Sustainability Board of the Novem Group. This body, comprising representatives from the central divisions, decides on the strategic direction in matters of sustainability. For this purpose, it is in constant exchange with the relevant specialist departments and is informed by all departments about sustainability-relevant matters on a monthly basis.

In the operating business, the sustainability agenda is managed by various departments: the EHS & Sustainability team, which is part of Central Quality Management, is responsible for coordinating global activities on the topics of environment, health and safety. The Human Resources Department deals with all concerns and requirements that affect the employees. Compliance with social and environmental standards in the supply chain is the responsibility of Purchasing.

Sustainability organisation of the Novem Group



Integration of stakeholders

As a globally active enterprise, we are in continuous communication with numerous stakeholder groups. These include our existing and potential employees, customers and consumers, suppliers and partners, as well as policymakers and members of the general public. We keep our employees constantly informed about all important developments in the Group. We also seek close cooperation with customers, consumers and our suppliers and partners. Along with digital and analogue communication media, we also make use of direct contact at events such as trade fairs and exhibitions to facilitate communication. We conduct dialogue with politicians and business leaders, especially within the scope of our membership in numerous associations and initiatives, and we engage in direct communication at a local level.

Our formats for dialogue with stakeholders

Employees: Employee newspaper *inside*, intranet *NovemNET*, Family Day, Open Day, website, social media, employee portal

Applicants: Cooperation with universities (e.g. OTH Amberg-Weiden, University of Bayreuth), Code of Conduct, job advertisements, website, social media, regional career fairs at institutes of higher education or as organised by supra-regional associations

Customers and consumers: Brochures, website, company presentations, corporate videos, roadshows (attendance or digital), personal customer appointments, dispatch of design samples and catalogues, trade fairs and exhibitions (e.g. with other suppliers or partners), presentations at international specialist conferences

Suppliers and partners: Supplier portal, membership in various networks, trade fairs and exhibitions

Politics: Associations, direct communication with local representatives

Press and media: Reports, website, press releases, social media

Investors and analysts: Investor relations website, publications, capital market presentations, conferences, investor relations newsletter, roadshows

Memberships in associations and initiatives (selection)

- German Association of the Automotive Industry (Verband der Automobilindustrie (VDA))
- Association of the Wood Industry and Plastics Processing Bavaria/Thuringia (Verband der Holzwirtschaft und Kunststoffverarbeitung Bayern/Thüringen e.V.)
- BF/M Research Centre on Business Management for Questions of Medium-sized Companies (BF/M Betriebswirtschaftliches Forschungszentrum für Fragen der Mittelständischen Wirtschaft e.V. (BF/M Bayreuth))
- Federal Association for Supply Chain Management, Procurement and Logistics (Bundesverband Materialwirtschaft, Einkauf und Logistik e.V. (BME))
- Plastics Information Europe (Kunststoff Information Verlagsgesellschaft mbH)
- German-speaking SAP User Group (Deutschsprachige SAP Anwendergruppe e.V. (DSAG))
- VOICE – Federal Association of IT Users (VOICE – Bundesverband der IT-Anwender e.V.)
- ISELED (Intelligent Smart Embedded LED) Alliance
- Driving Vision News (DVN)
- Lüdenscheid Plastics Institute (Kunststoff-Institut Lüdenscheid)
- Partner Circle of the University of Applied Sciences (OTH) Amberg-Weiden

Determination of material sustainability topics

To identify material topics in the area of sustainability, we carried out an analysis in 2020. In this context, we evaluated a total of thirteen topics in terms of their impact on people and the environment (inside-out perspective), also taking into account the views of our stakeholders. We extended this analysis in 2021 to include the perspective of business relevance (outside-in perspective). For this purpose, we conducted an online survey among managers who are familiar with sustainability issues at Novem. We combined the results of these two analyses to obtain an initial assessment of the material topics.

In a final stage, the results were discussed, validated and partially adapted by the managers involved. From this, we derived a total of eight topics that are to be classified as material both in terms of our impact on the environment and society and in terms of their relevance to our business.

Material non-financial topics

Material non-financial topics	Chapter	Non-financial aspects according to the Non-Financial Reporting Directive
High-quality Products and Customer Satisfaction Economic Stability Transformation Capability	Business model	Business model
Compliance	Responsible corporate governance	Combating corruption and bribery
Procurement and Supply Chain Management	Supplier management and sustainable procurement	Human rights
Decent Working Conditions and Human Rights	Supplier management and sustainable procurement Employees and society	Human rights Employee matters Social issues
Occupational Health and Safety	Employees and society	Employee matters
Energy and Emissions	Climate protection	Environmental concerns

COMPLIANCE

Responsible corporate governance

Value-based action is the foundation for our global business activities. One of our four core values is *responsibility*. In concrete terms, this means that we take responsibility for the impact of our business and always take into account the expectations our stakeholders place in us. Conscious and ethically correct behaviour towards employees, colleagues, business partners, society and the environment is an essential component of the system of values at the Novem Group. Each and every individual is therefore required to act responsibly, fairly and in accordance with the rules.

The foundation of our actions

As a global player and a partner of leading automotive manufacturers in the premium segment, we are subject to many different statutory regulations and the high standards prevailing in the automobile industry. We are committed to complying with the regulations in place, and we take responsibility for our actions. Our Quality Management has been certified in conformity with IATF 16949. This international standard based on EN ISO 9001 combines existing general requirements for Quality Management Systems in the automobile industry.

We have defined how we live up to our responsibility throughout the Group in our Code of Conduct, which defines key statutory regulations, ethical principles, values and ideals, along with internal and external guidelines for integrity of conduct. It applies equally to all the employees, management staff and executive managers working at the Novem Group as well as to the Supervisory Boards elected at the individual companies. We also expect our business partners, suppliers and sub-suppliers to act in accordance with the principles defined therein. In the reporting year, we supplemented the Code of Conduct with information on our new, web-based whistleblower system, which can be used to submit reports anonymously and in encrypted form. These are then examined by the Corporate Legal & Compliance Department and, where necessary, result in corrective measures being taken in close coordination with the specialist units and the management while ensuring confidentiality. No violations of the principles of the Code of Conduct became known during the reporting year.

Our commitment to universally valid human rights and recognised social standards constitutes the basis of our own corporate actions and cooperation with suppliers and partners. Therefore, the Code of Conduct reflects the principles relating to human rights and decent working conditions in accordance with the United Nations Charter of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work. Furthermore, the Code of Conduct adopts the content of various national regulations on conflict minerals as its guideline for a responsible procurement policy. The protection of the environment is likewise part of our Code of Conduct. As a result of recent changes, our entire value chain is committed to ensuring compliance with all environmental regulations and further measures to improve environmental and energy efficiency continuously.

Elements of the Novem Code of Conduct

- Compliance with applicable laws on a local, national and international level
- General principles of conduct
- Working conditions and human rights
- Dealings with business partners and third parties
- Competition and corruption
- Protection of property
- Data privacy and data security
- Protection of the environment
- Communication and financial responsibility

Compliance

Conduct in accordance with integrity and statutory legislation forms the basis for the business operations of Novem. We have clearly formulated the ground rules for this behaviour in our Code of Conduct. We uphold fair and undistorted competition involving compliance with the relevant competition and antitrust regulations. Each and every employee at Novem is responsible for acting in accordance with these principles. Our employees are supported and advised by the relevant supervisors.

Novem manages the issue of compliance through the Corporate Legal and Compliance Department, which reports directly to the Management Board. Compliance Management provides support for adherence to ethical conduct in conformity with statutory regulations in the course of routine day-to-day business and also ensures integrity at the organisational level. For this purpose, Compliance Management works closely together with the specialist departments and operational business units. Furthermore, local compliance partners are available to provide advice at all locations throughout the world. Employees and external business partners alike can report any breaches or infringements of these principles by telephone, email or via the web-based whistleblower system that was introduced in the course of the reporting year.

With the Compliance Policy, we provide each and every employee with a concrete guideline for acting in accordance with the rules and regulations. This document can be accessed at any time on the intranet. In the reporting year, training was also given once more both on the content of the Code of Conduct and on the issue of anti-corruption.[1] In the future, we shall continue to provide all relevant employees with training on these topics once a year.

At regular intervals, we conduct workshops with the specialised departments to provide ongoing training on selected compliance-relevant topics. This business year, for example, we held training sessions on antitrust and competition law, which reached the relevant employees of the Purchasing, Sales, Quotation Management and Research and Development Departments. In this way, we sensitise our employees with regard to dealing with partners and suppliers with integrity and in compliance with the law.

As a matter of principle, we record potential corruption risks as part of our compliance risk management and assess them in terms of probability and damage consequences. Further risk workshops and analyses are currently planned and will be integrated into the group-wide compliance risk management process in the future.

1 88% of employees had received training on the Code of Conduct by 31 March 2022. Due to the local Covid-19 measures, training at the Tegucigalpa plant had not yet been completed by the editorial deadline. As of 31 March 2022, 87% of relevant employees had received training on corruption prevention. Due to the local Covid-19 measures, the training at the Langfang location had not yet been completed by the editorial deadline. Disregarding the training elements that had not yet been completed due to the Covid-19 pandemic, the training quotas are well above 90%.

Risk management

Novem deals with any and all risks that may exist or arise from and for its business activities within the framework of its central risk management in the Controlling Department. We intend to continuously improve this risk management to match the growth of the Group, for example, by also integrating sustainability aspects. This involves analysing matters such as transitory risks resulting from new statutory legislation and regulations on climate protection, such as the introduction of a CO2 tax or a ban on diesel vehicles in large cities. We also take technological innovations into account. From today's perspective, there are no ESG-related (Environmental, Social, Governance) risks or opportunities associated with Novem's own business activities, business relationships or products and services that could have a significant negative impact on the non-financial aspects in accordance with the NFRD. For the financial year 2022/23, we are planning to introduce *EcoVadis IQ*, a tool for ESG risks that we intend to use in future for our own business area as well as for the downstream value chain.

Taxes

As a company operating on the global stage, Novem carries out its business in countries with complex tax regulations. The Novem Group and its companies have both unrestricted and restricted tax liability in various countries. Complying with the applicable tax laws and meeting the associated tax obligations is part of our fundamental principles.

The Management Board at Novem is responsible for compliance with tax obligations. Based on the allocation of business activity, this responsibility is part of the remit of the Director Financial Audit and Tax. Continuous communication and consultation take place with all the stakeholder groups with an interest in this matter. Novem is regularly audited by the tax authorities in various jurisdictions. There is a regular exchange of information with the responsible local and national tax authorities. Within the Group, we constantly identify and assess tax risks on the basis of management and controlling systems. The Director Financial Audit and Tax reports to the Management Board on important tax issues and projects on a monthly basis. If complex decisions have to be made, expert reports and opinions are obtained from outside the Group. We shall make the area of Corporate Tax even more efficient by further developing process-oriented checks and balances.

Data protection and information security

Data protection and the confidentiality of information are fixed elements of our corporate principles. We consistently comply with the relevant laws and regulations on data protection whenever we collect, store, process or transfer personal data and information.

The protection of confidential and secret data is absolutely essential, particularly in cooperation with our business partners. When we exchange confidential information with customers and suppliers of Novem, we conclude appropriate non-disclosure agreements in order to protect the secrecy of this information. In order to live up to its responsibility, Novem has a dedicated IT and information security team that is made up of representatives from IT Security and Compliance. We have also established a central notification office at Novem for IT issues and malfunctions relevant to security. The Novem Group is also supported by an external Data Protection Officer.

To safeguard the necessary IT and information security, Novem has established a certified information security management system in accordance with the TISAX Standard (Trusted Information Security Assessment Exchange). This is based on the DIN EN ISO 27001 standard. In this context, we have implemented and tested technical and organisational measures. These are reviewed, improved and renewed continuously. In 2021, we successfully carried out the planned recertification in Vorbach in conformity with TISAX; this will remain valid until February 2024. We also introduced an internal audit programme to assess IT and information security. The first audits have already been carried out at selected locations.

Each and every employee has an obligation to deal responsibly with personal data in compliance with the relevant statutory regulations and to protect confidential information. We have therefore summarised all provisions under data protection legislation and regulations on IT and information security in relevant guidelines. Online training sessions are used to provide our employees with information on the topics of data protection and IT and information security at regular intervals. In the reporting year, more than 97% of employees with PC workstations at the European locations took part in online training on data protection.

SUPPLY CHAIN

Supplier management and sustainable procurement

In view of the wide variety of materials we use, our value chain is highly diverse. It is therefore all the more important that we build stable, trusting and long-term relationships with our partners. This is the basis for purchasing materials that meet our demanding quality requirements. Close partnerships also enable us to respond rapidly to changing and more stringent requirements.

The supply chain at Novem

Novem maintains a global network of around 400 suppliers for the procurement of production materials. This includes small family-run companies as well as large corporations. During the reporting year, we purchased goods and services valued at around €328 million for production. The largest product groups in terms of sales include untreated, galvanised and painted plastic parts, electrical components, surface materials, granulates, aluminium panels and veneers. These account for around 75% of the total procurement volume.

Purchasing at Novem is carried out centrally on the basis of product groups. In addition, local Purchasing Departments provide support in the procurement of goods. The procurement strategy at Novem provides for sourcing the necessary materials for series production from national suppliers wherever possible. This enables us to reduce the risk of delivery bottlenecks, avoid long transport routes and promote the local economy. However, the high requirements placed on our products by our customers mean that this is only feasible to a certain extent in some countries. Novem currently sources an average of 40% of its series materials in the same country as the respective Novem production site; the figure is 66% in the case of auxiliary and process materials.

Guidelines for procurement

The Novem Code of Conduct defines basic requirements that we apply to cooperation with our suppliers, e.g. prohibition of child labour, respect for human rights, commitment to freedom of association and compliance with environmental regulations. In the reporting year, we did not become aware of any infringements of these requirements throughout the Novem supplier network. In the course of supplier management, we review compliance with the Code of Conduct on a random basis. Suspected breaches can be reported to our Central Compliance Management either by internal personnel or external parties. Business partners, suppliers and third parties can also submit reports via our newly established whistleblower system. If infringements of the Code of Conduct are substantiated, Novem requires immediate compliance and reserves the right to apply sanctions as appropriate (e.g. new business on hold), even including termination of the business relationship.

We describe concrete, group-wide standards for our supplier relationships in our Supplier Manual. These include quality, environmental and health protection and compliance with the principles set out in our Code of Conduct. Against this background, we expect our suppliers to have an energy management system in place, implement the EU Chemicals Regulation (REACH), confirm the exclusion of conflict minerals and use reusable packaging

Environmental and social standards

The Novem supplier network extends across many countries, which often have differing requirements in environmental and social matters. Naturally, we always comply with national legislation in these areas. Wherever our internal rules transcend the relevant statutory regulations, we apply our higher standards. We have established the social and environmental requirements applicable to our suppliers in the group-wide Novem procurement conditions, the Supplier Manual and the Code of Conduct.

Novem requires all new suppliers of series materials to confirm compliance with the Code of Conduct and the Supplier Manual. In line with these requirements, new suppliers can only be integrated into the system if they have made a commitment to compliance with the Code of Conduct. Environmental management is also an important aspect when selecting new suppliers. Certification of specific suppliers in conformity with ISO 14001 and ISO 50001 has therefore been defined as an objective. Relevant suppliers are determined each year on the basis of an assessment of the manufacturing processes for the supplied products.

The certification is included in the annual supplier assessment. Currently, 82% of the largest suppliers of series materials in terms of purchasing volume comply with the ISO 14001 standard, and 34% comply with the ISO 50001 standard. Failure on the part of a supplier to comply with this requirement has a negative impact on the supplier assessment in accordance with IATF 16949. As of this financial year, the evaluation of suppliers of relevant product groups will also take into account whether they have a certified occupational health and safety management system in place in accordance with the ISO 45001 standard.

On the basis of the CSR (Corporate Social Responsibility) self-disclosure carried out last year, we decided in the financial year 2021/22 to have most suppliers externally assessed in future via the EcoVadis platform. Specifically, we plan to successively assess and where necessary develop around 90% of our direct suppliers – measured by purchasing volume – by June 2024; the quota already amounted to 52% in this financial year. In parallel, the CSR assessment will be incorporated into the general supplier assessment in the future.

We shall also use EcoVadis in future to implement the risk-based approach required by the German Supply Chain Due Diligence Act (LkSG). We consider the risk of human rights violations in our supply chains to be very low since the majority of our suppliers are renowned and globally active certified companies in the automotive industry.

EMPLOYEES AND SOCIETY

Decent working conditions

Our most important asset is our employees with their knowledge, their motivation and their commitment. The health and safety of our employees is our top priority. Our commitment to this objective is anchored in our corporate policy. We offer all our employees at Novem a working environment based on fairness and trust, regardless of the location. Our overarching human resources strategy is therefore based on the universally applicable corporate values of the Novem Group: Responsibility, Excellence, Innovation and Commitment.

Our way of working together across all locations is defined in our Code of Conduct. To safeguard the standards and principles for personnel work in the interest of the Group, human resources at Novem are organised both centrally at headquarters and decentrally so that all employees can be offered the best possible support and development at a local level. Every employee has a defined local contact who takes care of all their issues and concerns. We promote international communication through an annual worldwide HR Conference, which is now planned once more for 2022.

At our locations across the world, a total of 5,540 people were employed at the end of the financial year 2021/22. During this period, we were able to recruit a total of 889 new employees.

The undesired fluctuation rate among employees was around 3.2% for headquarters in Vorbach in the reporting year (PY: 2.9%). To keep this undesired fluctuation at a low level, we are orienting ourselves even more strongly towards the prospects of development for up-and-coming junior staff and are focusing our human resources work on further training for managers.

Employees by region and gender at the Novem Group

	FY 2019/20	FY 2020/21	FY 2021/22
Total for Europe	**3,158**	**3,010**	**2,969**
Of which female	42%	43%	44%
Of which male	58%	57%	56%
Total for Americas	**1,953**	**1,958**	**1,842**
Of which female	41%	42%	44%
Of which male	59%	58%	56%
Total for Asia	**705**	**749**	**729**
Of which female	38%	37%	35%
Of which male	62%	63%	65%
Total worldwide	**5,816**	**5,717**	**5,540**

Dialogue and communication

Our common purpose includes our commitment to collective freedom of association. We therefore promote close cooperation with employee representatives at the various levels. Taking account of employees' interests is anchored in our Code of Conduct and applies equally across all our locations. Over the reporting period, there were no business locations where the right to freedom of association and collective bargaining was infringed or put at risk.

The form of direct and indirect participation of employees at Novem varies depending on country and location. In Germany, the Works Constitution Act regulates the corporate co-determination of employees. We also have trusting cooperation with the individual local Works Councils at each of the locations. The economic situation of the business is regularly discussed in the Economics Committee. Potential changes for the workforce are always discussed with the Works Council. We inform our employees in good time of any operational changes that affect them by posting notifications on the bulletin board and on our intranet *NovemNET*. In the case of time-limited collective bargaining agreements and company agreements, we approach the respective contractual party in good time so as to initiate conclusion of new agreements as necessary.

We are also committed to cooperation with employee representatives at our international locations, for example, with the local trade unions in Žalec (Slovenia), Querétaro (Mexico) and Bergamo (Italy). Our approach is guided by mutual respect and trust, and we work towards arriving at solutions to issues and challenges that adequately accommodate the interests of all parties involved.

Attractive employer

We offer our employees a working environment that also rewards their performance in financial terms. We provide performance-based compensation systems worldwide through bonus systems that we have established in the individual countries. In Germany, about 90% of all employees are remunerated according to collective bargaining agreements. Furthermore, there are non-payscale components that take into account the individual operational situation in the various departments.

Our compensation package is complemented by additional benefits. In Germany, we fund the company pension plan for our employees. In addition, we offer them capital-forming benefits under the collective bargaining agreement. We also take account of the changing needs of our employees and promote a good work-life balance for combining career and family. We therefore support flexible working models and offer individual solutions in exchange with our employees.

At our international locations, we likewise provide our employees with remuneration packages that frequently extend beyond the local statutory regulations. For example, Novem enables numerous employees in Mexico and Honduras to obtain a health and life insurance. Novem also provides employees in these two countries with financial benefits such as vacation and Christmas bonuses in addition to the statutory requirements.

Number of employees on parental leave

	FY 2019/20	FY 2020/21	FY 2021/22
Number of employees in Germany	1,360	1,309	1,329
Of which female on parental leave	12	12	14
Of which male on parental leave	25	25	40
Total	**37**	**37**	**54**

With our attractive framework conditions, we aim to retain our staff and attract new employees. This is increasingly important in view of the challenges on the labour market: demographic change and the associated shortage of skilled workers are also having an impact on Novem – for example when it comes to filling vacant positions. Particularly specialists, e.g. in the fields of engineering and IT, are becoming increasingly hard to find. In order to address new talents under these conditions, we are extending our personnel marketing activities to social media in a pilot project. In the future, we would like to use Instagram, for instance, as a platform, to even better reach younger target groups in particular, such as trainees, participants in dual study degree programmes and career starters.

Health and safety

We protect the health and safety of our employees through a comprehensive health and safety management system. The topics of workplace safety and health protection throughout the Novem Group are managed by the central EHS Team, which is integrated within Central Quality Management. In addition, each site has an EHS Officer who implements the central objectives and goals.

Novem has defined multilocational processes in the guideline for health and safety in order to comply with statutory requirements for health and safety. Novem is planning to introduce a certified occupational health and safety management system in conformity with ISO 45001. By 2023, the German locations in Vorbach and Eschenbach as well as the production sites in Langfang (China), Pilsen (Czech Republic), Querétaro (Mexico) and Žalec (Slovenia) are to be successively certified; all production sites worldwide are scheduled to follow by 2025.

Safety in the workplace

We aim to comply with the legal requirements for health and safety. Furthermore, we want to make a contribution to improving systems and taking appropriate action to prevent accidents from occurring at all. At Novem, we focus in particular on the correct handling of hazardous substances such as paints, coatings and finishes.

The basis for hazard- and accident-free work is our risk assessment process. This is holistically designed and thus covers all the key steps: hazards are determined, the level of risk is assessed and protective measures

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are defined on this basis. The method is strictly regulated and takes national, international and Novem-specific requirements into account. This ensures an overall view of the workplace while at the same time guaranteeing the highest possible level of safety. It can therefore be applied to all Novem locations and is correspondingly implemented at all of them. We review and update the risk assessments at regular intervals, for example, when new work equipment is introduced, new conditions in the workplace come into force in response to accidents or to evaluate existing protective measures.

We consistently integrate all our employees in matters related to workplace safety. Employees must immediately inform their supervisors of work-related risks or hazardous situations. As part of the occupational safety committee meetings held on a quarterly basis at our German locations, we provide an opportunity for employee and employer representatives to discuss current issues relating to health and safety. Similar meetings are also held at our international locations.

Indicators for health and safety at the Novem Group[2]

	FY 2019/20	FY 2020/21	FY 2021/22
Number of occupational accidents with a period of absence	132	92	72
LTIF (Lost Time Injury Frequency)	11.3	8.1	6.8
Number of fatal occupational accidents	0	0	0

2 Per 1 million hours worked

We also provide our employees with training on occupational safety matters regularly. We make use of digital training methods and practical instruction sessions at relevant potential hazard points. The training sessions are prepared and carried out by the relevant EHS Departments, partly in cooperation with the specialist departments. Our employees in administration at the Company's headquarters receive annual safety briefings.

We ensure that all third-party subcontractors are able to work as safely as possible at Novem sites. A leaflet provides them with information about all applicable plant-specific regulations, with instructions on workplace and plant safety, fire prevention and environmental protection. At the same time, we expect our suppliers to comply with all the statutory and country-specific regulations and plant-specific rules at Novem.

Health promotion

In addition to workplace safety, we also actively promote the health of our employees. A central component of this is our integrated Company Healthcare Management (CHM), which extends beyond the statutory requirements. It comprises numerous measures for basic medical care and preventive health care.

All Novem employees have access to an occupational health service. Each of our locations has its own company doctor, for example, who carries out all functions under the workplace safety laws and also participates in tours of inspection to assess ergonomic conditions. The locations of Querétaro (Mexico) and Tegucigalpa (Honduras) have a medical service that also carries out the functions of basic medical care. At the German sites and many locations abroad, flu and Covid-19 vaccinations are also offered directly on-site through the occupational healthcare service.

During the Covid-19 pandemic, we implemented various measures at all our locations in order to protect our employees against infection. We published internal hygiene regulations, adjusted our workflows to minimise risk and ensured maximum physical distancing at the workplace.

Equal opportunity and diversity

We support a work environment that permits diversity and guarantees equal opportunities and equal treatment, irrespective of ethnic background, skin colour, gender, disability, beliefs, religion, nationality, sexual orientation or social origin. These principles are defined in our Code of Conduct.

The Novem Group is opposed to all forms of discrimination. Every superior is urged to be the first point of contact for possible cases of discrimination. Internal and external notifications and infringements can also be reported in confidence using the newly installed whistleblower system or by email to Corporate Legal and Compliance. Furthermore, any employee affected can consult the relevant Works Council. No cases of discrimination became known at Novem in the reporting year 2021/22.

We support the principle of equal opportunities and equal treatment. We pay our employees the same remuneration for equivalent work, irrespective of gender. Across the world in 2021/22, the proportion of women on the highest level of management at Novem, which reports directly to the Management Board, was around 29% (PY: 28%). The share of women on the Management Board is 25% and on the Supervisory Board 20%.

We are also committed to enthusing young women for technical vocations and study courses, for example, in wood technology or mechanical engineering. As part of this initiative, Novem once again participated in *Girls' Day* in 2022. We are pleased that there is a balanced gender ratio among the participants in our dual study degree programmes.

Inclusion also plays an important role at Novem. During the year under review, we exceeded the statutory quota in Germany for employing people with disabilities by around 20% (PY: around 33%). In Vorbach, we continue to enable cooperation with the social services organisation *Lebenswerk* in Bayreuth. People with disabilities are employed at our plant, which promotes their social participation.

Commitment to society

Novem sees itself as part of society. Consequently, we also want to shoulder responsibility beyond the boundaries of our Group and play our part in contributing to the sustainable development of the communities at our locations in the future. We make our contribution to a sustainable society above all in the form of cash and in-kind donations, but we also become actively involved with the communities we operate in. The donation and sponsoring volume for the financial year 2021/22 amounted to around €42 thousand. In accordance with our business principles, all activities were evaluated and approved by the Management Board.

Our donations and sponsoring focus on the promotion of local and regional facilities, associations and organisations at the individual sites where the Group is located. Our mission is to strengthen social, cultural and community life. The donations are typically carried out as financial payments. The supported institutions include the SOS Children's Village, the Red Cross, hospitals and public organisations in the local communities, such as nurseries, fire brigades and football clubs. In the financial year 2021/22, for example, we supported the outdoor youth facility *Waldjugend Eschenbach* in reforesting a piece of forest near Eschenbach, where 3,500 trees were newly planted on an area of more than 8,000 sqm.

ENERGY AND EMISSIONS

Climate protection

In our corporate policy, we define environmental protection, energy-saving and careful use of resources as part of our self-image. For us, the efficient use of energy in combination with the reduction of our greenhouse gas emissions is essential.

Group-wide responsibility for environmental concerns rests with the EHS Team, which is integrated within the Quality and EHS Department. Each location also has one or more EHS coordinators responsible for implementing and monitoring central regulations and site-specific measures. They are appointed by the facility management and in agreement with the central EHS Management at the Novem Group. Group-wide targets are also set annually by the central EHS Department in cooperation with the Management Board on the basis of which the Novem locations define their own environmental targets and action plans.

All Novem production sites worldwide have certified environmental management systems in conformity with ISO 14001. This also extends to the identification of potential negative impacts. To record these throughout the individual stages, we have carried out a mandatory impact assessment at all our sites every year since 2009 in order to derive appropriate group-wide targets and measures. For each individual category of relevant environmental impact – including emissions, for example – the severity and probability of occurrence are assessed along with the applicable legal framework.

The respective EHS coordinator reports environmental impacts to the respective plant manager and the central EHS manager on a regular basis. We also actively monitor all ESG-related risks and opportunities and furthermore all relevant regulatory environmental risks that impact our business. We monitor international and national environmental legislation as well as customer-specific requirements, for example, along with other regulations in order to preclude possible violations (Sustainability organisation of Novem).

Energy consumption

As a manufacturing company, the various stages in our production processes consume a considerable amount of energy. Most energy is used in surface manufacture, injection moulding, pressing and milling operations. Electricity and natural gas are the main energy sources used.

All energy management systems at our German facilities are certified in conformity with the ISO 50001 standard. To further extend our management system, we included our plant in Žalec (Slovenia) in the ISO 50001 certification in the course of the reporting year. Novem also has an energy audit system at all European sites in conformity with ISO 16247.

In cooperation with the EHS coordinators at the plants, our central energy manager constantly reviews our overall energy consumption and the associated savings potential. At our sites in Vorbach, Eschenbach and Pilsen (Czech Republic), we use an external energy data recording system for this purpose. In the course of implementing the ISO 50001 standard, this system was also installed at our location in Žalec. Further extension is planned in all plants for the coming business year.

When any new infrastructure is put in place or the manufacturing process is upgraded, modern and efficient technology is a top priority. This includes, for example, the installation of energy-efficient heating systems, air-heating pumps and LED lighting. We also implemented numerous new measures in the financial year 2021/22: at the Žalec plant, for example, optimisation of the differential pressure of the ventilation system in production saved 110,715 kWh; at our plant in Pilsen, we reduced energy consumption by 502,104 kWh by converting the entire plant lighting system to the latest LED technology. Both measures also brought significant emission savings.

Energy consumption within the Novem Group by energy source

in kWh	FY 2019/20	FY 2020/21	FY 2021/22
Consumption of non-renewable fuels (oil and gas)	28,651,092	30,470,022	28,904,293
Electricity, heat and cooling energy, and steam purchased for consumption, individually (electricity and district heating)	117,064,005	110,972,929	116,629,474
Total energy consumption	**145,715,097**	**141,442,951**	**145,533,767**

Energy intensity at the Novem Group

	FY 2019/20	FY 2020/21	FY 2021/22
Total consumption (in kWh)	145,715,097	141,442,951	145,533,767
Produced components	28,006,495	26,822,984	28,562,299
Energy intensity ratio (kWh/component)	**5.2**	**5.3**	**5.1**

Greenhouse gas emissions

We cause greenhouse gas emissions as a result of energy consumption at our production facilities. Emissions are also generated within our value chain in the course of our upstream and downstream activities. By continuously reducing our emissions, we aim to help protect the environment.

Since 2019, we have been using environmental footprint software from Sphera to determine our annual emissions. We input all the relevant climate gases[3] to determine CO2 equivalent values (CO2e). This calculation is based on the requirements of the Greenhouse Gas (GHG) Protocol. A distinction is drawn here between direct (Scope 1), indirect (Scope 2) and other indirect greenhouse gas emissions (Scope 3). Scope 1 emissions at Novem result, for example, from the combustion of fuels at our sites and from the fuel consumption of our own fleet of company cars. The overwhelming proportion of Scope 1 emissions at our own production facilities is due to the use of natural gas and heating oil. Our Scope 2 emissions are attributable to energy production at our electricity suppliers. The other indirect emissions – in the category of Scope 3 – are due to activities in the supply chain related to activities such as the production of raw materials or the manufacture of intermediate products. Currently, we systematically record only Scope 1 and Scope 2 emissions from our prioritised emission sources.

In the reporting year, the Scope 1 emissions of the Novem Group amounted to 9,803.14 t CO2e – and were thus above the level of the previous financial year. This absolute increase is due to the increased production and the business travelling undertaken as well as to more precise data and the extended recording of emissions data. There was also a slight absolute increase in Scope 2 emissions compared to the previous year – to a total of 63,761.97 t CO2e – due to the normalisation of the pandemic situation.

Our efforts are intended to meet the increasing requirements of our customers that are to be expected in future. In view of this situation, Novem is currently reviewing the various opportunities for effectively reducing its emissions. These include, amongst others, sourcing green electricity and using more efficient transport routes in our logistics chain. For the financial year 2021/22, we set ourselves the target of reducing relative and energy-related greenhouse gas emissions (Scope 1 and Scope 2, excluding refrigerants) per component by 2% compared to the financial year 2020/21. We exceeded this goal by around 2.3%.

In order to continuously reduce our emissions, we are reviewing effective climate protection measures are our locations. These measures could include converting our heating systems to renewable energy and installing photovoltaic power plants. We also intend to offset greenhouse gas emissions by promoting regional and supraregional environmental projects. We used the reporting period to examine the global market of environmental and green power projects for suitable cooperation partners.

3 These include CO2, CH4, N2O, HFCs, PFCs, SF6, NF3 and all other volatile compounds from their chemical constituents.

Scope 1 – direct GHG emissions at the Novem Group

in tonnes	FY 2019/20	FY 2020/21	FY 2021/22
Natural gas	4,953	5,598	5,484
Heating oil	2,816	2,575	2,193
LPG			391
Refrigerants			577
Fuels (company car fleet) incl. flights	1,530	533	1,159
Total Scope 1 emissions	**9,298**	**8,705**	**9,803**

Scope 2 – indirect GHG emissions at the Novem Group

in tonnes of CO2 equivalents	FY 2019/20	FY 2020/21	FY 2021/22
Power[1]	66,038	61,255	63,762
Total Scope 2 emissions	**66,038**	**61,255**	**63,762**[2]

1 The market-based method was applied for this calculation.
2 Value for FY 2021/22 by location-based method: 69,743 t CO2 equivalents

Scope 3 – Greenhouse gas emission intensity at the Novem Group

	FY 2019/20	FY 2020/21	FY 2021/22
Total GHG emissions (in tonnes)	75,336	69,960	73,565
Produced components	28,006,495	26,822,984	28,562,299
GHG emission intensity (t CO2 equivalent/component)	0.00269	0.00261	0.00258

3 Group Management Report

CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

Novem Group S.A., Luxembourg, formerly Car Interior Design (Luxembourg) S.à r.l., hereafter also referred to as the "Company" is a public limited liability company (Société Anonyme) incorporated in Luxembourg and governed by Luxembourg law. The registered office is 19, rue Edmond Reuter, L-5326 Contern, Grand Duchy of Luxembourg.

Novem Group S.A. is the parent company of the Novem Group (hereinafter also referred to as "Novem" or the "Group"). To ensure and maintain proximity to customers, the Group has a global presence with 12 locations in China, Czech Republic, Germany, Honduras, Italy, Luxembourg, Mexico, Slovenia and USA. The financial year of the Group is a 12-month period from 1 April until 31 March of the following year.

As the global market leader in high-end interiors, the Company and its subsidiaries operate as developer, supplier and system supplier for trim parts and decorative functional elements in vehicle interiors. The products combine valuable raw materials with the latest technology and processing. The customers include all major premium carmakers worldwide. The Group has an extensive exclusive product portfolio of instrument panels, impact-resistant trim parts in the centre console, door trims, beltlines and decorative functional elements in the car interior. Premium materials are used to ensure high quality standards. The surfaces are versatile, ranging from fine woods, aluminium, carbon to premium synthetics or leather, and present a different feel depending on the selection.

For more than 70 years, the Group has successfully used wood as raw material, which has helped the Group to become the world leader in the field of fine woods through high quality and natural processing. With the help of new technologies, material combinations and surface finishes, there is steady and consistent refinement of the processing of this raw material. Trims made of veneers are synonymous with exclusivity, as the natural growth and individual grain of the wood as raw material are unique.

The processing of lightweight metal aluminium is carried out through production processes that preserve the feel of this material. The trims are printed, painted, brushed, polished, galvanised or anodised using advanced processes. This creates surfaces that convey a feeling of sporty elegance and modernity in the vehicle interior.

Carbon is seen as the material of the future. Due to its lightweight, it is particularly suitable for fast, dynamic and energy-efficient driving. Furthermore, as a material made of carbon fibres, carbon entails the attributes of impact resistance and temperature resistance. Through high quality lacquering, priming and polishing processes, its premium finishing creates special 3D effects giving an impression of depth.

Premium synthetics enable versatile design and processing options. A variety of optical effects can be achieved through creative processing techniques. Modern injection moulding processes such as 2K technology ensure excellent profiling and customer-oriented adjustment.

Using novel materials such as rattan, linen or fibreglass, the Group creates a new atmosphere in the vehicle interior. In combination with light, this is how the Group trendsetting designs are created.

The special material properties not only have a direct influence on the design and atmosphere of the interior, but they are also specifically selected according to the criteria of sustainability, reduced weight and economy.

Due to expert knowledge in the handling of different materials, the Group is able to meet customer requirements at the desired level, as in the past. In order to continuously evolve further in terms of interior design, the Group always uses materials in an innovative manner. This is also underlined by the certification of the Group plants according to IATF 16949 as well as DIN EN ISO 14001 and DIN EN ISO 5001. This ensures environmentally friendly production for the customer, combined with up-to-date quality and environmental requirements.

KEY EVENTS

On 19 July 2021, Novem Group S.A. was listed on the Frankfurt Stock Exchange for the first time. The Group's compelling business model and strong market position contributed to the success of the IPO, which aimed to expand growth opportunities. Despite that historical highlight in the Group's history, the market momentum was impacted by an unpredictable and volatile trading environment with Covid-19 and the war in Ukraine adding multiple risks to an industry already challenged. Under these conditions, Novem is unable to foresee how long these uncertainties will last.

Novem demonstrated its strengths of operational flexibility and its adaptability to changing conditions. The global economy and the automotive industry were burdened with the consequences and indirect effects of the Covid-19 pandemic. After a confident development in the summer months of 2021, Covid-19 cases in many countries increased significantly again during autumn and winter, especially due to the spread of the Omicron variant. The government responded with intensified vaccination campaigns, but also found itself increasingly compelled to impose temporary restrictions on public life again in order to continue to ensure a functioning healthcare system.

Automotive manufacturers were confronted with supply shortages and inflationary pressures for certain raw materials and components, in particular semiconductors, which repeatedly led to temporary plant closures and subsequently to call-off reductions at suppliers. The short-term nature of demand adjustments made both short-term and medium-term planning considerably more challenging. The mitigation of these uncertainties was at the top of the agenda, translated into targeted planning of strategic safety stocks, forward-looking long-term demand planning and well-proven active congestion management. Nonetheless, the high volatility led to inefficiencies in managing personnel costs and leased workers. Additionally, price increases for transportation rates and increased freight expenses weighed on the financial year margin. The scarcity of raw materials was one of the main reasons for the ongoing delivery difficulties for a wide variety of materials and purchased parts. Market prices reached record levels worldwide, which triggered significant fluctuations in the demand behaviour of the OEMs and made planning significantly more challenging. Novem was directly affected as prices for certain raw materials such as aluminium, granulates, surface materials and adhesive films rose sharply, which was due to temporarily limited availability on the market as suppliers limited material allocation per customer. Long-term relationships with key suppliers and a stable supply base helped Novem to avoid delays or stops due to material availability and achieve better prices compared to the market average.

The Covid-19 pandemic led to new challenges, also with regard to the working environment at Novem's locations. Maintaining a functioning hygiene concept to keep the spread of the pandemic at a low level was a new part of daily business, centrally monitored by a crisis management team, also coping with different strategies from government and municipal authorities locally. Working from home, virtual collaboration and distance leadership have changed the internal communication processes and showed new possibilities. During this new normal, the focus was and still is on the well-being and health of all employees. Through vaccination campaigns, Novem met its responsibility to protect its employees.

Despite all these challenges, the growth strategy continued to be pursued. As part of that, Novem continued to strengthen its market presence in Asia and, in addition to OEMs such as Hyundai and Geely, succeeded in acquiring projects with Hongqi (China FAW Group) and Lotus, which are now amongst the first Chinese direct customers. A flagship above all was the award-winning from Hyundai, which honoured Novem as *Supplier of the Year*. Depending on the regulations related to Covid-19, Novem continued having a global presence at customer sites or taking the opportunity of virtual roadshows, design exhibitions and technology forums. We seized the opportunity of digitalisation to be able to guarantee end-to-end customer support worldwide.

By monitoring the market, the Group was able to react to market developments and future trends at an early stage. In addition to electronics, sustainability is a particularly important topic for vehicle manufacturers. Through continuous adjustments of production processes, Novem actively contributes to reducing the footprint of CO2-neutral production. Sustainability is also reflected in product innovations and concepts for wood, aluminium and plastics, partly bio-based polymers and lightweight design combined with bio-based, recycled or upcycled decors. For Novem, this development creates a competitive advantage with customers in awarding new projects.

Novem's business requires a high level of technical expertise for the design, development and manufacture of its products. Investments in technology, new materials and innovation are critical for long-term growth, which results in a continuous adaption of expertise in response to technological innovations, industry standards and customer requirements or preferences. To achieve this gain in expertise, Novem invested in a prototype shop for technology and innovation, including 3D printers, material processing laser, 3D filler machine, laser scanning microscope and a digital printer. It is especially our design competence concerning surface materials, including veneer, aluminium, soft and hard-woven surfaces, stone and premium synthetics, that makes Novem the preferred partner for OEM design centres.

BUSINESS AND GENERAL ENVIRONMENT

Global economy

In addition to the ongoing Covid-19 pandemic, the current situation in Ukraine since the Russian invasion on 24 February 2022, is having a noticeable impact on the global economy and in particular the European vehicle market. The disruption of supply chains and rapidly rising energy prices as well as production stops at customers in Europe and the cessation of exports to Russia are the result of this and prevent further expansion of global industrial production.

In 2021, nevertheless, the global gross domestic product (GDP) increased by 5.8% in comparison to the previous calendar year. In the Eurozone, GDP increased by 5.3%, in Japan by 1.7% and in the USA by 5.7%. Thanks to many exports, China even recorded growth of 8.1%.

The slight recovery is attributable to the measures taken by governments to contain the coronavirus. Because the waves of infection are becoming less synchronised, the economic impact is also very different. Especially in countries with high vaccination rates, higher incidences are now tolerated without containment measures, severely affecting economic activity.

In the summer months, an increased incidence of infections, particularly in many Asian countries, led to significant slowdowns in economic activity. By contrast, the impact on production in the United States and Eurozone was mostly minor.

World output calculated on a purchasing power parity basis actually increased and rose quite strongly overall in the third quarter as economic activity in India recovered from the effects of a massive lockdown imposed in the spring in the face of a dramatic Covid-19 wave. In the rest of the world, economic activity weakened noticeably after the middle of the calendar year.

The weakness in the manufacturing sector is probably largely attributable to increasing supply bottlenecks. Capacity problems in the logistics system, especially in maritime transport, have contributed to this. They are reflected not only in drastically increased freight rates but also in the fact that since the beginning of the calendar year the share of freight on ships not in service has risen sharply. Also of concern is the significant increase in global container ship congestion, which can also be attributed to the lockdowns in China due to the zero-Covid policy.

Especially the automotive industry is increasingly suffering from supply bottlenecks, for example, for semiconductors and cable harnesses, whose manufacturers are currently unable to meet all orders within the usual deadlines.

Meanwhile, the core rate of inflation has also risen sharply over the course of this calendar year, which is calculated excluding volatile components like energy and food prices. It is now higher than the central bank's inflation target almost everywhere.

Automotive markets

The calendar year 2021 may be recorded as another crisis year in the history of automotive industry, with further disruptions to global supply chains thanks to the ongoing Covid-19 pandemic and semiconductor shortages. As a result, production was curtailed or even stopped in some areas.

The European market contracted further from the already weak level of the previous calendar year, but there was a slight growth in the USA and especially in China. Worldwide around 76.9 million cars were produced in calendar year 2021, which marks an increase of 2.9% compared to 2020.[1]

At the beginning of 2022, we are again facing supply difficulties and rising energy prices as a result of the ongoing war between Russia and Ukraine. Cable harnesses, some of which are manufactured in Ukraine, cannot be delivered, which means that production is once again at a standstill for some automotive manufacturer and their suppliers.

Additionally, another big problem for the automotive industry is the current zero-Covid policy in China. Due to the spread of the highly contagious Omicron variant, China is currently facing the worst Covid-outbreak since the peak of the first wave in early 2020. Numerous European corporations are increasingly producing and selling in China, German carmakers are also affected. Various OEMs had to temporarily halt production at their Chinese plants due to the lockdown.

Forecast for global economic development in 2022/2023

The war between Russia and Ukraine weighs on the outlook for the global economy and brings with it great political uncertainty. Persistently high prices for energy and raw materials and the loss of food and fertiliser exports from Ukraine and Russia are the consequences. In the European Union economic growth will weaken significantly. Delivery stops or even an import

1 According to LMC data as per May 2022

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embargo for Russian energy sources are still being discussed as sanctions against Russia. In the Eurozone, the high dependence on Russian energy imports poses a considerable risk for some member states.

The world market prices of many raw materials have risen dramatically. Contrary to expectations, the inflation rate has not decreased since the beginning of the calendar year. On the contrary, consumer prices and especially energy and food prices have continued to rise at strong rates. This is reducing the purchasing power of many households and dampening the recovery in consumer spending.

The German Council of Economic Experts forecasts a growth of the gross domestic product (GDP) of 3.3% in 2022 and 3.1% in 2023 while global trade is expected to grow by 1.8% in 2022 and 3.1% in 2023. In the Eurozone, gross domestic product (GDP) is forecast to grow by 2.9% in both 2022 and 2023.

For 2022, the experts expect an overall inflation rate of 6.2%. However, the annual rate will decline from the 4th quarter of 2022, mainly due to a lower contribution from energy prices. The inflation rate in 2023 is expected to be 2.9%, well below the 2022 rate but significantly higher than the ECB's 2% target. This is likely to be due to the pass-through of higher producer prices and higher wages, which will increase the core inflation rate.

FINANCIAL PERFORMANCE

in € million	FY 2020/21	FY 2021/22	Change	% change
Revenue	602.7	614.6	11.9	2.0%
Increase or decrease in finished goods and work in process	-12.7	29.5	42.2	<-100.0%
Total operating performance	**590.0**	**644.1**	**54.1**	**9.2%**
Other operating income	17.9	20.1	2.2	12.4%
Cost of materials	284.0	328.0	44.0	15.5%
Personnel expenses	144.4	158.5	14.0	9.7%
Depreciation, amortisation and impairment	30.9	31.4	0.4	1.4%
Other operating expenses	76.2	73.5	-2.7	-3.5%
Operating result (EBIT)	**72.3**	**72.9**	**0.6**	**0.8%**
Finance income	8.2	3.4	-4.8	-58.9%
Finance costs	51.3	25.8	-25.5	-49.7%
Financial result	**-43.1**	**-22.4**	**20.6**	**-47.9%**
Income taxes	21.1	16.1	-5.0	-23.6%
Deferred taxes	-1.6	-9.7	-8.0	>100.0%
Income tax result	**19.5**	**6.5**	**-13.0**	**-66.9%**
Profit for the period attributable to the shareholders	**9.7**	**44.0**	**34.2**	**>100.0%**
Differences from currency translation	-2.1	9.2	11.3	<-100.0%
Items that may subsequently be reclassified to consolidated profit or loss	**-2.1**	**9.2**	**11.3**	**<-100.0%**
Actuarial gains and losses from pensions and similar obligations (before taxes)	-2.1	2.0	4.1	<-100.0%
Taxes on actuarial gains and losses from pensions and similar obligations	0.6	-0.5	-1.1	<-100.0%
Items that will not subsequently be reclassified to consolidated profit or loss	**-1.5**	**1.5**	**3.0**	**<-100.0%**
Other comprehensive income/loss, net of tax	**-3.7**	**10.7**	**14.3**	**<-100.0%**
Total comprehensive income/loss for the period attributable to the shareholders	**6.1**	**54.6**	**48.6**	**>100.0%**

Earnings per share attributable to the equity holders of the parent (in €)		
basic		1.02
diluted		1.02

Revenue

Total revenue of €614.6 million in the financial year 2021/22 increased by €11.9 million or 2.0% compared to last year. Based on prior year (constant) exchange rates, revenue would have been lower by -1.1%. This currency impact was primarily influenced by the strong Chinese Renminbi and US Dollar. On a segmental basis, revenue in 2021/22 was generated in Europe (€317.9 million), followed by Americas (€221.7 million) and Asia (€75.0 million).

Revenue development

in € million	FY 2020/21	FY 2021/22	% change
Revenue Series	544.9	565.0	3.7%
Revenue Tooling	57.8	49.6	-14.1%
Revenue	**602.7**	**614.6**	**2.0%**

Revenue Series

Notwithstanding the difficult trading conditions, revenue Series developed favourably in the financial year 2021/22. Revenue Series recorded at €565.0 million in the current financial year, up 3.7% compared to the same reporting period last year. Revenue Series accounted for 91.9% of total revenue and remained the key pillar of the business.

Revenue Tooling

Revenue Tooling contributed €49.6 million to total revenue in the financial year 2021/22 (2020/21: €57.8 million). This lead to a year-on-year decrease of -14.1% or €-8.2 million due to a different project phasing.

Increase in finished goods and work in process

Change of finished goods and work in process rose by €42.2 million (>100.0%) from €-12.7 in the financial year 2020/21 to €29.5 million in the financial year 2021/22 due to higher tooling inventories (€+28.5 million), stock of finished goods (€+8.2 million), work in process (€+1.7 million) and profit in stock elimination (€+3.7 million).

Other operating income

Other income increased by €2.2 million from €17.9 million in the financial year 2020/21 to €20.1 million in the financial year 2021/22. The deviation was mainly caused by higher income from release of accruals of €2.9 million and other income of €0.2 million, negatively affected by lower currency translation gains of €-0.9 million.

Cost of materials

Cost of materials increased from €284.0 million in the financial year 2020/21 to €328.0 million in the financial year 2021/22, resulting in a year-on-year change of 15.5%. This development was primarily attributable to the first quarter of 2021/22, which included the recovery of the production volumes. The cost of materials to output (total operating performance) ratio increased by 2.8 percentage points to 50.9% as a result of the negative influence of higher material prices and freight expenses.

Personnel expenses

Personnel expenses amounted to €158.5 million in the financial year 2021/22, up €14.0 million or 9.7% compared to last year. Personnel expenses as a percentage of total operating performance slightly increased by 0.1 percentage points year-on-year to 24.6% (PY: 24.5%). Lower personnel costs in the prior year resulting from temporary shutdowns and production stoppages as well as short-time work as a consequence of Covid-19.

Depreciation, amortisation and impairment

Novem reported depreciation and amortisation of €31.4 million in the financial year 2021/22, a slight increase of 1.4% or €0.4 million compared to previous year. The increase was attributable to accelerated depreciation (€+0.5m) resulting from impairment in connection with the property in Kulmbach as well as depreciation on buildings (€+0.5m), on intangible assets (€+0.3m) and on other equipment (€+0.1m), partly offset by lower depreciation on machinery (€-0.9m) and depreciation on low value assets (€-0.1m).

Other operating expenses

Other operating expenses declined from €76.2 million in the financial year 2020/21 by €-2.7 million to €73.5

million in the current financial year. This decrease was mainly due to lower personnel related expenses, compensated by loss allowances on receivables.

Finance income and costs

The financial result amounted to €-22.4 million for the financial year 2021/22, compared to last year's amount of €-43.1 million.

Finance income decreased from €8.2 million in the financial year 2020/21 by €-4.8 million to €3.4 million in the current financial year. The decrease was solely attributable to foreign currency translation.

Finance costs primarily related to interest expenses and amounted to €25.8 million in 2021/22 (2020/21: €51.3 million), a decrease of -49.7% or €-25.5 million. This change is mainly due to the setup of the post-IPO refinancing, which led to an improved interest rate structure.

Income tax result

Both income taxes (€-5.0m) and deferred taxes (€-8.0m) declined in the period under review. The significant change in deferred taxes was largely driven by the recognition of tax assets in the current financial year. This resulted from interest carry-forwards being assessed as tax deductible based on the new financing structure put in place in July 2021.

Adjustments

Adj. EBIT

Adj. EBIT represents the operating result adjusted for exceptional non-recurring items. As such, Novem adjusts certain one-off effects to better show the underlying operating performance of the Group. The adjustments made follow a pre-defined and transparent approach and form part of the regular monthly closing and reporting routines.

Adjustments

Adjustments in the financial year 2020/21 comprised €6.0 million restructuring costs due to the closure of the plant Kulmbach, €3.0 million single provision for expected future inefficiencies and €2.6 million exceptional ramp-up costs for a specific platform in Vorbach, €1.0 million Covid-19 expenses as well as €1.6 million Others.

In the financial year 2021/22, adjustments contained €3.1 million single provision for anticipated impending losses that related to a specific platform in Vorbach, €2.1 million transaction costs solely included expenses in connection with the stock market listing and €1.4 million Covid-19 related costs as well as €1.5 million Others.

In the financial year 2021/22, adjustments were significantly lower than prior year by €6.1 million mainly attributable to restructuring costs in the financial year 2020/21 resulting from the closure of plant Kulmbach.

The Adj. EBIT margin of 13.2% for the financial year 2021/22 was below prior year's result of 14.3% by -1.1 percentage points, caused by lower revenue and increased input costs. Therefore the Adj. EBITDA margin of 18.2% for the financial year 2021/22 was also behind prior year's margin of 19.5%, as depreciation and amortisation resulted on last year's level.

in € million	FY 2020/21	FY 2021/22	Change	% change
Revenue[1]	**602.8**	**614.5**	**11.7**	**1.9%**
EBIT	**72.3**	**72.9**	**0.6**	**0.8%**
EBIT margin	12.0%	11.9%		
Restructuring	6.0		-6.0	-100.0%
Exceptional ramp-up costs	2.6		-2.6	-100.0%
Material quality claims		-0.1	-0.1	-
Single impairments	3.0	3.1	0.1	4.6%
Covid-19 costs	1.0	1.4	0.4	40.4%
Transaction costs		2.1	2.1	-
Others	1.6	1.5	-0.0	-2.8%
Exceptional items	8.1	8.0	-0.1	-1.3%
Discontinued operations				
Adjustments	**14.2**	**8.0**	**-6.1**	**-43.2%**
Adj. EBIT	**86.4**	**80.9**	**-5.5**	**-6.4%**
Adj. EBIT margin	14.3%	13.2%		
Depreciation, amortisation and impairment	30.9	30.9	-0.0	-0.1%
Adj. EBITDA	**117.3**	**111.7**	**-5.6**	**-4.7%**
Adj. EBITDA margin	19.5%	18.2%		

1 Including revenue-related adjustments

FINANCIAL POSITION

Assets

in € million	31 Mar 21	31 Mar 22	Change	% change
Intangible assets	3.6	3.1	-0.5	-14.3%
Property, plant and equipment	186.8	184.9	-1.9	-1.0%
Trade receivables	49.6	47.5	-2.1	-4.2%
Other non-current assets	14.5	12.6	-1.9	-13.1%
Deferred tax assets	9.0	18.8	9.9	>100.0%
Total non-current assets	**263.5**	**267.0**	**3.5**	**1.3%**
Inventories	95.5	129.4	33.9	35.5%
Trade receivables	53.0	37.7	-15.3	-28.9%
Other receivables	27.2	28.6	1.4	5.1%
Other current assets	14.2	13.7	-0.5	-3.8%
Cash and cash equivalents	175.3	117.0	-58.3	-33.3%
Assets held for sale	1.2	0.8	-0.5	-37.9%
Total current assets	**366.4**	**327.0**	**-39.4**	**-10.7%**
Total assets	**629.9**	**594.0**	**-35.9**	**-5.7%**

Equity and liabilities

in € million	31 Mar 21	31 Mar 22	Change	% change
Share capital	0.1	0.4	0.4	>100.0%
Capital reserves	21.9	539.6	517.7	>100.0%
Retained earnings/accumulated losses	-528.3	-482.8	45.5	-8.6%
Currency translation reserve	1.2	10.4	9.2	>100.0%
Total equity	**-505.1**	**67.7**	**572.7**	**<-100.0%**
Pensions and similiar obligations	34.6	34.9	0.2	0.7%
Other provisions	5.2	3.2	-2.0	-38.6%
Financial liabilities	856.4	247.7	-608.7	-71.1%
Other liabilities	34.1	29.8	-4.3	-12.7%
Deferred tax liabilities	3.7	3.6	-0.0	-0.4%
Total non-current liabilities	**933.9**	**319.1**	**-614.8**	**-65.8%**
Tax liabilities	14.9	13.8	-1.1	-7.3%
Other provisions	53.9	48.0	-5.9	-11.0%
Financial liabilities	3.4	1.4	-2.0	-58.5%
Trade payables	61.8	70.4	8.5	13.8%
Other liabilities	67.1	73.7	6.6	9.9%
Total current liabilities	**201.1**	**207.3**	**6.2**	**3.1%**
Equity and liabilities	**629.9**	**594.0**	**-35.9**	**-5.7%**

Total assets

Total assets amounted to €594.0 million as of 31 March 2022, a decrease of -5.7% compared to the end of the last financial year 2020/21 (31 March 2021: €629.9 million).

Non-current assets

Non-current assets increased from €263.5 million as of 31 March 2021 by 1.3% to €267.0 million as of 31 March 2022. This movement resulted primarily from an increase in the deferred tax asset position by €9.9 million which corresponds to a doubling.

Current assets

Current assets decreased to €327.0 million compared to the previous balance sheet date (31 March 2021: €366.4 million), €-39.3 million or -10.7%. This change was mainly driven by the decline in cash and cash equivalents of €-58.3 million due to the repayment of the bond. Lower trade receivables of €-15.3 million were attributable to both a higher factoring level and lower revenue at the end of the financial year. Through non-recourse factoring Novem sold trade receivables of €47.8 million as of 31 March 2022, exceeding the volume of €40.1 million as of 31 March 2021 by €7.7 million. Higher inventories had the largest counterbalancing impact (€+33.9 million).

Working capital

in € million	31 Mar 2021	31 Mar 2022	% change
Inventories	57.7	67.4	16.9%
Trade receivables	47.1	35.2	-25.2%
Trade payables	-54.7	-61.6	12.7%
Trade working capital	**50.1**	**41.0**	**-18.1%**
Tooling net	62.9	74.4	18.2%
Contract assets	12.0	11.9	-1.1%
Total working capital	**125.0**	**127.3**	**1.8%**

Total working capital amounted to €127.3 million as of 31 March 2022 and was therefore higher compared to 31 March 2021 by 1.8%. This subtle change was driven by higher safety stock and tooling net. Lower trade receivables (€-11.9 million) and higher trade payables (€6.9 million) had a counterbalancing impact. As a consequence, total working capital in % of revenue remained stable at 20.7% (31 March 2021: 20.7%).

Equity

As of 31 March 2022, the equity position improved from €-505.1 million at the end of the last financial year to €67.7 million, as the effects of the initial public offering became visible. As a result, capital reserves rose by €517.7 million. Currency translation differences to Euro increased by €9.2 million compared to the end of the last financial year.

Non-current liabilities

Non-current liabilities decreased from €933.9 million as of 31 March 2021 by -65.8% or €-614.8 million to €319.1 million as of 31 March 2022. The decrease is attributable to the shareholder loan of €461.5 million, which was converted into equity. Besides that, the repayment of the €400.0 million Senior Secured Notes on 26 July 2021 contributed to the decrease.

Net financial debt

in € million	31 Mar 2021	31 Mar 2022	% change
Liabilities from bond	397.4		-100.0%
Liabilities to banks	0.4	249.1	>100.0%
Liabilities from derivatives (-)	0.4	1.3	>100.0%
Lease liabilities	36.1	34.9	-2.1%
Gross financial debt	**433.6**	**282.6**	**-34.5%**
Cash and cash equivalents	-175.3	-117.0	-33.3%
Net financial debt	**258.3**	**165.6**	**-35.3%**

Gross financial debt as of 31 March 2022 amounted to €282.6 million (31 March 2021: €433.6 million) and thus posted a significant decrease of €-151.0 million. Compared to the previous year, this sharp decline is mainly attributable to the redemption of the €400 million bond, which was partly offset by the drawdown of a new loan of € 250 million in July 2021. Cash and cash equivalents decreased by €-58.3 million compared to the financial year 2020/21.

Net leverage

in € million	31 Mar 2021	31 Mar 2022
Net financial debt	258.3	165.6
LTM Adj. EBITDA	117.3	111.3
Net leverage	**2.2x**	**1.5x**

The net leverage ratio is defined as net financial debt divided by Adj. EBITDA for the last 12 months. The ratio significantly improved from 2.2x Adj. EBITDA at the end of the financial year 2020/21 to 1.5x Adj. EBITDA as of 31 March 2022. Despite the challenging trading conditions, Novem was able to successfully deleverage its balance sheet and demonstrate a robust financing structure. The definition of net leverage has changed in accordance with the new senior revolving facility agreement as of this reporting date and now includes lease liabilities. As of 31 March 2021, lease liabilities amounted to €36.1 million and decreased by 3.5% to €34.9 million.

Current liabilities

Current liabilities amounted to €207.3 million on the reporting date, an increase of 3.1% or €6.2 million compared to the previous balance sheet date (31 March 2021: €201.1 million). The increase was attributable to higher trade payables of 8.5 million or 13.8% influenced by business volume and active cash flow management, followed by higher other liabilities of €6.6 million. The development was offset by lower other provisions by -11.0% or €-5.9 million.

CASH FLOWS

in € million	FY 2020/21	FY 2021/22	Change	% change
Cash flow from operating activities	**105.5**	**80.5**	**-25.0**	**-23.7%**
Cash flow from investing activities	**-15.8**	**-15.5**	**0.3**	**-1.8%**
Cash flow from financing activities	**-110.7**	**-124.9**	**-14.2**	**12.8%**
Net increase (+)/decrease (-) in cash and cash equivalents	**-21.0**	**-59.8**	**-38.9**	**>100.0%**
Effect of exchange rate fluctuations on cash and cash equivalents	0.1	1.5	1.4	>100.0%
Cash and cash equivalents at the beginning of the reporting period	196.2	175.3	-20.9	-10.6%
Cash and cash equivalents at the end of the reporting period	**175.3**	**117.0**	**-58.3**	**-33.3%**

Cash flow from operating activities

Cash flow from operating activities stood at €80.5 million, which marked a decline of -23.7% or €-25.0 million compared to previous year (PY: €105.5 million). The development can be explained by the marked change of inventories by €36.1 million to mitigate risks in the global supply chain, amongst others. The considerable increase of profit by €34.2 million compared to the last financial year had a positive counterbalancing impact.

Cash flow from investing activities

Cash out-flow for investing activities reached €-15.5 million in the financial year (PY: €-15.8 million). The cash flow was characterised by stable capital expenditures in property, plant and equipment compared to prior year.

Cash flow from financing activities

As a total of €124.9 million, cash out-flow from financing activities increased by €14.2 million in the financial year 2021/22 (PY: €110.7 million). This change was largely driven by the setup of the new financing structure. The redemption of the Senior Secured Notes of €-400.0 million was, amongst others, compensated by the drawdown of the term loan facility of €250.0 million and lower interest paid of €-10.1 million due to the improved interest rate structure.

SEGMENT REPORTING

Europe

External revenue in Europe increased from €311.2 million in the financial year 2020/21 by 2.1% to €317.8 million in the financial year 2021/22.

Europe accounted for 51.7% of total revenue in FY 2021/22 (PY: 51.6%).

Adj. EBIT generated in Europe amounted to €37.1 million in the financial year 2021/22 and was thus 10.3% higher compared to the same reporting period last year (PY: €33.7 million). Adj. EBIT margin increased to 10.4% from 9.5% last year.

Slight increase in operating performance of the region in the financial year 2021/22 compared to prior year mainly resulting from a strong market recovery after the lockdown in 2020/21, even though adversely hit by the customers' stop-and-go approach due to raw material shortages (e.g. semiconductors and cable harnesses) as well as increased commodity prices and energy costs.

in € million	FY 2020/21	FY 2021/22	% change
External revenue[1]	311.2	317.8	2.1%
Revenue between segments	43.0	40.9	-5.0%
Total revenue	**354.3**	**358.7**	**1.2%**
Adj. EBIT	33.7	37.1	10.3%
Adj. EBIT margin	9.5%	10.4%	9.0%

1 Including revenue-related adjustments

Americas

External revenue in Americas increased from €199.9 million in the financial year 2020/21 to €221.7 million in the financial year 2021/22 and exceeded prior by 10.9% or €21.8 million. The currency translation impact amounted to €2.2 million.

Americas accounted for 36.1% of total revenue in FY 2021/22 (PY: 33.2%).

Adj. EBIT generated in Americas amounted to €27.6 million in the financial year 2021/22 and was thus 6.2% higher compared to the same reporting period last year (PY: €26.0 million). Adj. EBIT margin decreased to 9.6% from 10.2% last year.

The moderate decline in the operating performance of the region in the financial year 2021/22 was predominantly driven by increased material prices and soared transport costs in the financial year 2021/22, despite benefiting from a strong market recovery after the Covid-19 pandemic in the financial year 2020/21.

in € million	FY 2020/21	FY 2021/22	% change
External revenue	199.9	221.7	10.9%
Revenue between segments	54.8	66.7	21.6%
Total revenue	**254.7**	**288.4**	**13.2%**
Adj. EBIT	26.0	27.6	6.2%
Adj. EBIT margin	10.2%	9.6%	-6.2%

Asia

External revenue in Asia declined from €91.7 million in the financial year 2020/21 to €75.0 million in the financial year 2021/22 (change of -18.2% in comparison to last year). This development was positively affected by a currency translation effect of €4.4 million.

Asia accounted for 12.2% of total revenue in FY 2021/22 (PY: 15.2%).

Adj. EBIT generated in Asia amounted to €16.2 million in the financial year 2021/22 and was thus -39.7% lower than in the same reporting period last year (PY: €26.8 million). Adj. EBIT margin decreased to 16.2% from 23.6% last year.

Compared to the other two regions, Asia benefited from a pent-up demand after the pandemic in the financial year 2020/21. This effect and newly imposed lockdowns due to the zero-Covid policy in the financial year 2021/22 resulted in lower revenue.

in € million	FY 2020/21	FY 2021/22	% change
External revenue	91.7	75.0	-18.2%
Revenue between segments	21.8	24.9	14.2%
Total revenue	**113.5**	**99.9**	**-12.0%**
Adj. EBIT	26.8	16.2	-39.7%
Adj. EBIT margin	23.6%	16.2%	-31.5%

STAND-ALONE RESULTS OF OPERATIONS AND FINANCIAL POSITION OF NOVEM GROUP S.A.

For the stand-alone annual accounts of Novem Group S.A., please refer to chapter Annual accounts.

Results of operations

The Company's other income amounts to €5.9 million (PY: €3.4 million) and results from services that are provided to other Novem Group entities based on the service agreement and a one-time effect from the reimbursement of transaction costs for the private placement and stock exchange listing (capital market transactions) .

The external charges of €5.2 million (PY: €3.4 million) include mainly legal and advisory fees and to a smaller amount audit fees.

The interest income of €12.3 million (PY: €26.3 million) derives from intercompany loans to another Novem Group entity. The total interest expenses occurred from interest expenses for loans to related parties of €7.4 million (PY: €24.9 million) as well as interest expenses and fees to banks of €2.8 million (PY: €0).

The profit for the financial year 2021/22 amounted to €1.1 million (PY: €1.0 million).

Financial position

Total assets and total liabilities amounted to €935.9 million each (31 March 2021: €628.4 million).

Fixed assets essentially comprise shares in affiliated undertakings, which increased to €674.2 million (31 March 2021: €160.2 million) and a shareholder loan with a principal amount of €250.0 million (31 March 2021: €442.2 million).

In the course of the private placement and stock exchange listing, the contribution of the past shareholder (intercompany) loan increased the shares in affiliated undertakings. Also a new intercompany loan was incorporated as part of the refinancing within the Novem Group. This loan reflects with its principal amount the external bank facility. The loans given to Novem Group GmbH were used to replace the former bond.

Current assets amounted to €8.0 million (31 March 2021: €26.1 million) and include mainly a newly incorporated intercompany loan as part of the refinancing, receivables from the service agreement and the Company's cash position. In the previous year, the position mainly included accrued interest from an intercompany loan.

The Company's capital and reserves increased to €682.5 million (31 March 2021: €162.1 million).

The amounts owed to credit institutions carried €250.0 million (31 March 2021: €0). In the course of the private placement and stock exchange listing, Novem Group S.A. entered into a facilities agreement comprising a term loan with a principal amount of €250.0 million and a revolving facility. As part of the replacement of the former bond of Novem Group GmbH, the principal amount was transferred with the incorporation of a new shareholder loan from Novem Group S.A. to Novem Group GmbH.

The position *amounts owed to affiliated undertakings* of €0.8 million (31 March 2021: €461.9 million) included positions for cash pooling and cost recharges from other Novem Group companies for the transaction costs of the private placement and stock exchange listing. In the prior year, the position carried amounts of shareholder loans (principal amount and interest).

In the course of the private placement and stock exchange listing, the contribution of the shareholder loans increased the capital and the term loan was incorporated as part of the refinancing.

RISKS AND OPPORTUNITIES

Risk and opportunity management

Within its global footprint, Novem is exposed to dynamic conditions and thus faces several opportunities and risks. These include political and sector-specific risks, the risk of ensuring appropriate liquidity, currency risks, financial risks, business process risks, research and development risks, litigation risks, loss of know-how and IT risks. The realisation of any of these risks could have a material and adverse effect on business, financial condition and results of operations. Sustainable success is ensured through active risk management and the ability to correctly anticipate market trends and developments. Operational management is responsible for identifying and exploiting opportunities. The aim is to identify opportunities in a timely manner and to take appropriate measures to utilise them. Novem states in its long-term strategy the high relevance to identify risks and opportunities arising from operations at an early stage, assessing them appropriately and mitigating them by specific measures. Compliance with economic, social and environmental standards is deep-rooted in the corporate philosophy. The Management Board makes use of various tools and control systems to prevent and in case of the occurrence of an event minimise the impact on the Group. Amongst the key components are continuous and detailed internal reporting and controlling processes as a focus of risk management, which aim to identify risks to assets, income or liquidity as early as possible and to take appropriate and effective steps to manage risks and seize opportunities. By monitoring the market and all stakeholders, continuous optimisation and adaptation to current challenges is guaranteed. Novem's business opportunities and risks are recorded, analysed and evaluated through active multi-tiered planning, information and control processes. The effectiveness and efficiency of the system is continuously adapted to new circumstances to be able to provide a holistic picture of the situation at all times.

Legal risks

Novem's Group companies are and could become involved in 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, Novem could be obligated to pay substantial damages. The litigation costs and those of third parties could also be significant.

Doing business on a worldwide basis requires Novem to comply with the laws and regulations of various jurisdictions. The international operations are subject to applicable anti-corruption laws and regulations and economic sanctions programs. Such programs may restrict business dealings with certain sanctioned countries. As a result of doing business in foreign countries, Novem is exposed to a risk of violating anti-corruption laws and sanctions regulations applicable in those countries where Novem, partners or agents operate. Worldwide operations increase the risk of violations of anti-corruption laws or similar laws. Some of the countries in which Novem operates still lack a developed legal system with high standards regarding anti-corruption and similar laws and are perceived to have high levels of corruption.

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

Members of governing bodies, employees, authorised representatives or agents may intentionally or unintentionally violate applicable laws and internal standards and procedures, in particular in relation to anti-corruption, money-laundering, anti-trust 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 the 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 Novem's scale and complexity.

There can further be no certainty that any countermeasures Novem implements 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 the Group. Moreover, in light of continuously evolving legal and regulatory requirements and internal developments such as corporate reorganisations, there can be no certainty that the risk management systems, internal controls and compliance systems and related governance structures will adequately identify and address all relevant requirements.

Novem has to 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.

Moreover, Novem globally faces 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 concerning legal requirements.

In addition, for the manufacturing facilities and operations, Novem requires various permits and has to comply with the requirements specified therein. In the past, adjusting to new requirements has required significant investments and the Group assumes 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.

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 the Group's products and services.

Financial risks

Novem operates worldwide and is therefore exposed to financial risks that arise from changes in exchange rates. The primary exposure is to the Euro to US Dollar, US Dollar to Mexican Peso and Euro to Chinese Renminbi exchange rates. 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 Novem purchases a part of the raw materials 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 the results of operations.

External and internal transactions involving the delivery of products and services to and/or by third parties result in cash in-flows and out-flows 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 out-flows are not offset by cash in-flows resulting from operational business in such currency, the remaining net foreign currency exposure is not neutralised.

While the Group hedges a portion of the exposure to the exchange rate of the Euro to the US Dollar, Novem currently does not hedge all foreign exchange risks. In addition, a number of the consolidated companies report in currencies other than the Euro, which requires Novem to convert the respective financial information into Euro when preparing the consolidated financial statements.

Even if Novem enters 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 the Group 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.

Liquidity and credit risks

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

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

Any significant change in the needs for or the availability of working capital financing or credit insurance may have a material adverse effect on liquidity. To strengthen the working capital structure Novem practices a silent and non-recourse factoring program with a limit of €65,000 thousand. In case of liquidity shortages, Novem possesses further facilities of €64,000 thousand.

Interest rate risks

Novem is faced with moderate interest rate risks which mainly derive from obligations based on reference interest rates. Such variable interests affect the factoring program as well as the senior facility agreement. The two decisive reference interest rates are the 3-month Euribor relating to factoring fees for EUR-receivables and interest expenses for the senior facility agreement and the SOFR which represents the base rate for factoring fees resulting from USD-receivables. While a 10% increase in these reference interest rates would have no material impact regarding factoring fees the financial expenses arising from the senior facility agreement wouldn't be influenced at all by this scenario because every negative Euribor rate is deemed to be 0 in this agreement.

The interest rate risk regarding pension obligations is also moderate as their share of total assets only amounts to approximately 5%.

Financial market opportunities

Favourable developments in interest rates and exchange rates can have a positive impact on Novem's financial result and earnings. The Group constantly monitors the financial markets in order to identify potential impacts in a timely manner and to determine any need for action.

Tax risks

Novem is subject to taxation in, and to the tax laws and regulations of, multiple jurisdictions as a result of the international scope of the operations and corporate and financing structure. The Group is also subject to intercompany pricing laws, including those relating to the flow of funds amongst 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 Novem's business, results of operations and financial condition. Furthermore, the effective tax rate varies in each jurisdiction in which Novem conducts business. Changes in the mix of earnings between jurisdictions with lower tax rates and those with higher tax rates could have a material adverse effect on profitability.

In addition, the tax authorities in any applicable jurisdiction may disagree with the positions Novem has taken or intends to take regarding the tax treatment or characterisation of any transactions, including the tax treatment or characterisation of indebtedness, existing and future intercompany loans and guarantees or the deduction of interest expenses. The Group could also fail, whether inadvertently or through reasons beyond its control, to comply with tax laws and regulations relating to the tax treatment of various financing arrangements, which could result in unfavourable tax treatment for such arrangements. If any applicable tax authorities were to successfully challenge the tax treatment or characterisation of any of the intercompany loans or transactions, it could result in the disallowance of deductions, a limitation on the 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.

Novem 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.

Customs risks and opportunities

The sales volume of Novem's products and services depends upon the general global economic situation. Particular risks to the economic environment, international trade and demand for the Group's products may arise from growing protectionist sentiment in 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 US 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. The US administration enacted a number of measures aimed at restricting the access of Chinese companies to the US market. Therefore they began to impose tariffs on certain products originating in China, including a 25% tariff on automotive trim parts and a 7.5% on imports of aluminium. The Chinese government retaliated by imposing tariffs on several US products. Even though the United States and China entered into an *Economic and Trade Agreement* in January 2020 as a first step, the trade conflict between the two countries has not been resolved until today. It is currently unclear whether the Biden administration will continue the trade policy of its predecessor. But the agreement in January 2022 on the import of steel and aluminium products from the EU into the US within the framework of a tariff quota and the resulting elimination of additional tariffs will enable a positive development for international trade between the EU and the US and is a first step towards minimising trade barriers.

The US administration also replaced the North American Free Trade Agreement (NAFTA) with the new USMCA in July 2020. The new United States-Mexico-Canada Agreement includes more stringent rules of origin provisions (e.g. increase of regional value content) and requirements for a minimum percentage of manufacturing being made with labour above a certain minimum wage. Novem has substantial operations in Mexico which currently supply 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 the 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, harm the demand for vehicles and thereby indirectly Novem's products. In addition, the results of operations could also be affected by retaliatory measures from Europe, China or other countries imposing tariffs on the United States.

Also, the Exit of the United Kingdom from the EU in January 2020 has an impact on the international business of automotive industries and other goods. After several negotiations and an extended transition period that ended in January 2021, the United Kingdom is no longer part of the single market and the customs union. The introduction of new borders, import restrictions and additional tariffs decrease the sales volume and harm existing supply chains. Even though the trade and cooperation agreement (TCA) between the EU and the United Kingdom prevents higher tariffs, inspection certificates and other requirements like customs declarations that make border crossings more time-consuming and complicated are driving up trade costs now.

In addition, the current political uncertainty between the east and the west might lead to another increase in energy prices as well as political and economic sanctions. The increase in regional or international trade barriers, including anti-dumping tariffs and the withdrawal of countries from bilateral and multilateral trade agreements could have a negative impact on the global economic environment and can thus lead to lower demand for the Group's products. 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.

Research and development risks and opportunities

Future success depends on the 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 characterised by progressive development towards more driver and passenger comfort features, quieter vehicles, electronic control and assistance systems.

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

A trend to highly integrated products on the OEM side can lead to a trend where only full system suppliers will be Tier-1 suppliers. Novem's business requires a high level of technical expertise for the design, development and manufacture of products. Novem invests in technology, new materials and innovation which the Group believes will be critical to long-term growth and furthermore needs to continually adapt its expertise in response to technological innovations, industry standards and customer requirements or preferences.

The 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 the ability to remain competitive. New technologies, materials or changes in industry and customer requirements may render one or more of the current offerings obsolete, excessively costly or otherwise unmarketable.

If there is a shift away from the use of materials or technologies in which Novem is investing, the costs may not be fully recovered, including, for example, the costs and expenses incurred in connection with the development of or investment in such material or technology. Novem may be placed at a competitive disadvantage if other materials or technologies emerge as industry-leading. One of the most important future challenges is sustainability, where OEMs already demand a high degree of recycled raw materials and a precise action plan towards CO2-neutrality. The focus on sustainability of the business is seen as essential for the long-term success of the Group. Additionally, private users of transportation increasingly use modes of transportation other than the private automobile, especially in connection with growing urbanisation 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 customised premium vehicles.

Customer and market risks and opportunities

Novem's products are highly competitive in respect of price, quality, delivery performance, innovation, product design, engineering capability and service, facing significant competition in all regions within each major product category.

Some of Novem's 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. While Novem currently has a strong market position in the market for premium decorative interior trim elements, if consolidation continues in the automotive components sector, the Group 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. Such competitors may also be less margin sensitive than Novem and attempt to increase their market share through pricing below cost. In addition, suppliers that do not currently compete with Novem 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 customers that reduce or entirely replace Novem's business with those customers. Given the Group's strong market position, OEMs have in the past awarded and may in the future award certain platforms to competitors to diversify their supplier portfolio, which has resulted or may result in the loss of nominations in the future and which may limit the potential for future growth of Novem's market share.

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

The Group may not fully or accurately assess the creditworthiness of customers. In particular, the financial condition of and demand for Novem's products from 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 amongst many OEMs and other customers and suppliers in the automotive industry and could have a similar impact in the future.

Although Novem supplies products to almost all leading premium OEMs, the Group depends on certain large customers for a significant proportion of revenue. In the financial year 2021/22, the three largest customers represented approximately 75% of revenue. The loss of all or a substantial portion of the revenue with any of the large-volume customers could have a material adverse impact on Novem's business, financial condition and results of operations. This risk could also materialise if the content per vehicle awarded to Novem were to decrease or if a lower amount of content per vehicle than expected is awarded. While Novem generally has benefitted from an increasing content per vehicle in the past, there have 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.

The amount of business with Asian-based OEMs generally lags that of the largest customers in Europe, partly due to the existing relationships between these Asian-based OEMs and their preferred suppliers.

Consolidation amongst customers could result in an increasingly concentrated client base of large customers which could, among others, increase the bargaining power of current and future customers. Mergers of customers with entities that are not Novem's customers could also materially impact the financial position and results of operations.

Market-specific opportunities primarily relate to consumer spending trends concerning the automotive industry. The trend for interiors is to view the car more as a wellness oasis on wheels. Interior design and details are setting standards and decisively influencing consumer behaviour. Novem's objective is to stabilise and maintain its attained growth and to generate future, profitable growth. Management pays close attention to how the automotive market responds to developments in consumer confidence. The Group's product and service range put Novem in a good position to benefit from expected future trends. Its global presence allows it to shift activities in markets in order to realise cost-cutting potential and further enhance its proximity to the customer.

Material and supplier risks

Prices of certain raw materials and the energy the Group relies on are linked to commodity markets and thus subject to fluctuation. The primary raw materials and components used in the products are chrome and plastic parts, wood, aluminium, granulates, glue and synthetic materials. The prices of such raw materials have fluctuated significantly in recent years and have further increased in the recent past. In addition, Novem uses large amounts of energy in the 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 products. For example, the Group has in the past experienced and continues to experience significant increases in the price for electrical energy for the manufacturing facilities in Pilsen and Slovenia. In addition, supply shortages or delays in delivery of raw materials, components or energy can also result in increased costs of manufacturing products. Novem does not actively hedge against the risk of rising prices of raw materials or energy. Contracts with customers do not include pass-through mechanisms regarding inflationary price increases on raw materials or energy prices and if Novem is not able to compensate for such price increases or undertake cost-saving measures elsewhere in operations, they could have a material adverse impact on the financial results.

Logistics risks

Complex supply and delivery chains make logistics processes in Novem's industry very vulnerable to disruptions. As a result, Novem has experienced in the past, and expects to continue to experience in the future, temporary decreases in orders from 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 harmed the Group's supply chain, for example, as a result of production suspensions at suppliers or additional border or import checks. While Novem has not experienced material difficulties in maintaining the supply chain, the Group had to take countermeasures such as using air freight instead of sea freight and increasing inventory, which in turn negatively impacted profitability. Since the beginning of 2021, Novem has 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, Novem has broadened its 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 the Group's requirements. The lack of even a small single subcomponent or raw material necessary to manufacture one of the products, for whatever reason, could force Novem to cease production, possibly for a prolonged period. Similarly, a potential quality issue could force Novem to halt deliveries while validating the products. Even where products are ready to be shipped, or have been shipped, delays may arise before they reach the customer. If Novem ceases timely deliveries, the Group has to absorb its own costs for identifying and solving the cause of the problem, as well as expeditiously producing and shipping replacement products.

If Novem is unable to deliver products to the customers on time, the customers may be forced to cease production and may seek to recoup losses, which could be significant. Thus, any supply chain disruption could cause the complete shutdown of an assembly line of one of Novem's customers, which could expose the Group to material claims for compensation.

In addition, the Group is exposed to the risk of lower order volumes from customers due to a disruption to their supply chain which is unrelated to Novem's 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 some of Novem's customers. Increased prices in the supply chain could also be caused by the requirements imposed by the German Supply Chain Duty of Care Act to be expected to enter into force on 1 January 2023.

Personnel risks and opportunities

Novem's success depends on attracting and retaining managing directors, executive officers, senior management, key employees and other skilled and unskilled personnel. The loss of key employees including management, directors, executives and other skilled personnel could have a material adverse effect on the Group's 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 the Group will be successful in retaining its executives and employees in key positions or in attracting new employees with corresponding qualifications. Although Novem tries to retain the commitment of qualified executives and key employees through performance-based remuneration systems, there is a risk that any such individuals will leave the Group, including as a result of collective bargaining on terms that may be considered below-market standard by employees.

The manufacture of many of the Group's products requires significant technical skills and expertise. The success of the operations and growth strategy will therefore also depend on attracting and retaining skilled and qualified personnel maintaining high quality standards globally. The labour markets for production staff in some of the regions in which Novem is active, such as the Czech Republic, Germany, Mexico or Slovenia, are characterised by very low unemployment rates and strong historic employment growth, resulting in intense competition for qualified personnel and an increased turnover rate.

The business could be adversely impacted by strikes and other labour disputes as well as by the ongoing Covid-19 pandemic.

Novem operates a large, global business with 5,540 employees as of 31 March 2021. The labour force in the automotive industry, including Novem's labour force, is highly unionised, especially in Europe and Mexico. Over the past several years, the Group's industry and the industries in which Novem's customers operate have experienced strikes, lockouts, refusals to work or plant seizures. Although in the recent past the Group has not experienced, and at present is not experiencing any major labour disputes, the relationships with employees and unions at various locations could deteriorate in the future and the Group could experience strikes, further unionisation efforts or other types of conflicts with labour unions or employees. Refusals to work or work downtime experienced by customers or other suppliers could result in delays, decreased productivity or closures of assembly facilities where the Group's products are needed for assembly.

Furthermore, the ongoing Covid-19 pandemic leads to new challenges. A new part of the daily business is to maintain a working hygienic concept to keep the spread of the pandemic at a low level. However, with ongoing infections especially in the private area, there is a risk of missing workers due to infections within their households and additional quarantines as a so-called *first-contact person*. The labour market had also changed. It gets increasingly challenging to find the needed employees to fill vacancies.

Increasing labour costs in certain low-cost countries in which the Group operates such as China, the Czech Republic, Honduras, Mexico or Slovenia, may erode the profit margins and compromise price competitiveness. Recent wage increases have increased average wage expenses per employee and although Novem undertakes various incentive programs to improve the productivity of employees, as well as cost-effective automation initiatives designed to reduce labour costs, these measures may be insufficient to offset increases in personnel costs or the Group may be unable to effectively manage these increases in the future.

Personnel development and apprenticeship programs are a special chance to retain a high standard and knowledge within Novem's workforce.

The development of employees is a key issue. This is all about giving people the skills to pursue entrepreneurial goals, while at the same time combining this with the specific development aspirations of individual needs. Alongside the annual employee appraisal interviews, regular feedback talks are held at Novem. As part of

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their discussions, supervisors and their employees identify the necessary areas for action and therefore create individually tailored programmes.

Novem believes that the responsibility for independent career development is with individual employees. Supervisors and Human Resources see themselves as facilitators by making instruments, training courses and feedback talks available. These include, amongst others, development meetings that enable Novem to identify employees' career-progression aspirations and agree on a plan of action. Through continuous learning, the Group prepares its employees for future challenges. Thinking ahead going forward and strengthening the development of individuals is a key strategy for Novem to shape future talents.

Quality risks and opportunities

As a supplier of premium decorative interior trim products, one of the determining factors for Novem's customers in purchasing components and systems is the high quality of products and manufacturing processes. A decrease in the actual or perceived quality of products and processes could damage Novem's image and reputation as well as those of the products. In addition, defective products could result in loss of sales, loss of customers and loss of market acceptance or could damage the Group's reputation and market perception.

At some locations, certain product certifications with regard to specifications and quality standards are considered a necessity or premise for the acceptance of products by customers and markets. As such, Novem must obtain and maintain the relevant certifications to be nominated as a supplier as well as for an ongoing business relationship. Maintaining such standards, which are regularly reviewed by Novem's customers, is essential to building long-term customer relationships.

As a manufacturer, Novem is 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. Given the large amounts of products manufactured and distributed to a variety of customers in the automotive sector, Novem is from time to time faced with liability claims related to actual or potentially deficient charges of products and may therefore be held liable in cases of death, bodily injury or damage to property caused by a defective product manufactured by the Group. The risks arising from such warranty and product liability lawsuits, proceedings and other claims are insured up to levels the Group consider economically reasonable, but the insurance coverage could prove insufficient in individual cases.

Furthermore, Novem manufactures many products pursuant to customer specifications and quality requirements. If the products manufactured and delivered do not meet the requirements stipulated by the 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, Novem's customers could potentially claim damages for 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 the Group's other products and market reputation in various market segments.

Environmental, health and safety risks

Many of the sites at which Novem operates have been used for industrial purposes for many years, leading to risks of contamination and resulting in site restoration obligations. In addition, under federal and state environmental laws and regulations (including state property transfer laws), the Group could be held responsible for the remediation of offsite areas impacted by its 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 Novem, 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 Novem's use of non-owned treatment, storage and disposal sites or order the Group to dispose of or treat contaminated soil excavated or water encountered in the course of construction. Novem could also be liable to the owners or occupants of sites leased, sites the Group sells, 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 the reputation or relations with customers could be harmed.

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 Novem operates, and additional greenhouse gas requirements are in various stages of development. In addition, the US Environmental Protection Agency (EPA) has issued regulations limiting greenhouse gas emissions from mobile and stationary sources pursuant to the US 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. Novem's customers may seek price reductions 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 CO2 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 fossil 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 CO2 for 2021 and is expected to step up to approximately €55 to €65 per ton of CO2 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.

Growing pressure to reduce greenhouse gas emissions from mobile sources could reduce automobile sales, thereby reducing demand for products and ultimately revenue.

The nature of operations subjects Novem to various statutory and regulatory compliance and litigation risks under health, safety and employment laws. There can be no assurance that there will be no accidents or incidents suffered by employees, contractors or other third parties on the Group's sites. If any accidents or incidents occur, Novem could be subject to prosecution and litigation, which could result in fines, penalties and other sanctions and could cause damage to the reputation.

The implementation and maintenance of management systems for environment, health and safety are required to fulfil legal and customer obligations. Ongoing audits from third parties must confirm the effectiveness of these systems to validate these certificates and thus be considered as a supplier.

IT risks

Novem relies heavily on centralised, standardised information technology 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, the Group is required to make investments to maintain and/or upgrade the IT systems and networks and such investments may be significant.

The risk of computer viruses, cyber-attacks and security breaches is further increased as a growing number of employees work remotely. A significant or large-scale malfunction or interruption of one or more IT systems could adversely affect the ability to keep operations running efficiently or at all and affect product availability. Furthermore, it is possible that a malfunction of data security measures or a cyber-attack could enable unauthorised persons to access sensitive business or personal data, including information on the Group's intellectual property or business strategy or those of customers. Such failure could cause economic loss for which Novem could be liable and may expose the Group to governmental investigations, disciplinary actions and fines. A failure of the IT systems could also cause damage to Novem's reputation which could harm the business.

CORPORATE GOVERNANCE STATEMENT

The Company is a Luxembourg public limited company (Société Anonyme) and as such is subject to the corporate governance regime as set forth in particular in the Companies' Law.

As the Company's shares are listed on a regulated market, the Company is further subject to the provisions of the Shareholder Rights Law.

Being a Luxembourg public limited company, with its shares exclusively listed on a regulated market in Germany, the Company is neither required to adhere to the Luxembourg corporate governance regime applicable to companies admitted to the regulated market in Luxembourg nor to the German corporate governance regime applying to stock corporations organised in Germany.

The Company has set up its own corporate governance structure, in order to address its own specific needs and interests, and has, for such purpose, adopted and chosen to abide by its own corporate governance rules, as further described below, rather than to voluntarily apply either of the Luxembourg or Germany governance regimes, and to set up its corporate governance structure.

As the German corporate governance code ("GCGC") does not apply to the Company, it does not have to issue a declaration of conformity with the GCGC under section 161 of the German Stock Corporation Act (Aktiengesetz).

Solely for purposes of section 4.1.1.1 of the Guide to the DAX Equity Indices of STOXX Ltd., the Company declares that it does not deviate from recommendations C.10, D.3, D.9 and D.11 of the GCGC, in each case applied accordingly to a public limited company (Société Anonyme) with a two-tier governance system under Luxembourg law.

The Company's Supervisory Board or its Audit and Risk Committee arranges for the Company's external auditors to inform it and note in the Audit Report if, during the performance of the audit, the external auditors identify any facts that indicate an inaccuracy in adhering to the recommendations in C.10, D.3, D.9 or D.11 of the GCGC, in each case applied accordingly to a public limited company (Société Anonyme) with a two-tier governance system under Luxembourg law.

For the avoidance of doubt, the Company is subject to Luxembourg law with respect to the accounting principles relating to its financial statements and therefore does not fall within the application of the German Commercial Code (Handelsgesetzbuch). As a result, recommendation D.3 of the GCGC was followed by the Company to the extent possible.

By virtue of European and Luxembourg law, Novem Group is obliged to report on non-financial and diversity information relating to it. Novem's Non-financial Report will be published together with this Annual Report, i.e. on 30 June 2022. In accordance with Article 7bis of the Shareholder Rights Law, the Company must further draw up a remuneration policy for the Supervisory Board and the Management Board of Novem Group S.A. reflecting the principles and measurement for the remuneration of the members of such boards. The Company must as well publish a Remuneration Report, with both the report and the remuneration policy being published separately from the present Annual Report on the Novem IR website on 22 July 2022.

The internal control systems and risk management for the establishment of financial information are described in the section Risk and opportunity management. According to the Articles of Association, the Management Board must be composed of at least two members, whereas the Supervisory Board must be composed of at least three. The Supervisory Board has set up the following committees in accordance with the Articles of Association: the Audit and Risk Committee and the Nomination and Remuneration Committee. The Audit and Risk Committee is responsible for the consideration and evaluation of the auditing and accounting policies and the Company's financial controls and systems. The Remuneration Committee is responsible for making recommendations to the Supervisory Board and the Management Board on the terms of appointment and the benefits of the members of the Management Board of the Company. Further details on the composition and purpose of these committees and the Supervisory Board are described in the section Report of the Supervisory Board as well as in the section Setup and organisation of the Management Board regarding the Management Board. The Annual General Meeting shall be held at such time as specified by the Management Board and/or the Supervisory Board in the convening notice.

The Management Board and Supervisory Board may convene extraordinary general meetings as often as the Company's interests so require. An extraordinary general shareholders' meeting must be convened upon the request of one or more shareholders who together represent at least one-tenth of the Company's share capital.

Each share entitles the holder to one vote.

The right of a shareholder to participate in a General Meeting and to exercise the voting rights attached to their shares are determined with respect to the shares held by such shareholder on the 14th day before the General Meeting.

Each shareholder can exercise their voting rights in person, through a proxy holder or in writing (if provided for in the relevant convening notice).

The information required pursuant to Article 10.1 of Directive 2004 / 25 / EC on takeover bids which has been implemented by Article 11 of the Takeover Law is set forth here below under *Disclosure Regarding Article 11 of the Luxembourg Law on Takeovers of 19 May 2006*.

Disclosures pursuant to Article 11 of the Luxembourg Law on Takeovers of 19 May 2006

A) For information regarding the structure of capital, reference is made to section 3.9 of the consolidated financial statements.

B) The Articles of Association of the Company do not contain any restrictions on the transfer of shares of the Company.

C) According to the voting rights notifications received until 31 March 2022, the following shareholders held more than 5% of total voting rights attached to Novem shares: COHV AG, (indirect: 33,505,583 voting rights attached to shares or 77.87% of total voting rights), and AVGP Limited, St. Helier, Jersey (direct: 2,409,424 voting rights attached to shares or 5.60% of total voting rights).

D) The Articles of Association of the Company do not contain any restrictions on voting rights.

E) There are no agreements with shareholders which are known to the Company and may result in restrictions on the transfer of securities or voting rights within the meaning of the Transparency Directive.

F) Rules governing the appointment and replacement of Management Board members and the amendment of the Articles of Association:

- The members of the Management Board are appointed by the Supervisory Board, or in the case of a vacancy, by way of a decision adopted by a majority of the remaining Management Board members for the period until the next Supervisory Board Meeting.
- Management Board members are appointed for a term not exceeding six years and are eligible for re-appointment.
- Management Board members may be removed at any time with or without cause by the Supervisory Board by a simple majority of the votes.
- Resolutions to amend the Articles of Association may be adopted in the manner foreseen by the Companies' Law, i.e. by a majority of two-thirds of the votes validly cast, without counting the abstentions, if the quorum of half of the share capital is met. If the quorum requirement of half of the share capital of the Company is not met at the Annual General Meeting, the shareholders may be re-convened to a second General Meeting. No quorum requirements apply with respect to such second General Meeting and the resolutions are adopted by a majority of two-thirds of the votes validly cast, without counting the abstentions.

G) Powers of the Management Board:

- The Company is managed by a Management Board under the supervision of the Supervisory Board.
- The Management Board is vested with the broadest powers to perform or cause to be performed any actions necessary or useful in connection with the purpose of the Company.
- All powers not expressly reserved by the Companies' Law or by the Articles of Association to the General Meeting or the Supervisory Board fall within the authority of the Management Board.
- Certain measures are subject to the prior approval of the Supervisory Board on the terms set out in the Articles of Association and the Rules of Procedure of the Management Board.
- The Management Board may appoint one or several persons, including but not limited to members of the Management Board or shareholders, at the exclusion of any member of the Supervisory Board, who shall have full authority to act on behalf of the Company in all matters pertaining to the daily management and affairs of the Company.
- The Management Board is also authorised to appoint one or several persons, either members of such board or not, at the exclusion of any

member of the Supervisory Board, for the purposes of performing specific functions at every level within the Company.

- The Management Board may also appoint committees to which it may delegate some of its tasks and the members of which may, but do not have to be members of the Management Board, at the exclusion of any member of the Supervisory Board.
- The Management Board is authorised to issue shares in the Company under the Articles of Association, which set the authorised capital of the Company, including the issued share capital at €520,000, represented by 52,000,0000 shares. Such authorisation has been granted for a period of five years beginning on 30 June 2021. During such period the Management Board, with the consent of the Supervisory Board, may issue new shares under the authorised share capital, limit or cancel any preferential subscription rights.
- The Articles of Association of the Company allow for a redemption of shares within the limits of the law, however, there is currently no buyback authorisation to the Management Board in place.

H) The Company is, given the nature of its business and its field of activity, party to agreements which would take effect, alter or terminate upon a change of control of the company following a takeover bid, as is usual in the sector in which it operates.

I) There are no agreements between the Company and its Management Board members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.

SUBSEQUENT EVENTS

There were no events or developments that could have materially affected the measurement and presentation of the Group's assets and liabilities as of 31 March 2022 other than disclosed in note 5.15 of the consolidated financial statements.

OUTLOOK

Since the beginning of the war in Ukraine on 24 February 2022, the level of uncertainty over the future has further increased. Apart from the geopolitical crisis, the invasion has fuelled the surge in energy prices and amplified inflationary pressures in basically all areas of life.

While Novem has no direct exposure to both Russia and Ukraine, the full impact on the business has to be seen. Until now, the Group has been able to keep its strong market and financial position with its resilient business model.

In terms of economic outlook, global car production faces new headwinds from the war in Ukraine. However, latest market data suggest the demand for light vehicles to accelerate in 2022/23 as global supply is expected to become progressively less constrained and automakers begin restocking their inventories and filling their sales channels. Novem will closely monitor the developments and take all necessary precautions to adapt to the changing situation.

Against this background, it is not possible to issue a reliable outlook. However, the Group anticipates solid growth compared to prior year and the key performance indicators to remain robust in the coming year.

4 Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2022

in € thousand	Note	FY 2020/21	FY 2021/22
Revenue	4.1	602,718	614,628
Increase or decrease in finished goods and work in process		-12,716	29,471
Total operating performance		**590,002**	**644,100**
Other operating income	4.2	17,858	20,071
Cost of materials	4.3	284,045	327,998
Personnel expenses	4.4	144,440	158,483
Depreciation, amortisation and impairment	4.5	30,940	31,372
Other operating expenses	4.6	76,152	73,454
Operating result (EBIT)		**72,285**	**72,864**
Finance income	4.7	8,222	3,380
Finance costs	4.7	51,292	25,821
Financial result		**-43,070**	**-22,440**
Income taxes	4.8	21,122	16,131
Deferred taxes	4.8	-1,641	-9,679
Income tax result		**19,480**	**6,452**
Profit for the period attributable to the shareholders		**9,735**	**43,972**
Differences from currency translation	3.9	-2,122	9,177
Items that may subsequently be reclassified to consolidated profit or loss		**-2,122**	**9,177**
Actuarial gains and losses from pensions and similar obligations (before taxes)	3.10	-2,121	1,978
Taxes on actuarial gains and losses from pensions and similar obligations		583	-487
Items that will not subsequently be reclassified to consolidated profit or loss		**-1,537**	**1,491**
Other comprehensive income/loss, net of tax		**-3,660**	**10,668**
Total comprehensive income/loss for the period attributable to the shareholders		**6,075**	**54,640**

Earnings per share attributable to the equity holders of the parent (in €)			
basic	4.9		1.02
diluted	4.9		1.02

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 March 2022

Assets

in € thousand	Note	31 Mar 21	31 Mar 22
Intangible assets	3.1	3,618	3,100
Property, plant and equipment	3.2	186,787	184,905
Trade receivables	3.4	49,645	47,541
Other non-current assets	3.7	14,519	12,619
Deferred tax assets	4.8	8,974	18,845
Total non-current assets		**263,543**	**267,009**
Inventories	3.3	95,470	129,388
Trade receivables	3.4	53,003	37,671
Other receivables	3.5	27,202	28,584
Other current assets	3.7	14,206	13,667
Cash and cash equivalents	3.6	175,299	116,967
Assets held for sale	3.8	1,224	760
Total current assets		**366,404**	**327,036**
Total assets		**629,947**	**594,045**

Equity and liabilities

in € thousand	Note	31 Mar 21	31 Mar 22
Share capital	3.9	62	430
Capital reserves	3.9	21,891	539,630
Retained earnings/accumulated losses	3.9	-528,289	-482,826
Currency translation reserve	3.9	1,245	10,422
Total equity		**-505,091**	**67,656**
Pensions and similiar obligations	3.10	34,644	34,871
Other provisions	3.12	5,169	3,172
Financial liabilities	3.13	856,387	247,683
Other liabilities	3.14 3.15 3.17	34,083	29,753
Deferred tax liabilities	4.8	3,651	3,635
Total non-current liabilities		**933,934**	**319,113**
Tax liabilities	3.11	14,887	13,805
Other provisions	3.12	53,901	47,974
Financial liabilities	3.13	3,381	1,404
Trade payables	3.16	61,849	70,384
Other liabilities	3.14 3.15 3.17	67,087	73,708
Total current liabilities		**201,104**	**207,275**
Equity and liabilities		**629,947**	**594,045**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2022

in € thousand	Note	FY 2020/21	FY 2021/22
Profit for the period		9,735	43,972
Income tax expense (+)/income (-)	4.8	21,122	16,131
Financial result (+)/(-) net		48,062	21,674
Depreciation, amortisation and impairment	4.5	30,939	31,372
Other non-cash expenses (+)/income (-)		-4,029	884
Increase (-)/decrease (+) in inventories		5,355	-30,741
Increase (-)/decrease (+) in trade receivables		8,865	19,967
Increase (-)/decrease (+) in other assets		-7,324	2,896
Increase (-)/decrease (+) in deferred taxes		-1,544	-10,118
Increase (-)/decrease (+) in prepaid expenses/ deferred income		-37	1,022
Increase (+)/decrease (-) in provisions		14,264	-8,075
Increase (+)/decrease (-) in trade payables		4,006	8,158
Increase (+)/decrease (-) in other liabilities		-4,517	702
Gain (-)/loss (+) on disposals of non-current assets		135	20
Cash received from (+)/cash paid for (-) income taxes		-19,527	-17,330
Cash flow from operating activities		**105,506**	**80,536**
Cash received (+) from disposals of property, plant and equipment		28	7
Cash paid (-) for investments in intangible assets		-901	-443
Cash paid (-) for investments in property, plant and equipment		-18,122	-18,147
Interest received (+)	4.7	3,229	3,095
Cash flow from investing activities		**-15,765**	**-15,487**

in € thousand	Note	FY 2020/21	FY 2021/22
Cash repayments of loans		-77,177	
Cash received from loans			247,649
Cash in-flow (+)/out-flow (-) from shareholders of the parent company		0	48,827
Cash repayments (-) of bond/cash received from (+) issuance of bond	5.6		-400,000
Cash paid for (-) subsidies/grants		-3	-4
Cash paid for (-) finance leases	3.14	-10,384	-8,366
Interest paid (-)		-23,137	-12,994
Cash flow from financing activities		**-110,702**	**-124,889**
Net increase (+)/decrease (-) in cash and cash equivalents		**-20,961**	**-59,840**
Effect of exchange rate fluctuations on cash and cash equivalents		93	1,508
Cash and cash equivalents at the beginning of the reporting period		196,166	175,299
Cash and cash equivalents at the end of the reporting period		**175,299**	**116,967**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2022

in € thousand	Note	Share capital	Capital reserves	Other retained earnings/ accumulated losses	Currency translation reserve	**Equity**
Balance as of 01 Apr 20		**62**	**21,891**	**-536,487**	**3,368**	**-511,166**
Profit or loss for the year				9,735		9,735
Other comprehensive income or loss	3.9			-1,537	-2,122	-3,660
Comprehensive income or loss for the year				**8,198**	**-2,122**	**6,075**
Balance as of 31 Mar 21		**62**	**21,891**	**-528,289**	**1,245**	**-505,091**
Balance as of 01 Apr 21		**62**	**21,891**	**-528,289**	**1,245**	**-505,091**
Profit or loss for the year				43,972		43,972
Other comprehensive income or loss	3.9			1,491	9,177	10,668
Comprehensive income or loss for the year				**45,463**	**9,177**	**54,640**
Issue of new shares		368				368
Contribution of shareholder loan	3.9		517,739			517,739
Balance as of 31 Mar 22		**430**	**539,630**	**-482,826**	**10,422**	**67,656**

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1 General information

1.1 Reporting entity

Novem Group S.A. was originally formed as a private company (société à responsabilité limitée) for an unlimited period of time under the laws of Luxembourg on 12 July 2011 pursuant to a deed of incorporation published in the Mémorial, Recueil des Sociétés et Associations C on 28 September 2011, number 2306. At that time, the Company's legal name was Car Interior Design (Luxembourg) S.à r.l.

On 30 June 2021, the extraordinary General Shareholders' Meeting 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. The Company's corporate name was amended to Novem Group S.A.

Novem Group S.A. (hereinafter also referred to as the "Company") is domiciled in Contern, 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, rue Edmond Reuter, 5326 Contern, Luxembourg.

The Company's financial year is from 1 April to 31 March of the following year (12-month period). The consolidated financial statements include Novem Group S.A. and its subsidiaries (hereinafter also referred to as "Novem" or the "Group").

Novem operates as developer, supplier and system supplier for trim parts and decorative functional elements in vehicle interiors in the premium sector. The products combine valuable raw materials with the latest technology and processing. Typically, the products are used as instrument panels, impact-resistant trim parts in the centre console, door trims, beltlines and decorative functional elements in the car interior.

The consolidated financial statements were authorised for issue by the Management Board on 27 June 2022.

Under Luxembourg Law, the consolidated financial statements are approved by the shareholders at their Annual General Meeting.

The official version of the accounts is the ESEF version available with the Officially Appointed Mechanism (OAM) tool.

1.2 Basis of preparation and presentation method

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 has to be categorised 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 recognises 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 realised or settled within 12 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 Euro, the Company's functional currency. All amounts are rounded to the nearest thousand Euro, unless otherwise indicated. Totals in tables were calculated on the basis of exact figures and rounded to the nearest thousand Euro. 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 31 March 2022 have been prepared 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).

Novem Group S.A. has prepared the consolidated financial statements as of 31 March 2022 on a going concern basis. From the current perspective, there are no risks to the continued existence of the Company. In its assessment, management considered the profit for the last years as well as the strong cash positions. The management also considered the positive cash inflow from operating activities. Reference is also made to section 3.9, which reflects the IPO process by the creation and issuance of new shares as well as the conversion of the shareholder loan into equity.

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 1 January 2022	Annual Improvements 2018-2020 Narrow-scope amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41	negligible
Annual periods beginning on or after 1 January 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 1 January 2022	Amendments to IAS 16: Property, Plant and Equipment Proceeds before Intended Use	negligible
Annual periods beginning on or after 1 January 2022	Amendments to IFRS 3 Business Combinations: Reference to the Conceptual Framework	negligible
Annual periods beginning on or after 1 January 2023	Amendments to IAS 8: Changes in Accounting Estimates and Errors: Definition of Accounting Estimates	negligible
Annual periods beginning on or after 1 January 2023	Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting Policies	negligible
Annual periods beginning on or after 1 January 2023	Amendments to IAS 1: Classification of Liabilities as Current or Non-current	negligible
Annual periods beginning on or after 1 January 2023	IFRS 17 Insurance Contracts: Replacement of IFRS 4 and Amendments to IFRS 17	no impact
Annual periods beginning on or after 1 January 2023[1]	Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from Single Transaction	negligible

1 EU endorsement still pending

The following table shows the new or amended standards effective in 2021. The application of the new standards has not had any significant impact on these financial statements. Please refer to section 5.4 and section 5.10.

Effective date	New standards or amendments	Impact on the consolidated financial statements
Annual periods beginning on or after 1 June 2020	Amendment to IFRS 16: Covid-19-Related Rent Concessions (extended until 30 June 2022)	no impact
Annual periods beginning on or after 1 January 2021	Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16: Interest Rate Benchmark Reform – Phase 2	negligible

1.4 Consolidated entities and basis of consolidation

Consolidated entities

In addition to Novem Group S.A., the consolidated financial statements include all subsidiaries that can be controlled by the Group. According to IFRS 10, a company controls an entity when it has the 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 Novem Group S.A. as well as thirteen international subsidiaries.

Basis of consolidation

Subsidiaries are entities controlled by Novem Group S.A. A company controls an investee when it is exposed to, or has 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.

	Registered office	Ownership interest in %
Novem Group GmbH[1]	Vorbach, Germany	100
Novem Beteiligungs GmbH[1]	Vorbach, Germany	100
Novem Car Interior Design GmbH[1]	Vorbach, Germany	100
Novem Car Interior Design Metalltechnologie GmbH[1]	Vorbach, Germany	100
Novem Car Interior Design Vorbach GmbH[1]	Vorbach, Germany	100
Novem Deutschland GmbH	Vorbach, Germany	100
Novem Car Interiors (China) Co., Ltd.	Langfang, China	100
Novem Car Interior Design k.s.	Pilsen, Czech Republic	100
Novem Car Interior Design S.de R.L.	Tegucigalpa, Honduras	100
Novem Car Interior Design S.p.A.	Bergamo, Italy	100
Novem Car Interior Design S.A. de C.V.	Querétaro, Mexico	100
Novem Car Interior Design d.o.o.	Žalec, Slovenia	100
Novem Car Interior Design Inc.	Detroit, USA	100

1 Entities included in the consolidated financial statements according to IFRS that have exercised the exemption clauses under §264 (3) HGB.

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 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 recognise 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 recognised directly in profit or loss after reexamination. Goodwill is not amortised 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 recognised 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 have not yet been realised 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 Novem Group S.A. 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 31 December, 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

The consolidated financial statements are 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 recognised 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	Closing rate		Average rate	
EUR 1 equals	31 Mar 21	31 Mar 22	2020/21	2021/22
CNY	0.12982	0.14115	0.12634	0.13425
CZK	0.03825	0.04101	0.03762	0.03949
HNL	0.03555	0.03678	0.03512	0.03571
MXN	0.04169	0.04526	0.03970	0.04237
USD	0.85288	0.90082	0.85887	0.86178

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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 recognised 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 is 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 recognised 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 capitalised 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 the 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 in-flows and the growth rate used for extrapolation purposes.

Capitalisation of development costs

When capitalising 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 capitalised 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 realisable value of inventories

Inventories are stated at the lower of cost and net realisable value. The measurement of net realisable 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 the inherent uncertainty of judgment. Please refer to section 3.4 and section 5.4 for further information.

Deferred tax assets on tax loss carry-forwards

Deferred tax assets are recognised for tax loss carry-forwards to the extent that it is considered likely that the related tax benefits will be realised through future taxable profits based on management's profit forecasts for the group entities. The determination of deferred tax assets requires significant judgment by

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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

Significant estimates are required in the determination of provisions related to pensions and other obligations, contract losses, warranty costs and legal proceedings. Please refer to section 2.11 and section 2.13 for further information.

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 5.10 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.

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.

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 2.16 and section 2.7 for further information.

Climate change

Increasing expectations from stakeholders require explaining how climate-related matters are considered in preparing the financial statements to the extent they are material. Climate change and potential future developments on the entity, including the sustainability of its current business model, are for sure important but not expected to have a significant impact on the financial reporting judgments and estimates so far, consistent with the assessment that climate change is also not expected to have a significant impact on the Group's going concern assessment nor viability of the Group. There are certainly potential risks (e.g. limitations on car traffic with the aim of reducing greenhouse gases potentially affecting the overall demand), but also clear opportunities (e.g. expansion of the product portfolio by bio-based, recycled or upcycled decors) which may change in the future both in terms of materiality and likelihood of occurrence and may have a corresponding impact on judgments and estimates). Still, these have been classified as not material for this year's financial statements. Any trends and developments are continuously monitored and investigated in order to identify any effects on the business model at an early stage. This involves analysing matters such as transitory risks resulting from new statutory legislation and regulations on climate protection, such as the introduction of a CO2 tax or a ban on diesel vehicles in large cities. We also take account of technological innovations.

Underlying, the Group actively contributes to reducing the footprint of CO2-neutral production in terms of upgrading manufacturing processes with modern and efficient technology. Sustainability is also reflected in product innovations and concepts which potentially can even create a competitive advantage with customers in awarding new projects.

Russia-Ukraine conflict

Management has assessed the potential impact regarding the war in Ukraine. Although not directly affected by the military conflict, the indirect impact mainly resulting from increasing energy prices and interest rates, volatility of commodity prices and potential disruptions of supply chains on the business cannot be estimated with a sufficient degree of confidence at the moment. Since the beginning of the war on 24 February 2022, management has regularly reviewed the implications of the changing geopolitical and macro-economic conditions and has not identified a going concern or a significant issue, beyond the general scope of impact, on the performance and financial position of the Group as of today. Management continues to monitor the current developments and their potential impact on the Group.

2.2 Intangible assets

Purchased intangible assets

Intangible assets acquired for valuable consideration are recognised at cost. If they have a determinable useful life, these intangible assets are amortised on a straight-line basis over these useful lives. Straight-line amortisation 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 recognised at cost less accumulated amortisation and any accumulated impairment losses. Amortisation and impairment losses are recognised in profit or loss.

Identifiable intangible assets acquired in a business combination are recognised at fair value at the acquisition date.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenses are recognised as expenses in the period in which they are incurred.

The useful lives of software and licenses are estimated at two to five years.

Amortisation methods and useful lives are reviewed at each reporting date and adjusted as necessary.

Internally generated intangible assets

Expenditures relating to development projects are recognised 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 recognised immediately in profit or loss in line with the treatment of research expenditure.

In order to continuously assess the need to capitalise 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 capitalised as internally generated intangible assets.

Capitalised development expenditure is amortised on a straight-line basis over its useful life of three to seven 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. Amortisation 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, except from right-of-use assets under leases (IFRS 16), 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 recognised as part of cost. However, if they are directly attributable to the acquisition, construction or production of a qualifying asset, they are capitalised pursuant to IAS 23. Repair and maintenance costs are recognised 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.

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line method over their useful lives, and is generally recognised in profit or loss. Land is not depreciated.

The estimated useful lives of property, plant and equipment for current and comparative periods are 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 recognised 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 in-flows through continuing use, which are largely independent of the cash in-flows 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 recognised. The resulting difference between the carrying amount and recoverable amount is recognised 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 recognised 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 amortisation or depreciation) had no impairment loss been recognised for the asset in prior years.

Financial assets

The Group mainly recognises allowances for expected credit losses for:

- trade receivables measured at amortised cost
- contract assets

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime expected credit losses ("ECL"). Lifetime expected credit losses are ECL 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 to evaluate 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 5.4 for further details).

Presentation of impairment for expected credit losses in the statements of financial position and consolidated statement of comprehensive income

Impairment losses on trade receivables measured at amortised cost and on financial assets are deducted from the gross carrying amount of the assets.

The impairment for expected credit losses are presented in *other operating expenses* of the Consolidated statement of comprehensive income.

Credit-impaired financial assets

At each reporting date, the Group assesses whether financial assets carried at amortised 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
- 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
- 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 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 recognise lease and non-lease components as a single lease component.

At the commencement date, the Group recognises 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
- 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 amortised 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 recognised 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 recognised 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 16.6. The Group recognises the lease payments associated with these leases in the consolidated statement of comprehensive income as other operating expenses on a straight-line basis over the term of the lease.

2.6 Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price realisable 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 utilisation.

2.7 Other assets

One-off participations in the development costs of automobile manufacturers are recognised 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 recognised continually as reducing revenue from the start of serial production and the asset is correspondingly written down. The write-down is recognised 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 customised 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 recognised 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 recognised.

2.8 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 are stated at nominal value.

2.9 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 recognised in profit or loss.

Intangible assets and property, plant and equipment are no longer amortised or depreciated once they have been classified as held for sale.

2.10 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 recognised 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 recognised amounts and it intends either to settle them on a net basis or to realise 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 recognised 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 recognised as of the trading day, i.e. on that date upon which the Group 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 amortised 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 recognised 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 amortised 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 amortised cost or FVOCI are classified as FVTPL. This includes all derivative financial assets and 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 amortised 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 out-flows or realising cash flows through the sale of the assets
- how the profit/loss of the portfolio is assessed and reported to 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 recognised 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 amortised cost are measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses, as well as impairment losses, are recognised as other operating expenses or income. A gain or loss from derecognition is recognised 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 recognised in other operating expenses or income (with the exception of income, which is shown under *net finance income*). Other net gains or losses are recognised 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 recognised 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 recognised in other comprehensive income and are never reclassified to profit or loss. This category was not relevant within the Group thus far.

The Group derecognises 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 derecognised 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 recognise 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 derecognised 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 amortised 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.

The new term loan B, used to replace the bond, is expected to be classified as a financial liability and measured at category FLAC. IFRS 9 requires an entity to recognise a financial asset or a financial liability in its statement of financial position when it becomes party to the contractual provisions of the instrument. At initial recognition, an entity measures a financial asset or a financial liability at its fair value plus or minus, in the case of a financial asset or a financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or the financial liability.

Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expenses and foreign currency translation differences are recognised in profit or loss. Gains or losses (in other operating income or other operating expenses) from derecognition are also recognised in profit or loss.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire. The Group also derecognises 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 recognised 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 recognised in profit or loss (in other operating income or other operating expenses).

Cost of initial public offering

IAS 32 defines guidance for the accounting of financial instruments: financial liabilities and equity. The contracts for the private placement and stock exchange listing were settled by delivering a fixed number of shares for a fixed amount and therefore can be classified as equity instruments. In connection with such equity transactions that are classified as equity instruments, transaction costs regularly arise. The transaction costs of an equity transaction are accounted for as a deduction from equity, but only to the extent that they are incremental costs directly attributable to the equity transaction that would otherwise have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense.

2.11 Other provisions

A provision is recognised 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 out-flow 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 recognised for expected claims arising from warranty obligations. Utilisation 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 recognised. 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 recognised and which do not fall within the scope of IFRS 15.

Provisions for restructuring expenses are recognised 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 recognised 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 recognised 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 recognised 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 is estimated using actuarial methods on the basis of the benefits earned by staff in the current and preceding periods. The liability recognised 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 recognised 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 realised – recognised in other comprehensive income and shown separately in the consolidated statement of 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 recognised immediately in profit or loss.

Payments to defined contribution plans are recognised 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 Profit-sharing rights of members of management

The Group established cash-settled share-based payment agreements for members of the Management Board. The Performance Share Plan is granted in annual tranches of virtual shares with a respective performance period of four years.

According to IFRS 2, for cash-settled share-based payment transactions, the Group has to measure the liability incurred at the fair value of the liability. The fair value of the share-based payments of the Performance Share Plan has been measured at the end of each quarter by using a Monte-Carlo-Simulation. Any changes in the liability are recognised in profit or loss.

2.15 Government grants

Government grants, including non-monetary grants at fair value, are recognised at the time when there is reasonable assurance that:

1. the associated conditions will be satisfied and
2. the grants will be received

Grants are recognised 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 recognised 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 received relating to the global Covid-19 pandemic.

2.16 Revenue recognition

Revenue is recognised for all contracts with customers on the sale of goods or rendering of services according to the five-step model specified under IFRS 15.

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 recognised 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 as 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 recognised 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 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 2.7.

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 recognised 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 customised serial parts. An asset with no alternative use generally arises as of the point in time when the serial part is customised. 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 is recognised over time and the contract asset for this is recognised, amounting to at least any costs of performance completed to date plus a reasonable profit margin.

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

2.17 Other income and expenses

Other income is recognised on an accrual basis according to the provisions of the underlying agreement. Other income, such as from realised exchange gains, is shown under *Other operating income*.

Expenses are recognised when they arise or at the time they are incurred. Other expenses, such as from realised exchange losses, are shown under *Other operating expenses*.

2.18 Expenses for research and non-capitalised development services

Expenses for research and non-capitalised development services are recognised in that period in which they were incurred.

2.19 Operating result (EBIT)

Operating earnings (EBIT) are defined as earnings before finance income, finance costs and income taxes.

2.20 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 recognised on an accrual basis using the effective interest method.

2.21 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 recognised 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 recognised 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 recognised 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 utilised. 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 realised. Impairment losses are reversed if the probability of generating taxable earnings in the future increases.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised 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.

2.22 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 out-flow of resources is not probable or the amount cannot be reliably estimated. Contingent liabilities pursuant to IAS 37 are generally not recognised.

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 financial years 2021/22 and 2020/21. The write-downs include here both amortisation as well as impairment losses (refer here also to section 4.5).

in € thousand	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	**Intangible assets**
Cost			
As of 01 Apr 20	5,865	1,989	**7,855**
Currency differences	-15		**-15**
Additions	685	217	**902**
Disposals	1		**1**
Reclassifications	232		**232**
As of 31 Mar 21	6,766	2,206	**8,973**
As of 01 Apr 21	6,766	2,206	**8,973**
Currency differences	30		**30**
Additions	344	65	**409**
Disposals	4		**4**
Reclassifications	4		**4**
As of 31 Mar 22	**7,148**	**2,271**	**9,420**
Accumulated amortisation and impairment losses			
As of 01 Apr 20	4,577	133	**4,709**
Currency differences	-9		**-9**
Additions	588	69	**657**
Disposals	1		**1**
As of 31 Mar 21	5,155	202	**5,356**
As of 01 Apr 21	5,155	202	**5,356**
Currency differences	16		**16**
Additions	727	218	**945**
Disposals	4		**4**
As of 31 Mar 22	**5,902**	**420**	**6,321**
Carrying amount			
As of 31 Mar 21	**1,612**	**2,004**	**3,618**
As of 31 Mar 22	**1,247**	**1,851**	**3,100**

Additions to intangible assets in the financial year 2021/22 amounted to €409 thousand compared to €902 thousand in the financial year 2020/21.

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.

In addition to depreciation, there are impairment losses of €57 thousand due to a project that was not completely implemented. No impairment losses were recognised in the financial year 2020/21.

Internally generated intangible assets

Research costs and non-capitalisable development costs are expensed as incurred. The development expenses to be capitalised amounted to €1,851 thousand (PY: €2,004 thousand). 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 and the development of sensor elements.

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 recognised as internally generated intangible assets if the corresponding recognition criteria are met and the assets are amortised over their expected useful life.

No impairment losses were recognised for internally generated intangible assets in the financial years 2021/22 and 2020/21.

The Group recognised €1,931 thousand (PY: €1,755 thousand) in research and development expenses in the financial year 2021/22. Amortisation of capitalised internal development projects amounted to €218 thousand (PY: €69 thousand).

3.2 Property, plant and equipment

in € thousand	31 Mar 21	31 Mar 22
Land, leasehold rights and buildings, including buildings on third-party land	80,831	80,797
Thereof right-of-use assets from leases	29,744	29,661
Technical equipment and machinery	87,057	84,212
Thereof assets from leases	570	54
Other equipment, operating and office equipment	13,024	12,083
Thereof right-of-use assets from leases	5,397	4,173
Advance payments and assets under construction	5,876	7,814
Property, plant and equipment	**186,787**	**184,905**

Property, plant and equipment include right-of-use assets due to the application of IFRS 16 (Leases). Please refer to section 5.10 for additional information on future lease payments.

During the financial year 2021/22 the Group invested €23,546 thousand (PY: €20,500 thousand) in property, plant and equipment. The additions included €3,978 thousand (PY: €2,900 thousand) from advance payments and assets under construction.

In addition to depreciation, there are impairment losses on property, plant and equipment amounting to €464 thousand due to the revaluation of the sale of the production facility in Kulmbach. No impairment losses were recognised in the financial year 2020/21.

The development of the Group's carrying amounts of property, plant and equipment is shown below for the financial years 2020/21 and 2021/22. The write-downs include here both depreciation as well as impairment losses (refer here also to section 4.5).

in € thousand	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	**Property, plant and equipment**
Cost					
As of 01 Apr 20	134,149	274,592	46,552	7,243	**462,536**
Currency differences	1,968	425	142	614	**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 31 Mar 21	137,024	273,009	48,398	6,412	**464,843**
As of 01 Apr 21	137,024	273,009	48,398	6,412	**464,843**
Currency differences	5,106	6,987	1,003	134	**13,230**
Additions	6,148	9,147	4,273	3,978	**23,546**
Disposals	1,976	4,961	2,305	69	**9,311**
Reclassifications	64	2,188	343	-2,600	**-4**
As of 31 Mar 22	**146,366**	**286,370**	**51,712**	**7,855**	**492,303**
Accumulated amortisation and impairment losses					
As of 01 Apr 20	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		5	1	-6	**0**
As of 31 Mar 21	56,193	185,952	35,374	535	**278,054**
As of 01 Apr 21	56,193	185,952	35,374	535	**278,054**
Currency differences	1,870	4,879	773	1	**7,523**
Additions	9,364	15,455	5,565	43	**30,426**
Disposals	1,859	4,624	2,082	43	**8,608**
Reclassifications		496		-496	**0**
As of 31 Mar 22	**65,569**	**202,158**	**39,629**	**41**	**307,397**
Carrying amount					
As of 31 Mar 21	**80,831**	**87,057**	**13,024**	**5,876**	**186,787**
As of 31 Mar 22	**80,797**	**84,212**	**12,083**	**7,814**	**184,905**

3.3 Inventories

in € thousand	31 Mar 21	31 Mar 22
Raw materials and consumables	30,037	36,499
Work in process	11,625	13,204
Finished goods and merchandise	15,980	17,664
Tools	37,334	61,141
Advance payments for tools	466	851
Advance payments for raw materials	28	29
Inventories	**95,470**	**129,388**

The majority of inventories consists of tools as well as raw materials and consumables.

Inventories that are expected to be turned over within 12 months amounted to €129,388 thousand (31 March 2021: €95,470 thousand). The write-downs recognised on inventories amounted to €6,069 thousand in the financial year 2021/22 (PY: €7,958 thousand). 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 option for the finished parts on stock as of the reporting date, for which there are also firm purchase commitments by the OEMs, an adjustment was made to the inventories in the amount of €9,418 thousand (31 March 2021: €9,682 thousand) based on recognition of revenue over time under IFRS 15, together with the recognition of contract assets amounting to €11,466 thousand (31 March 2021: €12,005 thousand).

3.4 Trade receivables

Trade accounts receivable include the following items:

in € thousand	31 Mar 21	31 Mar 22
Trade receivables	104,183	86,326
Expected credit losses on trade receivables	-1,535	-1,115
Trade receivables	**102,648**	**85,211**
Non-current	49,645	47,540
Current	53,003	37,671

Trade receivables are mainly receivables from contracts with customers. In conjunction with a factoring agreement, receivables were sold to a bank at a purchase price of €47,805 thousand as of 31 March 2022 (31 March 2021: €40,073 thousand) of which €1,016 thousand representing a limited Seller Guarantee (2% of the average outstanding nominal amount of the European sold receivables). The Seller Guarantee represents the Group's maximum exposure to any losses in respect of trade receivables previously sold under the factoring program. These receivables were carried at fair value through profit or loss until the date of their disposal. The decline in receivables results firstly from an increase in receivables sold and secondly from lower demand amongst OEMs on account of ongoing supply bottlenecks being experienced mainly by chip manufacturers and also other suppliers. This is leading to production delays or even temporary production stops for automotive manufacturers and thus lower order volumes.

Trade receivables are written down in full or in part when there are indications that they are not recoverable. Furthermore, in accordance with IFRS 9, expected credit losses for trade receivables which are not measured at fair value through profit or loss are calculated on a portfolio basis (refer here also to section 5.4). For this purpose, Novem groups the receivables by individual customers. The expected rates of default are provided for each counterparty by an external rating agency. This individual probability of default per customer is applied uniformly throughout the Novem Group. Current external credit information and ratings that reflect the prevalent expectations regarding the potential impact of the Covid-19 pandemic were used for the consolidated financial statements as of 31 March 2022. An additional adjustment of the valuation allowance is thus not required under this model.

The allowances for doubtful accounts developed as follows:

in € thousand	FY 2020/21	FY 2021/22
	Loss allowance	Loss allowance
As of 01 Apr	3,876	1,535
Additions	13	102
Reversals	-2,354	-598
Used	0	0
Exchange rate effects	0	76
As of 31 Mar	**1,535**	**1,115**

3.5 Other receivables

The Group's other receivables comprise the following components:

in € thousand	31 Mar 21	31 Mar 22
From VAT	20,865	23,609
From employees	270	379
From payroll tax	12	34
From advance payment receivables	256	417
Others	5,799	4,145
Other receivables	**27,202**	**28,584**

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

in € thousand	31 Mar 21	31 Mar 22
Cash on hand	71	43
Cash at banks	175,228	116,924
Cash and cash equivalents	**175,299**	**116,967**

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. The decrease in cash and cash equivalents is mainly due to the repayment of the bond.

3.7 Other non-current/current assets

in € thousand	31 Mar 21			31 Mar 22		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Transaction costs	104	209	**313**			
Prepaid expenses	357	7	**364**	289	13	**302**
Miscellaneous other assets		272	**272**		304	**304**
Contract assets	11,987		**11,987**	11,853		**11,853**
Contribution to develop for later supply contracts	1,758	14,031	**15,789**	1,525	12,302	**13,827**
Other non-financial assets	**14,206**	**14,519**	**28,725**	**13,667**	**12,619**	**26,286**

Other non-financial, non-current assets of €12,619 thousand (31 March 2021: €14,519 thousand) include development contributions for later supply contracts.

The presented other non-financial current assets amounting to €13,667 thousand (31 March 2021: €14,206 thousand) 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, €12,017 thousand was reclassified in 2021/22 (31 March 2021: €10,134 thousand) from contract assets to trade receivables.

The expected credit losses on contract assets (refer here also to section 5.4), which are shown within other operating expenses, developed as follows on Group level:

in € thousand	FY 2020/21	FY 2021/22
As of 01 Apr	39	30
Additions		3
Reversals	-9	-3
Used		
As of 31 Mar	**30**	**30**

3.8 Assets held for sale

In the financial year 2020/21, the Group's production facility in Kulmbach was closed following a management decision on the Group's strategic focus for future operations. 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.

In March 2022, the Group reached an agreement on the sale in full of the production premises for a purchase price of €760 thousand. As the carrying amount as of 31 March 2021 was €1,224 thousand, an impairment loss for €464 thousand was necessary.

The closing of the transaction was completed on 18 May 2022. Furthermore, the two parties have agreed to reduce the purchase price by €10 thousand to a total of €750 thousand in order to fully compensate for minor defects in the property that have not yet been remedied.

3.9 Equity

Please refer to the statement of changes in equity for detailed information on changes in consolidated equity. Overall, the equity position improved from €-505,091 thousand at the end of the last financial year to €67,656 thousand, as the effects of the IPO became visible.

Share capital

On 30 June 2021, the Company's share capital was increased to €400 thousand 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 thousand, 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 on 14 July 2021, the Company's share capital was further increased by the creation and the issuance of 3,030,303 new shares with no nominal value each against contribution in cash. Net proceeds from the private placement of these shares amounted to €48,827 thousand 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 listing attributable to the Company.

At the beginning of the period, the Group's share capital amounted to €63 thousand represented by 62,500 shares having a nominal value of €1.00 each. As of 31 March 2022, the share capital of the Company amounted to €430 thousand as of 31 March 2022 (31 March 2021: €63 thousand) and is divided into 43,030,303 ordinary shares in a dematerialised form with no nominal value. Each share of the Company represents a par value of €0.01 in the Company's share capital. All shares are fully paid.

The authorised capital of the Company is set at €520,000 thousand divided into 52,000,000 shares with no nominal value. The Management Board is authorised to increase the current issued capital up to the amount of the authorised capital, in whole or in part from time to time during the next five years.

Authorisation for repurchase of own shares

On 30 June 2021, the extraordinary General Shareholders' Meeting of the Company resolved to authorise the Management Board to effect on one or several occasions repurchases and disposals of 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 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.

During the financial year 2021/22, the Company did not buy any of its own shares.

Capital reserves

The capital reserves amounted to €539,630 thousand as of 31 March 2022 (31 March 2021: €21,891 thousand). The change of €517,739 thousand is essentially due to the contribution of the existing shareholder loan and a cash capital increase of €50,000 thousand against the issue of new shares. Directly attributable transaction cost of €1,172 thousand were incurred in this context and deducted from capital reserves. In addition, deferred taxes amounted to €438 thousand were recognised.

Other retained earnings

Retained earnings amounted to €-482,826 thousand as of 31 March 2022 (31 March 2021: €-528,289 thousand). Retained earnings comprise the past undistributed net income and other comprehensive income of the companies included in the consolidated financial statements. The negative amount primarily results from a recapitalisation and a related Group re-organisation in the financial year 2019/20.

Difference in equity from currency translation

The statement of financial position and of total comprehensive income for all foreign subsidiaries whose functional currency is not the Euro are translated into Euro. The currency translation differences arising are recognised in other comprehensive income and reported in the *Currency translation reserve* in equity; they amount to €10,422 thousand as of 31 March 2022 (31 March 2021: €1,245 thousand). The change resulted from differences in currency translation of €9,177 thousand (31 March 2021: €-2,122 thousand).

Dividend

The Group begins paying a dividend for the financial year 2021/22. Due to the change in legal form during the financial year 2021/22, there is no comparative figure available for the following disclosures.

The Management Board and the Supervisory Board propose a dividend distribution of €0.40 per share to the Annual General Meeting to be held in Luxembourg on 25 August 2022. The total dividend will thus amount to €17,212 thousand and the distribution ratio will be 39.1% of the consolidated profit attributable to the shareholders of Novem. As this dividend is subject to shareholder approval at the Annual General Meeting, no liability has been recognised in the consolidated financial statements as of 31 March 2022.

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 out-flows 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 €31,552 thousand as of 31 March 2022 (31 March 2021: €31,510 thousand) and, thus, accounted for 90.0% 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, the pension scheme in Germany 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:

in € thousand	FY 2020/21	FY 2021/22
Present value of the benefit entitlements on 01 Apr	31,442	34,644
Current service cost	1,319	1,123
Past service cost		1,260
Interest expense	601	568
Employer's direct benefit payments	-883	-811
Actuarial gains (-)/ losses (+)		
Thereof on account of changes to demographic assumptions		29
Thereof on account of changes to financial assumptions	1,793	-1,866
Thereof on account of experience-based adjustments	328	-141
Effects of changes in foreign exchange rates	44	65
Present value of the obligation on 31 Mar	**34,644**	**34,871**

The employee benefit expense for defined benefit plans recognised in profit or loss consists of the following items:

in € thousand	FY 2020/21	FY 2021/22
Current service cost	1,319	1,123
Past service cost		1,260
Service cost	**1,319**	**2,383**
Interest expense	601	568
Pension expense for benefit plans	**1,920**	**2,951**

The pension provision is derived as follows:

in € thousand	FY 2020/21	FY 2021/22
Present value of benefit entitlements from benefit plans	34,644	34,871
Financing status	**34,644**	**34,871**
Pension provision on 31 Mar	**34,644**	**34,871**

The benefits paid out in FY 2021/22 amounted to €811 thousand (PY: €883 thousand). Payments amounting to €1,029 thousand are expected for 2022/23, which are directly rendered by the employer.

The pension provision developed as follows:

in € thousand	FY 2020/21	FY 2021/22
Pension provision on 01 Apr	31,442	34,644
Pension expense	1,920	2,951
Actuarial gains (-)/losses (+) recognised in other comprehensive income	2,121	-1,978
Employer's direct benefit payments	-883	-811
Effects of changes in foreign exchange rates	44	65
Pension provision on 31 Mar	**34,644**	**34,871**

Actuarial gains and losses are recognised 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 Group's pension obligations are shown below:

	31 Mar 21	31 Mar 22
Discount rate	1.7%	2.3%
Salary trend/growth of pension expectancies	2.3%	2.4%
Future pension growth	1.5%	2.0%

The figures stated are weighted averages. A discount rate of 2.2% was set for Germany (31 March 2021: 1.5%). A uniform discount rate of 2.0% was set for the Euro area (Italy and Slovenia) (31 March 2021: 1.5%). 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 31 March 2022 as follows:

in € thousand	31 Mar 22
Change in present value of the benefit entitlements if the	
discount rate were to be 25 basis point higher	33,414
discount rate were to be 25 basis point lower	36,428

A decrease or increase in assumed life expectancy by one year would impact the present value of the benefit entitlements in Germany as of 31 March 2022 as follows:

in € thousand	31 Mar 22
Change in present value of the benefit entitlements if the[1]	
life expectancy were to be 1 year higher	36,340
life expectancy were to be 1 year lower	33,395

1 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 31 March 2022 as follows:

in € thousand	31 Mar 22
Change in present value of the benefit entitlements if the	
pension progression were to be 25 basis points higher	35,909
pension progression were to be 25 basis points lower	33,880

The weighted average duration of the defined benefit obligations is 17 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 €9,836 thousand were reported in the financial year 2021/22 (PY: €9,424 thousand) in the Czech Republic, Germany, Italy, Luxembourg, Slovenia, and the US.

3.11 Tax liabilities

in € thousand	Current	**Income tax liabilities**
Change in tax liabilities		
As of 01 Apr 20	13,292	**13,292**
Used	-7,900	**-7,900**
Addition	9,407	**9,407**
Exchange rate difference	88	**88**
As of 31 Mar 21	14,887	**14,887**
As of 01 Apr 21	14,887	**14,887**
Used	-8,618	**-8,618**
Addition	7,386	**7,386**
Exchange rate difference	150	**150**
As of 31 Mar 22	**13,805**	**13,805**

The Group is subject to income taxes in different jurisdictions. Therefore, key assumptions are necessary to take into account the various tax legislations 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 that 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.

The non-current provisions developed as follows:

in € thousand	Obligations from sales	Employee benefits	Other risks	**Other non-current provsion**
As of 01 Apr 20	5,704	1,460	0	**7,164**
Used	0	-157	0	**-157**
Reversal	0	0	0	**0**
Addition	0	99	345	**444**
Reclassification to current provisions	-2,282	0	0	**-2,282**
As of 31 Mar 21	3,422	1,402	345	**5,169**
As of 01 Apr 21	3,422	1,402	345	**5,169**
Used	0	-15	-345	**-360**
Reversal	0	-9	0	**-9**
Addition	0	-73	0	**-73**
Reclassification to current provisions	-1,555	0	0	**-1,555**
As of 31 Mar 22	**1,867**	**1,305**	**0**	**3,172**

The non-current provisions amounted to €3,172 thousand as of 31 March 2022 (31 March 2021: €5,169 thousand) and are expected to mature between one and five years.

Of this amount, €1,305 thousand (31 March 2021: €1,402 thousand) 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.

The development of current provisions is set out in the table below:

in € thousand	Employee benefits	Obligations from sales	Other risks	**Other current provisions**
As of 01 Apr 20	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 from non-current provisions		2,282		**2,282**
As of 31 Mar 21	2,018	36,500	15,384	**53,902**
As of 01 Apr 21	2,018	36,500	15,384	**53,902**
Used	-1,184	-8,756	-11,889	**-21,829**
Reversal		-6,779	-504	**-7,283**
Addition	818	16,934	2,884	**20,636**
Exchange rate difference	89	787	117	**993**
Reclassification from non-current provisions		1,555		**1,555**
As of 31 Mar 22	**1,741**	**40,241**	**5,992**	**47,974**

Current provisions as of 31 March 2022, which are recognised for uncertain obligations within one year include in particular provisions from obligations from the personnel and sales areas as well as other risks of €47,974 thousand (31 March 2021: €53,902 thousand).

The personnel-related obligations relate largely to provisions for partial retirement benefits, severance payments and performance-based obligations. For the latter, key management personnel account for €124 thousand (31 March 2021: €1,345 thousand).

The provisions attributable to the sales area include especially risks arising from warranty claims, price risks and not yet finalised 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 recognised 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 financial year.

3.13 Financial liabilities

in € thousand	31 Mar 21			31 Mar 22		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Liability from bonds	2,567	394,875	**397,442**	0	0	**0**
Liabilities to banks	441		**441**	1,404	247,683	**249,087**
Liabilities to shareholders	373	461,512	**461,885**	0	0	**0**
Financial liabilities	**3,381**	**856,387**	**859,768**	**1,404**	**247,683**	**249,087**

Total current and non-current financial liabilities amounted to €249,087 thousand as of 31 March 2022 (31 March 2021: €859,768 thousand).

As of 14 July 2021, the shareholder loan with a carrying amount of €469,280 thousand between Automotive Investments (Luxembourg) S.à r.l. and Novem Group S.A. was converted into equity and transferred to the capital reserves.

After the successful IPO, a new term loan agreement for €310,000 thousand in total (€250,000 thousand as a term loan and €60,000 thousand as a revolving credit facility) was entered into between Novem Group S.A. and an international syndicate of banks as of 18 June 2021. Accordingly, the refinancing was implemented as of 23 July 2021 by the drawdown of the term loan of €250,000 thousand and it matures in July 2026.

Using own funds and the cash contribution from the private placement, the Senior Secured Notes of Novem Group GmbH of €397,442 thousand, due to mature in 2024, and deferred interest of €4,083 thousand were repaid in full effective 26 July 2021.

After the deduction of transaction costs and pro rata interest incurred, €247,683 thousand (31 March 2021: €0) of the liabilities to banks of €249,087 thousand (31 March 2021: €441 thousand) relate to the utilised term loan. The remaining amount of €1,404 thousand (31 March 2021: €441 thousand) mainly resulted from derivatives.

3.14 Other financial liabilities

Other financial liabilities are composed as follows:

in € thousand	31 Mar 21	31 Mar 22
Other current financial liabilities		
Lease liabilities	6,837	7,855
Other non-current financial liabilities		
Lease liabilities	29,274	27,002
Loan (benefits fund)	11	8
Other financial liabilities	**36,122**	**34,865**

The liabilities to leases changed due to cash out-flow of €8,366 thousand in the financial year 2021/22 (31 March 2021: €10,384 thousand). The changes to the lease liability occurred primarily from contract modifications and current leases as well as from a currency translation effect in the amount of €-845 thousand.

The lease liabilities of €34,857 thousand as of 31 March 2022 (31 March 2021: €36,111 thousand) are largely from leasing land and buildings (refer to section 5.10).

3.15 Other non-financial liabilities

Other non-financial liabilities breakdown as follows:

in € thousand	31 Mar 21	31 Mar 22
Other current liabilities		
Employee-related liabilities	7,468	7,306
VAT	2,143	1,824
Other liabilities	4,903	3,563
Contract liabilities	15,491	23,100
Other current liabilities	**30,005**	**35,793**
Other non-current liabilities		
Other liabilities	3,356	1,148
Other non-current liabilities	**3,356**	**1,148**

Current non-financial liabilities amounted to €35,793 thousand as of 31 March 2022 (31 March 2021: €30,005 thousand). 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 recognised 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 €1,148 thousand as of the reporting date (31 March 2021: €3,356 thousand). These pertain primarily the OEMs' development contributions.

The following table shows the significant changes in contract liabilities which always have a duration of less than one year:

in € thousand	FY 2020/21	FY 2021/22
Revenue recognised in the financial year that was included in the carrying amount of the contract liabilities at the beginning of the financial year	24,705	13,390
Increase in the financial year on account of advance payments for tools	8,904	20,999

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 €70,384 thousand on the reporting date (31 March 2021: €61,849 thousand). The increase in trade payables was influenced by both business volume and cash flow management.

3.17 Deferred liabilities/accruals

in € thousand	31 Mar 21	31 Mar 22
Personnel-related accruals	13,089	11,704
Outstanding invoices for trade payables	15,453	15,929
Costs related to the year-end audit and annual financial statements	1,440	1,780
Other deferred liabilities	1,702	2,243
Deferred liabilities/accruals	**31,684**	**31,656**
Non-current	1,441	1,594
Current	30,243	30,062

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 holiday pay or performance-related salary components.

4 Explanatory notes on the consolidated statements profit or loss and other comprehensive income

4.1 Revenue

In the financial year 2021/22, Novem generated total revenue of €614,628 thousand (PY: €602,718 thousand), which marks a 2.0% increase compared to last year. As in previous years, the wood surface area accounted for the largest share of Novem's success, followed by aluminium and premium synthetics. Revenue can be broken down by the surface areas mentioned below:

in € thousand	FY 2020/21	FY 2021/22
Wood	468,150	457,863
Aluminium	110,656	127,309
Premium synthetics	23,912	29,456
Revenue	**602,718**	**614,628**

The manufacture of customised serial parts creates assets for which the Group has no alternative use. In these contract situations, there is also the legal entitlement to payment for the work already done or a defined purchase commitment for these customised serial parts within a specified period of time. Consequently, revenue is recognised over time in such cases. Revenue within the Group can be broken down by type of revenue recognition as follows:

in € thousand	FY 2020/21	FY 2021/22
Goods transferred at a point in time	590,713	603,162
Goods and services transferred over time	12,005	11,466
Revenue	**602,718**	**614,628**

There is also a corresponding adjustment of revenue in the amount of €2,732 thousand (PY: €1,795 thousand) on account of current contract terms, whereby, on the start of production (SOP) on some platforms, the revenue recognised is reduced in line with the units delivered and the asset for the development contribution is reversed accordingly.

Novem expects that revenue for its delivery obligations not (or only partially) fulfilled at the end of the financial year will be recognised within a year.

4.2 Other operating income

in € thousand	FY 2020/21	FY 2021/22
Income from the disposal of property, plant and equipment and intangible assets	61	29
Foreign currency translation gains	6,466	5,582
Income from charging out to third parties	4,325	3,358
Other income	7,006	11,102
Other operating income	**17,858**	**20,071**

Other operating income increased in the financial year 2021/22 by €2,213 thousand from €17,858 thousand to €20,071 thousand year-on-year. Other operating income mainly includes €5,582 thousand (PY: €6,466 thousand) currency translation effects as well as €3,358 thousand (PY: €4,325 thousand) income from charging out to third parties. Other income also includes €8,440 thousand (PY: €5,494 thousand) income from reversal of provisions, €56 thousand (PY: €55 thousand) insurance reimbursements as well as €2,603 thousand (PY: €1,436 thousand) income from other periods.

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.

in € thousand	FY 2020/21	FY 2021/22
Cost of raw materials and consumables and of purchased goods	267,354	305,588
Cost of purchased services	16,689	22,410
Cost of materials	**284,045**	**327,998**

The reported cost of materials increased by 15.5% year-on-year. The increase contrasts with a growth in sales of 2.0%. Hence, the cost of materials to output (total operating performance) ratio increased to 50.9% (PY: 48.1%). This development results from lower revenue increase in the reporting period, higher material costs and increase of the inventories in order to ensure the stability of the supply chains due to the uncertain and challenging situation on the world market.

4.4 Personnel expenses

The high level of vertical integration means personnel expenses in the Group account for a considerable portion of total expenses. The personnel expenses include social security, pension and other benefits.

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.

in € thousand	FY 2020/21	FY 2021/22
Wages and salaries	120,798	130,071
Social security	21,492	25,086
Pension expense	2,150	3,326
Personnel expenses	**144,440**	**158,483**

The personnel expenses ratio (personnel expenses to total operating performance) slightly increased compared to the previous year and equaled 24.6% (PY: 24.5%).

During the financial year 2021/22, the personnel costs presented above include government grants amounting to €333 thousand granted in connection with the global Covid-19 pandemic. This amount was deducted from the corresponding expenses. In the previous year, the Group received government grants in the amount of €1,204 thousand.

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:

	31 Mar 21	31 Mar 22
Europe	3,010	2,969
Americas	1,958	1,842
Asia	749	729
Number of employees	**5,717**	**5,540**

4.5 Amortisation, depreciation and impairment losses

in € thousand	FY 2020/21	FY 2021/22
Intangible assets	657	931
Property, plant and equipment	30,282	30,441
Thereof right-of-use assets from leases	8,621	7,953
Amortisation, depreciation and write-downs	**30,940**	**31,372**

Amortisation and depreciation of €31,372 thousand was recognised in the financial year 2021/22 (PY: €30,940 thousand).

4.6 Other operating expenses

Other operating expenses include especially:

in € thousand	FY 2020/21	FY 2021/22
Order-related expenses	21,097	18,045
Legal and advisory fees	9,699	11,594
Maintenance expenses	8,320	8,977
Personnel-related expenses	12,151	7,414
Leasing and rent expenses	3,814	4,765
Expenses for insurance, feeds and contribution	3,971	4,171
Other services	3,221	3,358
Expenses for environmental protection	1,778	1,900
Expenses from foreign currency translation	7,578	6,893
Expenses relating to other periods	1,273	1,040
Loss allowance on receivables	-2,189	-163
Expenses from remeasuring derivative financial instruments at fair value	406	
Other expenses	5,033	5,460
Other operating expenses	**76,152**	**73,454**

Other operating expenses decreased in the financial year 2021/22 by €-2,698 thousand from €76,152 thousand to €73,454 thousand. Other operating expenses mainly include order related expenses, which consist mostly of outgoing freight expenses amounting to €14,592 thousand (PY: €10,662 thousand), as well as legal and advisory fees in an amount of €11,594

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thousand (PY: €9,699 thousand). The remaining expenses amounting to €5,460 thousand (PY: €5,033 thousand) primarily include IT, vehicle and office material costs.

4.7 Net finance income/costs

The financial result amounted to €22,440 thousand in the financial year 2021/22 (PY: €43,070 thousand).

Finance income

in € thousand	FY 2020/21	FY 2021/22
Interest income	3,229	3,095
Income from currency translation	4,993	285
Finance income	**8,222**	**3,380**

Finance income amounted to €3,380 thousand in the financial year 2021/22 (PY: €8,222 thousand) and was largely attributable to interest income from customer tooling of €2,953 thousand (PY: €2,761 thousand). This item also included income from foreign currency translation of €285 thousand (PY: €4,993 thousand).

Finance costs

in € thousand	FY 2020/21	FY 2021/22
Interest paid to banks	1,422	2,974
Interest paid on shareholder loans	24,909	7,389
Interest paid on bond	21,292	6,825
Transaction costs directly attributable to the issue of a financial liability	1,744	5,757
Interest expense from discounting of provisions	624	588
Interest expense arising from leases	667	539
Other interest expenses	634	698
Expenses from currency translation		1,051
Finance costs	**51,292**	**25,821**

The finance costs of €25,821 thousand (PY: €51,292 thousand) mainly arose from interest expenses for banks, the shareholder loan that existed until July 2021 and the bond that was also repaid in July 2021 (refer to section 3.13). With the exception of the interest expense from the discounting of provisions, interest expenses were calculated using the effective interest method.

4.8 Tax expense

The income tax expense for the financial years 2021/22 and 2020/21 can be broken down as follows:

in € thousand	FY 2020/21	FY 2021/22
Current taxes	21,122	16,131
Deferred taxes	-1,641	-9,679
Taxes on income	**19,481**	**6,452**

The total tax rate of 27.0% (PY: 27.0%) is based on a corporation tax rate of 15.0% and a solidarity surcharge of 5.5% on the corporation tax as well as a trade tax rate of 11.2%.

Reconciliation of the income taxes in the financial years 2021/22 and 2020/21, using a total tax rate of 27.0% (PY: 27.0%) (corporation tax and trade tax) to the income tax expense shown in the statements of profit or loss is as follows:

in € thousand	FY 2020/21	FY 2021/22
Profit/loss before tax	29,215	50,424
Weighted average tax rate (%)	27.0%	27.0%
Tax expense at average weighted tax rate	7,891	13,622
Causes for additional amounts/shortfalls		
Non-deductible expenses	13,063	3,712
Tax-exempt income	-1,177	-1,941
Tax income/expense relating to other periods	144	-6,401
Tax rate differential	-1,155	-2,383
Other effects	741	-156
Disclosed expense for income taxes	**19,481**	**6,452**

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 tax relating to other periods consists of tax payments for the tax audit for the financial years 2012/13 until 2014/15. For the current financial year, deferred tax assets were recognised for the interest carry-forwards of €32,935 thousand.

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:

in € thousand	FY 2020/21	FY 2021/22
Property, plant and equipment and intangible assets	5,848	5,237
Receivables and other assets	286	652
Tax interest carry forward	0	7,976
Liabilities	186	182
Provisions	11,860	12,233
Deferred income tax assets (gross)	18,180	26,280
Offset	9,206	7,435
Deferred income tax assets	**8,974**	**18,845**
Property, plant and equipment and intangible assets	3,969	4,317
Receivables and other assets	4,923	3,830
Liabilities	1,671	215
Provisions	2,295	2,708
Deferred income tax liabilities (gross)	12,857	11,070
Offset	9,206	7,435
Deferred income tax liabilities	**3,651**	**3,635**
Deferred income tax asset (net)	**5,323**	**15,210**

Deferred taxes on *outside basis differences* were not recognised due to the lack of requirements necessary set out in IAS 12.44 to do so in the current and previous year.

In deferred taxes €865 thousand were recognised outside of profit or loss in the financial year 2021/22 (PY: €583 thousand).

4.9 Earnings per share

The earnings per share for the financial year ended 31 March 2022 amounted to €1.02 (due to change in legal form during FY 2021/22, no comparative figure available). Earnings per share are calculated by dividing the profit for the period attributable to shareholders of the parent by the weighted average numbers of shares issued in the reporting period.

	FY 2021/22
Profit attributable to shareholders of the parent (in € thousand)	43,972
Number of weighted shares	43,030,303
Earnings per share basic (in €)	1.02
Earnings per share diluted (in €)	1.02

5 Other disclosures

5.1 Working capital

Trade working capital is, amongst others, a key performance indicator to track the Group's operating performance. It is neither required by nor presented in accordance with IFRS. It is also not a measure of financial performance under IFRS and should not be considered as an alternative to other indicators of operating performance, cash flow 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:

in € thousand	31 Mar 21	31 Mar 22
Inventories – non tooling	57,669	67,396
Receivables from third parties	47,102	35,238
Payables to third parties (-)	54,689	61,612
Trade working capital	**50,082**	**41,023**
Tooling net	62,922	74,392
Contract assets	12,017	11,883
Working capital	**125,020**	**127,298**

The following table shows the reconciliation of the working capital:

in € thousand	31 Mar 21	31 Mar 22
Inventories	95,470	129,388
Tools	-37,334	-61,142
Advanced payment for tools	-467	-850
Inventories – non tooling	**57,669**	**67,396**
Receivables from third parties	102,648	85,211
Trade receivables > 1 year	-49,645	-47,541
Trade receivables tooling	-5,901	-2,432
Receivables from third parties	**47,102**	**35,238**
Trade payables < 1 year	61,848	70,384
Trade payables and services tooling	-7,159	-8,772
Payables to third parties (-)	**54,689**	**61,612**
Trade working capital	**50,082**	**41,023**
Tooling inventories	37,336	61,141
Current tooling trade receivables	5,901	2,432
Non-current tooling trade receivables	49,645	47,541
Tooling related trade payables	-7,159	-8,772
Advance payment tooling	466	851
Tooling received advanced payment current	-15,491	-23,100
Other provisions	-7,776	-5,700
Tooling net	**62,922**	**74,392**
Contract asset	11,987	11,853
ECL contract asset < 1 year	30	30
Contract asset	**12,017**	**11,883**
Working capital	**125,020**	**127,298**

Total working capital amounted to €127,298 thousand as of 31 March 2022 and was therefore nearly stable compared to 31 March 2021 (€125,020 thousand). The increase of €2,278 thousand was driven by higher safety stock and tooling net.

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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:

in € thousand		31 Mar 21		31 Mar 22	
Financial assets by classification	Category	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	FAAC	92,712	92,712	81,785	81,785
Trade receivables within the scope of factoring agreements	FAFVTPL	9,936	9,936	3,426	3,426
Cash and cash equivalents	FAAC	175,299	175,299	116,967	116,967
Financial liabilities by classification					
Trade payables	FLAC	61,849	61,849	70,384	70,384
Liabilities to shareholders	FLAC	461,885	461,885		
Liabilities from bond	FLAC	397,442	397,442		
Liabilities to banks (non-derivative)	FLAC	34	34	247,746	247,746
Liabilities to banks (derivative)	FLFVTPL	406	406	1,342	1,342
Summary by category					
FAAC		268,011	268,011	198,752	198,752
FAFVTPL		9,936	9,936	3,426	3,426
FLAC		921,210	921,210	318,130	318,130
FLFVTPL		406	406	1,342	1,342

The following table provides an overview of the classification of financial instruments presented above in the fair value hierarchy:

in € thousand	31 Mar 21			31 Mar 22		
	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			3,426	
Financial liabilities						
Derivative financial instruments		406			1,342	

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 transfers between the different levels of the fair value hierarchy in the financial year 2021/22.

Fair value is the price at which an orderly transaction to sell an asset or to transfer a liability would take place between market participants at the measurement date. The following methods and assumptions were used to estimate fair values in the financial year:

The invoice amount of receivables is used as a reasonable approximation for the fair value of trade receivables in conjunction with factoring agreements.

For trade receivables not subject to factoring arrangements and for cash and cash equivalents, given their maturity, it is assumed that the carrying amount is a reasonable approximation of fair value due to their predominantly short-term nature. Similarly for trade payables, non-derivative liabilities to banks and other financial liabilities, it is assumed that the carrying amount is the fair value.

The fair values of the derivative financial instruments in the form of forward exchange contracts with banks are determined using the present value method based on market prices.

The following table shows net gains and losses from financial instruments by category:

in € thousand	Interest	Fair value measurement	Currency translation	Impairment
FY 2020/21				
FAAC	3,229		-1,112[1]	-2,189
FLAC	49,365			
FLFVTPL		406[2]		
FY 2021/22				
FAAC	3,095		-1,311	-163
FLAC	22,944			
FLFVTPL		1,342[3]		

1 Adjusted
2 In addition to the €406 thousand financial liabilities from derivatives reported here as of 31 March 2021, €1,186 thousand in realised gains were generated during the financial year 2020/21.
3 In addition to the €1,342 thousand financial liabilities from derivatives reported here as of 31 March 2022, €1,209 thousand in realised losses were generated during the financial year 2021/22.

Interest income and expense on financial assets and liabilities accounted for at amortised cost is included in interest income on financial assets and in interest expense on financial debt (refer to section 4.7).

5.3 Share-based payments

The Management Board members of Novem Group S.A. participate in a long-term incentive (Performance Share Plan) in the form of virtual shares. The Performance Share Plan is classified according to IFRS 2 as cash-settled share-based payment.

The Performance Share Plan is granted in annual tranches of virtual shares with a respective performance period of four years. Deviating from this, the performance period of the tranche 2021 started on the day of the listing of Novem Group S.A. and will end on 31 March 2025.

The conditionally granted number of virtual shares at the beginning of the performance period is calculated for each tranche by dividing a contractually defined individual target amount by the start share price of the share of Novem Group S.A. (arithmetic mean of the closing prices of the stock during the last 60 trading days prior to the start of the performance period). In deviation from this, the start share price for the tranche 2021 was calculated based on the arithmetic mean of the 60 trading days following the IPO.

The final number of virtual shares is determined by multiplying the total target achievement with the conditionally granted number of virtual shares. The total target achievement depends on the target achievement of the two financial figures relative Total Shareholder Return (70% weighting) and Adj. EBIT margin (30% weighting). Thereby, the target achievement of relative Total Shareholder Return and Adj. EBIT margin can range between 0% and 150%.

In order to determine the payout in cash, the final number of virtual shares is multiplied with the end share price of the share of Novem Group S.A. (arithmetic mean of the closing prices of the stock during the last 60 trading days prior to the end of the performance period) plus the sum of the dividends disbursed during the performance period. The payout is capped at 200% of the contractually defined individual target amount.

The first tranche of the Performance Share Plan was allocated to Management Board members of Novem Group S.A. for the financial year 2021/22. In total, the number of conditionally granted virtual shares for the financial year 2021/22 amounts to 40,826. The expenses for the financial year 2021/22 amount to €69 thousand. The provisions as of 31 March 2022 are also €69 thousand.

The fair value of the Performance Share Plan to calculate expenses and provisions was determined by using a Monte-Carlo-Simulation. The fair value and the inputs used in the assessment of the fair value as of 31 March 2022 were as follows:

Valuation date	31 Mar 22
Performance period	19 Jul 21 – 31 Mar 25
Start share price Novem Group S.A.	€16.46
Remaining duration of performance period	3.0 years
Expected annual volatility	44.9%
Risk-free annual interest rate	0.1%
Expected target achievement for internal target EBIT margin	100%
Fair value per virtual share	**€8.96**

5.4 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 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
- financial market risks (cxchange rate risks and interest rate risks)

The Group'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 optimises monitoring of all business-relevant key data and is adapted to current challenges. In addition, the business opportunities and risks are recorded, analysed and evaluated in a multi-tiered planning, information and control process, allowing changes to the business environment and deviations from plan to be recognised early and countermeasures introduced in advance. Additionally, important KPIs (metrics such as order intake, revenue, Adj. EBIT, EBITDA, staffing level, fluctuation and 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, optimises and documents the current cash flows of all entities and has established a rolling 12-month liquidity planning. The planning takes into account the maturities of financial investments and financial assets (e.g. receivables and 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 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. As of 31 March 2022, the Group has a total of €60,000 thousand (31 March 2021: €75,000 thousand) in unused revolving credit facility from the new term loan agreement to ensure the liquidity. Additionally, the Group possesses a €4,000 thousand credit line which was drawn in the amount of €2,670 thousand as guarantee facility.

The following overview shows the contractually agreed terms of financial liabilities which represent expected future cash out-flows:

in € thousand	Less than one year	Between one and five years	More than five years	**Financial liabilities**
As of 31 Mar 21				
Liabilities to shareholders	25,516	530,761		**556,277**
Liabilities to banks (non-derivative)	34			**34**
Liabilities to banks (derivative)	406[1]			**406**
Liabilities from bond	21,292	447,833		**469,125**
Trade payables	61,849			**61,849**
Lease liabilities	7,315	18,986	10,288	**36,589**
As of 31 Mar 22				
Liabilities to shareholders				
Liabilities to banks (non-derivative)	4,560	273,012		**277,572**
Liabilities to banks (derivative)	1.342[1]			**1,342**
Liabilities from bond				
Trade payables	70,384			**70,384**
Lease liabilities	8,280	19,667	8,807	**36,754**

1 The amount stated relates to the market value and results from the difference between the purchase of EUR in the amount of €69,896 thousand (31 March 2021: €54,843 thousand) and the sale of USD in the translated amount of €68,554 thousand (31 March 2021: €54,437 thousand).

The contractually agreed cash flows related to non-derivative bank include a variable interest as well as the repayment amount of the loan. 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 out-flows 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 € thousand	31 Mar 21	31 Mar 22
Trade receivables	102,648	85,211
Contract assets	11,987	11,853

Accumulated impairment losses on trade receivables and contract assets are as follows:

in € thousand	FY 2020/21	FY 2021/22
Trade receivables	1,535	1,115
Contract assets	30	30
Impairment loss	**1,565**	**1,145**

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 minimise 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 Americas, 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 customer defaults (currently assessed as unlikely), credit risk arising from open receivables as of 31 March 2022 would be between €7,366 thousand and €15,373 thousand (31 March 2021[1]: €8,639 thousand and €13,763 thousand).

Expected credit losses for trade receivables recognised at amortised 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 amortised cost are as follows:

	FY 2020/21		FY 2021/22	
in € thousand	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default
	55,951	< 1%	44,700[2]	< 1%
	3,891	1% < x < 2%	3,492	1% < x < 2%
	29,040	2% < x < 5%	27,530	2% < x < 5%
	15,303	> 5%	10,604	> 5%
Trade receivables	**104,185**		**86,326**	

2 Thereof trade receivables within the scope of factoring agreements amounted to €3,426 thousand (31 March 2021: €9,936 thousand) were measured at fair value through profit or loss. No expected credit losses were recognised for this portion.

1 Adjusted

Contract assets

As of the reporting date of 31 March 2022, contract assets were recognised amounting to €11,883 thousand (31 March 2021: €12,017 thousand). 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:

in € thousand	FY 2020/21		FY 2021/22	
	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default
	4,234	< 1%	4,990	< 1%
	1,358	1% < x < 2%	206	1% < x < 2%
	3,547	2% < x < 5%	4,078	2% < x < 5%
	2,878	> 5%	2,609	> 5%
Contract assets	**12,017**		**11,883**	

Cash and cash equivalents

As of 31 March 2022, the Group had cash and cash equivalents of €116,967 thousand (31 March 2021: €175,299 thousand). 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 AAA. For reasons of materiality, no expected credit losses were recognised 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 at least BBB+. As of 31 March 2022, all derivatives in the form of forward exchange contracts have a negative market value totalling €1,342 thousand (31 March 2021: €406 thousand).

Finance market risks

Finance market risks are the risks 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 finance market risks is to manage and control market risk exposure within an acceptable range while optimising income.

Exchange rate risk

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 minimise the resulting foreign currency risks. The Group mainly has foreign currency exposure to Czech Koruna (CZK), US Dollar (USD), Mexican Peso (MXN), Honduran lempira (HNL) and Chinese Renminbi (CNY), 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% or -10% 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 € thousand	31 Mar 21		31 Mar 22	
Changes in foreign exchange rates (gain)	+10%	-10%	+10%	-10%
USD	8,878	-10,041	11,182	-12,970
CNY	17	-21	-124	119
CZK	91	-91	627	-627
MXN	-18	18	-555	556
HNL	0	0	0	0

To further reduce foreign currency risk from US Dollar exposures, the Group concluded a number of forward exchange contracts with UniCredit and HSBC. 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 31 March 2022, these derivatives had a negative market value of €-1,342 thousand. In this case, 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 favourable interest rate and exchange rate developments. To allow prompt reactions to positive developments, the financial markets are monitored continuously.

At 31 March 2022, the Group's interest-bearing financial instruments can be aggregated as follows with regard to the basic structure of the respective interest rate:

in € thousand	31 Mar 21	31 Mar 22
Variable rate instruments *Financial liabilities*	397,442	250,000
Fixed-rate instruments *Financial liabilities*	461,919	
Interest rate exposure	**859,361**	**250,000**

As of 31 March 2022, financial liabilities with fixed rates amount to zero. Interest rate risk exists for the syndicated loan as it is linked to the 3-month Euribor. In view of the current negative 3-month Euribor, however, there are only very small risks overall from fluctuating interest rates as the market interest rates for the loan in this case are 0% plus the agreed margin.

Further moderate interest rate risks exist for pension obligations and for the factoring program. The factoring program depends on the 3-month Euribor relating to factoring fees for EUR-receivables and the SOFR which represents the base rate for factoring fees resulting from USD-receivables. A 1% change of the reference interest rates would have no material impact regarding factoring fees.

The interest rate risk regarding our pension obligations is also manageable as their share of total assets only amounts to approximately 5%.

Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 regarding the impact of IBOR reform (phase 2) issued in August 2020 were applied effectively in 2021. Initial application has not impacted any derivatives or hedging relationships recognised by Novem Group. With respect to other financial instruments, the changes are generally relevant for any variable interest instrument that is linked to a benchmark interest rate that is affected by IBOR reform. As of 31 March 2022, this affected primarily current accounts denominated in USD. However, the impact of changing the benchmark interest rate from LIBOR to an alternative interest rate is currently insignificant.

5.5 Capital management

The objective of the Novem Group's capital management is to ensure the ability to continue as a going concern and to maintain a stable capital case to maintain investor, creditor and market confidence. Opportunities to repay and refinance liabilities and finance future business activities and future investments depend on how the total operating revenue of the Group develops and its ability to obtain sufficient liquidity. Due 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 new term loan agreement, the Group has a total of €60,000 thousand in unused revolving credit facility. Additionally, the Group possesses a €4,000 thousand credit line, which was drawn in the amount of €2,670 thousand as guarantee facility.

For monitoring the capital structure, the Group utilises, amongst others, the ratio of net financial debt and Adj. EBITDA, which is also used as a covenant in the senior facilities agreement. Regular quarterly monitoring of the financial ratios has been implemented. The Group does not expect a breach of this covenant.

In order to maintain or adjust the capital structure, the Group may increase or decrease the dividends, issue new shares or return capital to the shareholders, and raise additional or reduce parts of the outstanding debt.

5.6 Consolidated statement of cash flows

The statement of cash flows is prepared in accordance with IAS 7 and is broken down into cash flows from operating, investing and financing activities. In-flows and out-flows from operating activities are presented in accordance with the indirect method and those from investing and financing activities by the direct method.

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 non-cash expenses and changes in net working capital are accounted to calculate cash flows from operating activities. Income tax payments of €17,330 thousand (PY: €19,527 thousand) are also recognised in 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 bond and borrowings. Interest payments of €12,994 thousand (PY: €23,137 thousand) are also reflected in cash out-flows from financing activities.

The table below shows the details of changes in the Group's financial liabilities, which are classified in the Group's consolidated statement of cash flows as cash flows from financing activities:

in € thousand	Liability from bonds	Liabilities to banks	Liabilities to shareholders	Lease liabilities
As of 01 Apr 20	395,743	77,902	436,976	43,059
Changes from financing cash flows	-2,508[1]	-77,177		-10,384
Effect of changes in foreign exchange rates				709
Other changes	4,207	-285	24,909	2,727
As of 31 Mar 21	397,442	441	461,885	36,111
As of 01 Apr 21	397,442	441	461,885	36,111
Changes from financing cash flows	-400,000	247,649		-8,366
Effect of changes in foreign exchange rates				-845
Other changes	2,558	998	-461,885	7,957
As of 31 Mar 22	**0**	**249,087**	**0**	**34,857**

1 Partial of amount presented in the statement of cash flows as interest paid

5.7 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 organised over the geographical sales regions of Europe, Americas and Asia.

The Chief Operation Decision Maker ("CODM") 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 Adj. EBIT, as this provides the most relevant information for assessing the earnings of specific segments in relation to other companies operating in these sectors.

Adj. 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, Americas 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 interior
Americas	Production, processing and sale of high-quality trims and decorative functional elements in vehicle interior
Asia	Production, processing and sale of high-quality trims and decorative functional elements in vehicle interior

5.8 Reporting by region

The Group is organised and managed at regional level. The three reportable operating segments of the Group are Europe, Americas and Asia. The product portfolio is broadly similar in these three regional segments.

in € thousand	Europe	Americas	Asia
FY 2020/21			
Revenue generated from third parties[1]	311,123	199,893	91,702
FY 2021/22			
Revenue generated from third parties[1]	317,901	221,685	75,042

1 Breakdown of revenue according to parent company location (i.e. from the *invoiced by* perspective)

In the financial year 2021/22, between 21.6% and 49.3% (PY: 22.5% and 50.4%) in the three regions were attributable to the respective most significant customers.

Overall, revenue of between 6.2% and 38.1% (PY: 5.6% and 42.4%) was generated with three major customers in all segments.

Revenue is spread over the individual segments according to surfaces as follows:

in € thousand	Europe	Americas	Asia
FY 2020/21			
Wood	235,881	155,805	76,464
Aluminium	51,836	43,582	15,238
Premium synthetics	23,406	506	
FY 2021/22			
Wood	223,213	170,534	64,116
Aluminium	66,067	50,316	10,926
Premium synthetics	28,621	835	

Revenue is spread over the individual segments according to the category of revenue recognition as follows:

in € thousand	Europe	Americas	Asia
FY 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
FY 2021/22			
Goods transferred at a point in time	313,199	216,661	73,302
Goods and services transferred over time	4,702	5,024	1,740

5.9 Reconciliation of information on reportable segments

The following table shows further information on the Adj. EBIT performance indicator, which is used to assess the performance of the operating segments:

Adjustments

	Europe		Americas		Asia	
in € thousand	FY 2020/21	FY 2021/22	FY 2020/21	FY 2021/22	FY 2020/21	FY 2021/22
Restructuring	**6,008**					
Exceptional ramp-up costs	2,599					
Material quality claims		-104				
Single impairments	2,960	3,096				
Covid-19 costs	432	916	527	306	59	207
Others	1,492	1,111	73	409		
Transaction costs		2,093				
Exceptional items	**7,483**	**7,112**	**600**	**715**	**59**	**207**
Discontinued operations						
Adjustments	**13,491**	**7,112**	**600**	**715**	**59**	**207**

For both financial years 2020/21 and 2021/22 the most significant effects were related to Europe and contain a single provision for anticipated impending losses related to a specific platform in Vorbach amounting to €3,096 thousand (PY: €2,960 thousand) and transaction costs in the amount of €2,093 thousand (PY: €0) because of the stock market listing.

Segment Reporting

in € thousand	Europe		Americas		Asia		Total segments		Other/consolidation		Group	
	FY 2020/21	FY 2021/22	FY 2020/21	FY 2021/22	FY 2020/21	FY 2021/22	FY 2020/21	FY 2021/22	FY 2020/21	FY 2021/22	FY 2020/21	FY 2021/22
External revenue	311,238[1]	317,797[1]	199,893	221,685	91,702	75,042	602,833	614,524			602,833	614,524
Revenue between segments	43,025	40,884	54,848	66,712	21,781	24,880	119,655	132,476	119,655	132,476		
Total revenue	**354,263**	**358,681**	**254,741**	**288,397**	**113,483**	**99,922**	**722,488**	**747,000**	**119,655**	**132,476**	**602,833**	**614,524**
Adj. EBITDA	**48,557**	**51,614**	**36,824**	**38,827**	**31,934**	**21,308**	**117,315**	**111,749**			**117,315**	**111,749**
Depreciation, amortisation and impairment	14,902	14,489	10,821	11,209	5,157	5,153	30,880	30,851			30,880	30,851
Adj. EBIT	**33,655**	**37,125**	**26,003**	**27,618**	**26,777**	**16,155**	**86,435**	**80,898**			**86,435**	**80,898**
Adjustments	13,491	7,112	600	715	59	207	14,150	8,034			14,150	8,034
Operating Result (EBIT)	**20,164**	**30,013**	**25,403**	**26,903**	**26,718**	**15,948**	**72,285**	**72,864**			**72,285**	**72,864**

1 Including revenue-related adjustments

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, Americas and Asia and in relation to recognition of revenue over time according to IFRS 15, €4,702 thousand relates to Europe, €5,024 thousand to the Americas region and €1,740 thousand to Asia (PY: €4,216 thousand to Europa, €5,887 thousand to the Americas region and €1,902 thousand to Asia).

The following table shows the reconciliation of Adj. EBIT to EBIT and to earnings before taxes for the financial years 2021/22 and 2020/21:

in € thousand	FY 2020/21	FY 2021/22
Adj. EBITDA	**117,315**	**111,749**
Depreciation, amortisation and impairment	30,880	30,851
Adj. EBIT	**86,435**	**80,898**
Adjustments	14,150	8,034
EBIT	**72,285**	**72,864**
Finance income	8,222	3,380
Finance costs	51,292	25,821
Earnings before taxes	**29,215**	**50,423**

Adj. EBIT include transactions with a one-off and non-recurring nature occurred in the ordinary course of business.

5.10 Leases

In the ordinary business, the Novem Group is the lessee in different leases of 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 two and 35 years. Leases of technical equipment and machinery generally have a term of less than one year. Leases of operating and office equipment usually have a term of between one and ten years. The Group applied the practical expedient in IFRS 16.6 by not accounting short-term leases (leases with a lease term of less than 12 months) and low value assets (underlying asset <5,000€/$, e.g. printers and copiers) as right-of-use assets. For all leases, respective lease term options (e.g. renewal options) are considered. The majority of the current options to extend or terminate the leases can only be exercised by the Novem Group and not by the respective lessor. The future undiscounted lease payments from lease term options not yet exercised amount to €8,251 thousand.

Some leases of land and buildings provide for additional lease payments based on a change in the local price indices.

Future cash out-flow from variable lease payments not incorporated into the measurement of the lease liability amount to €3,546 thousand (31 March 2021: €4,224 thousand). These relate mainly to leases of land and buildings.

There are no leases in which the Novem Group S.A. acts as lessor. Information on leases in which the Group is the lessee is presented below.

Right-of-use assets

in € thousand	Land and buildings	Technical equipment and machinery	Other equipment, operating and office equipment	**Right-of-use assets**
Depreciation and impairment FY 2020/21	4,779	1,318	2,524	**8,621**
Additions to right-of-use assets	2,100		2,333	**4,434**
Carrying amount as of 31 Mar 21	29,743	570	5,397	**35,710**
Depreciation and impairment FY 2021/22	5,090	166	2,697	**7,953**
Additions to right-of-use assets	3,715		1,616	**5,331**
Carrying amount as of 31 Mar 22	**29,661**	**54**	**4,173**	**33,888**

Amounts recognised in profit and loss and cash flows

in € thousand	FY 2020/21	FY 2021/22
Interest expense for lease liabilities	674	559
Short-term lease expenses	2,275	2,267
Lease expenses for low value assets except short-term leases for low value assets	888	820
Expense for variable lease payments not included in the measurement of lease liabilities	427	243
Total cash out-flow for leases	13,090	11,666

As of 31 March 2022, the lease liabilities amounted to €34,857 thousand (31 March 2021: €36,111 thousand). Thereof €7,855 thousand are due within the next financial year 2022/23.

5.11 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 for €32,620 thousand on 31 March 2022. The total amount includes tooling business costs of €18,564 thousand and €14,056 thousand for series business (PY: Tooling €20,949 and Series €6,836).

Contingent liabilities constitute off-balance sheet contingent liabilities recognised for valuation as of the reporting date. It includes sureties and guarantees assumed for third parties increased to €2,670 thousand on 31 March 2022 (PY: €830 thousand). This is mainly due to the guarantee against the Mexican tax office of about €2,245 thousand. The amount of the guarantee comprises Mexican VAT, for which the tax authorities rejected an appeal.

Furthermore, tax risks are also included in contingent liabilities. 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. This could have a material and adverse effect on the business, financial condition and results of operations.

5.12 Related parties

According to IAS 24, the Group has to disclose specific information about transactions between the Group and other related parties. Balances and transactions between the Group and its fully consolidated subsidiaries, which constitute related parties within the meaning of IAS 24, have been eliminated in the course of consolidation and are therefore not commented on in this note. The consolidated financial statements do not include any associated companies that are accounted for using the equity method.

In the financial years 2021/22 and 2020/21, the Company incurred costs in connection with the private placement and listing and its preparation. Due to a cost sharing and indemnity agreement entered into with its direct and indirect shareholders, the costs incurred were invoiced to its shareholders (with the percentage of the secondary shares) so that these costs represented a pass-through item (amounts to €8,032 thousand which have already been settled).

In FY 2021/22 transaction volume regarding the purchase of tools with Kunststoff Schwanden AG was €145 thousand (PY: €208 thousand).

For the remuneration of and other transactions with key management personnel constitute related party transactions pursuant to IAS 24, please refer to the section 5.3, section 5.13 and the Remuneration Report. The Remuneration Report will be published separately from this Annual Report on the Novem IR website on 22 July 2022.

5.13 Remuneration of key management personnel

The key management personnel are the members of the Management and Supervisory Board of Novem Group S.A. The total remuneration paid to the Management Board members is calculated as the sum of base salary, short-term incentive, expenses for fringe benefits and pensions, as well as the fair value of the share-based Performance Share Plan. For further information regarding the share-based Performance Share Plan, please refer to section 5.3.

The Group is obliged by Luxembourg law to draw up a Remuneration Policy as well as a Remuneration Report for the members of the Supervisory Board and Management Board of Novem Group S.A. The Remuneration Policy and Remuneration Report are prepared in accordance with Art. 7bis and Art. 7ter of the Luxembourg Law of 24 May 2011 on Shareholder Rights, as amended.

The total remuneration of the Management Board during the reporting period is as follows:

in € thousand	FY 2020/21[1]	FY 2021/22[2]
Base salary	2,990	1,215
Fringe benefits	256	130
Pension expenses[3]	1,072	1,502
Non-recurring payments[4]		385
Short-term incentive	1,345[5]	124
Long-term incentive		69
Remuneration	**5,663**	**3,425**

1 In financial year 2020/21 the definition of the key management personnel was different compared to the reporting year 2021/22 and included the members of management, split into the positions of CEO, CFO and the Heads of Corporate Departments.
2 Remuneration displayed for Management Board members for full financial year 2021/22. In deviation to this, the Remuneration Report provides information on the pro-rated compensation of the Management and Supervisory Board members of Novem Group S.A. since the IPO of Novem Group S.A, i.e. for the period from 19 July 2021 to 31 March 2022.
3 Current and past service cost according to IAS 19
4 One-time payment due to the IPO of Novem Group S.A.
5 Adjusted

The present value of the pension entitlements of the Management Board amounts to €5,502 thousand (31 March 2021: €4,152 thousand). The total remuneration paid to the Supervisory Board members is calculated as the sum of fixed compensation and committee compensation. In the financial year 2021/22, the members of the Supervisory Board of Novem Group S.A. were active during the period from 1 July 2021 to 31 March 2022. For this period, the total remuneration for the members of the Supervisory Board amounts to €240 thousand.

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5.14 Audit fees and services

The following fees for the Group auditor only concern services directly related to the Group parent, Novem Group S.A. and its subsidiaries.

in € thousand	FY 2020/21	FY 2021/22
Audit services	1,040	881
Other assurance services	10	1,515
Tax advisory services	869	501
Fees	**1,919**	**2,897**

5.15 Subsequent events

There were no events or developments that could have materially affected the measurement and presentation of the Group's assets and liabilities as of 31 March 2022.

RESPONSIBILITY STATEMENT

We, Günter Brenner (Chief Executive Officer), Dr. Johannes Burtscher (Chief Financial Officer), Christine Hollmann (Director Financial Audit and Tax) and Frank Schmitt (Director Consolidation and Internal Audit), confirm, to the best of our knowledge, that the consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Novem Group S.A. and the undertakings included in the consolidation taken as a whole and that the Group Management Report includes a fair review of the development and performance of the business and the position of the Novem Group S.A. and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Luxembourg, 27 June 2022

Novem Group S.A.
Management Board

Günter Brenner   Dr. Johannes Burtscher

Christine Hollmann   Frank Schmitt

SETUP AND ORGANISATION OF THE MANAGEMENT BOARD

In the financial year ending 31 March 2022, the Management Board of Novem Group S.A. diligently fulfilled its tasks in accordance with the statutory requirements, the Articles of Association of Novem Group S.A. as well as the Rules of Procedure of the Management Board of the Company, approved by the Management Board and the Supervisory Board on 1 July 2021. It regularly made decisions regarding strategic and operational topics. In the financial year ending 31 March 2022, the members of the Management Board were Günter Brenner (Chairman and CEO), Dr. Johannes Burtscher (CFO), Christine Hollmann (Director Financial Audit and Tax) and Frank Schmitt (Director Consolidation and Internal Audit).

The Management Board held in total eight regular meetings during the financial year ending 31 March 2022. All of the eight meetings were attended by all of the members of the Management Board. In the meetings, the Management Board regularly discussed the status and performance of the Group including risks and opportunities, its market position, course of business as well as relevant financial data. The discussions were based on regular and extensive reports in verbal and written form presented by the relevant members of the Management Board. The Management Board maintained close contact also outside of the regular meetings to exchange all important information related to the Novem Group. This close collaboration also included strategy discussions as well as information on the organisational development.

During the financial year ending 31 March 2022, there were no conflicts of interest between the members of the Management Board and the Company.

INDEPENDENT AUDITOR'S REPORT

EY

To the Shareholders of
Novem Group S.A.
(formerly: Car Interior Design S.à r.l.)
19, Rue Edmond Reuter
5326 Contern, Luxembourg

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Novem Group S.A. and its subsidiaries (the "Group" or "Novem"), which comprise the consolidated statement of financial position as at 31 March 2022, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, 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 2022, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs 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 Ethics Standards Board for Accountants' Code of Ethics for Professional 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of the audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Risk identified

The Group's revenue is mainly generated from the sales of serial parts, the provision of development services and sales of tools necessary for the production of the serial parts.

Revenue is considered a key audit matter because of its significance, the high transactions volume as well as the inherent risk associated with the recognition and measurement of revenue.

The revenue reported in the consolidated financial statements is one of the main financial performance indicators used by the Management Board of Novem. As a general rule, revenue is recognised upon satisfaction of the respective performance obligation, namely the date on which the customer obtains control over the underlying asset.

The recognition of revenue is subject to the risk that revenue is recognised at a wrong time and thus, leads to a presentation in the wrong period, or the recognition of fictitious revenue.

Novem usually concludes multiple-element contracts with customers, which contain more than one performance obligation. Novem has identified the following main performance obligations:

- The provision of development services and the sales of tools necessary for the production of serial parts (consisting of the trims inside the car)
- Sales of the serial parts

Revenue from development work and subsequent sale of special tools is recognised upon completion and sale of the tool to the customer, at a point in time, corresponding to the date of delivery or acceptance.

Serial parts are customised to the customer, represent assets with no alternative use and Novem has an enforceable right to payment for services rendered to date. As a result, revenue for these serial parts is recognised over time.

Revenue results from a range of individual transactions in the form of separate deliveries. Moreover, continuous price negotiations with customers lead to regular changes in transaction prices and, hence, to changes in the measurement of the revenue recognised.

Due to the inherent risk associated with the recognition and measurement of revenue, its significance and the high transactions volume, we consider the recognition of revenue from the serial production and serial sale as a key audit matter.

Our answer

Our audit procedures over revenue recognition included, among others:

- We documented our understanding of the revenue recognition process and an understanding of the contractual arrangements with the customers, performed walkthroughs over each class of revenue transactions and evaluated the design and implementation of the related controls.
- We obtained an understanding of current market trends in the industry as they would apply to the Group.
- We assessed the compliance with the requirements and accounting treatment of revenue recognition in accordance with IFRS 15.
- We obtained external customer confirmations on a sample basis.
- We performed a correlation testing between revenue, receivables and cash and checked a sample of incoming payments to the corresponding bank statements.
- We agreed a sample of tooling transactions to the general ledger by reference to contracts, correspondence with the customer, and subsequent cash collection. We inspected correspondence with customers to assess that the tooling was ready for serial production when tooling revenue was recognised.
- For tooling projects that will not result in immediate cash payments but rather are amortised over the unit price of the serial product, we inspected on a sample basis a combination of correspondence with the customer, computation details or price list details to assess the amount of compensation for the performance achieved, which will, in turn, need to be amortised over the project's life.
- We identified and analysed on a sample basis nor-routine sales transactions and entries, for example, debits or credits related to price adjustments and other non-recurring events.
- We determined whether the corresponding trade receivables had been settled by the customer by paying the invoice amount in the customary business cycle.
- We evaluated management's assumptions associated with the provisions for price risks based on historical fact patterns and trends in each of the significant locations.
- We assessed the adequacy of the Group's disclosures in respect of the accounting policies on revenue recognition as disclosed in Note 2.16 and Note 4.1 to the consolidated financial statements.

Other information

The Management Board is responsible for the other information. The other information comprises the information included in the Consolidated Management Report and the corporate governance statement but does not include the consolidated financial statements and our report of *réviseur d'entreprises agréé* thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and those charged with governance for the consolidated financial statements

The Management Board 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 Management Board determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board is responsible for presenting and marking up the consolidated financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the consolidated financial statements, the Management Board 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 Management Board either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Responsibilities of the *réviseur d'entreprises agréé* for the audit of the consolidated financial statements

The objectives of our audit 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and with the 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of Management Board's 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.
- Assess whether the consolidated financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.
- 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as *réviseur d'entreprises agréé* by the General Meeting of the Shareholders on 30 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The Consolidated Management Report is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the Consolidated Management Report, is the responsibility of the Management Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the consolidated financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the consolidated financial statements of the Group as at 31 March 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Group, it relates to:

- Financial statements prepared in valid xHTML format
- The XBRL markup of the consolidated financial statements using the core taxonomy and the common rules on markups specified in the ESEF Regulation

In our opinion, the consolidated financial statements of the Group as at 31 March 2022, identified as *2022-03-31-Novem_Annual_Report_2021-22*, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

Luxembourg, 27 June 2022

Ernst & Young
Société anonyme
Cabinet de révision agréé

Yves Even

5 Annual accounts

PROFIT AND LOSS ACCOUNT

for the financial year ended 31 March 2022

in € thousand	Note	FY 2021/22	FY 2020/21
Other operating income	9	**5,879**	**3,392**
Raw materials and consumables and other external expenses		**5,216**	**3,405**
Raw materials and consumables		9	0
Other external expenses	10	5,208	3,405
Staff costs	11	**475**	**0**
Wages and salaries		443	0
Social security costs		32	0
Value adjustments in respect of formation expenses and on tangible and intangible fixed assets		537	0
Other operating expenses		228	2
Other interest receivable and similar income	12	12,331	26,313
derived from affiliated undertakings		12,331	26,313
other interest and similar income		0	0
Interest payable and similar expenses	13	10,180	24,909
concerning affiliated undertakings		7,404	24,909
other interest and similar expenses		2,776	0
Tax on profit	14	**487**	**356**
Other taxes		**13**	**0**
Profit or loss for the financial year		**1,075**	**1,034**

The accompanying notes form an integral part of these stand-alone financial statements.

BALANCE SHEET

as of 31 March 2022

Assets

in € thousand	Note	31 Mar 22	31 Mar 21
Formation exenses	3	3,713	0
Fixed assets	4	924,217	602,239
Tangible assets			
Other fixtures and fittings, tools and equipment		23	0
Financial assets	5		
Shares in affiliated undertakings	5.1	674,159	160,028
Loans to affiliated undertakings	5.2	250,035	442,211
Current assets			
Debtors	6	**7,013**	**26,110**
Amounts owed by affiliated undertakings	6.1	6,648	26,109
becoming due and payable within one year		6,648	26,109
Other debtors	6.2	365	2
becoming due and payable within one year		365	2
Cash at bank and in hand		915	7
Total assets		**935,858**	**628,356**

Capital, reserves and liabilities

in € thousand	Note	31 Mar 22	31 Mar 21
Capital and reserves	7	**682,483**	**162,128**
Subscribed capital		430	63
Share premium account		540,803	21,891
Reserves		149	149
Legal reserve		6	6
Other non available reserves		143	143
Profit or loss brought forward		140,025	138,992
Profit or loss for the financial year		1,075	1,034
Creditors	8	**253,375**	**466,229**
Amounts owed to credit institutions	8.1	250,063	0
becoming due and payable within one year		63	0
becoming due and payable after more than one year		250,000	0
Trade creditors	8.2	560	0
becoming due and payable within one year		560	0
Amounts owed to affiliated undertakings	8.3	813	461,899
becoming due and payable within one year		813	20,734
becoming due and payable after more than one year		0	441,165
Other creditors	8.4	1,939	4,330
Tax authorities		1,195	930
Social security debts		8	0
Other creditors		736	3,400
becoming due and payable within one year		736	3,400
Total capital, reserves and liabilities		**935,858**	**628,356**

The accompanying notes form an integral part of these stand-alone financial statements.

NOTES TO THE ACCOUNTS

1 General

Novem Group S.A. (the "Company", formerly Car Interior Design (Luxembourg) S.à r.l.) was originally formed as a private company (société à responsabilité limitée) for an unlimited period of time under the laws of Luxembourg on 12 July 2011 pursuant to a deed of incorporation published in the Mémorial, Recueil des Sociétés et Associations C on 28 September 2011, number 2306.

In June 2021, the extraordinary General Shareholders' Meeting converted the Company 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. The Company's corporate name was amended to Novem Group S.A. The Company is registered under the number B 162.537 in the Luxembourg trade register.

In conjunction with the conversion of the Company to a public company limited by shares, Günter Brenner was appointed as Chief Executive Officer, Dr. Johannes Burtscher was appointed as Chief Financial Officer, Christine Hollmann was appointed as Director Financial Audit and Tax and Frank Schmitt was appointed as Director Consolidation and Internal Audit of Novem Group S.A.

All members of the Management Board of Novem Group S.A. are appointed until the date of the Annual General Meeting of Novem Group S.A. approving the annual accounts for the period ending 31 March 2022.

The Company is managed by a Management Board under the supervision of the Supervisory Board.

The Company is formed for an unlimited duration.

The purpose of the Company is the taking of participating interests in whatsoever from in other, either in Luxembourg or foreign companies and the management, control and development of such participating interests. The Company may, in particular, acquire all types of transferable securities, either by way of contribution, subscription, option, purchase or otherwise, as well as realise them by sale, transfer, exchange or otherwise. The Company may also acquire and manage all patents and trademarks and connected licenses and other rights deriving from these patents or complementary thereto. The Company may borrow and grant any assistance, loan, advance or guarantee to companies in which it has participation or in which it has a direct or indirect interest. The Company may, for its own account as well as for the account of third parties, carry out any commercial, industrial or financial activities which may be useful or necessary to the accomplishment of its purposes or which are related directly or indirectly to its purpose.

The Company became listed on 19 July 2021.

The Company's financial year begins on 1 April and ends on 31 March of each year.

The consolidated financial statements are prepared in accordance with EU regulation 1606/2002.

The Company's financial statements are presented in Euro, the Company's functional currency. All amounts are rounded to the nearest thousand Euro unless otherwise indicated. Totals in tables were calculated on the basis of exact figures and rounded to the nearest thousand Euro. For computational reasons, there may be rounding differences to the exact mathematical values in tables and references (monetary units, percentages, etc.).

It was noted that the board closely monitored developments in relation to the Covid-19 pandemic and the impact on the Company. The board has made an assessment of the Company's ability to continue its activities as a going concern. It concluded that, as of the establishment of these annual accounts, it is reasonable to assume that the Company will be able to continue as a going concern. However, market conditions subsequent to year-end and related uncertainties could result in outcomes that require an adjustment to the carrying amount of assets and liabilities affected in future periods.

Management has assessed the potential impact regarding the war in Ukraine. Although not directly affected by the military conflict, the indirect impact mainly resulting from increasing energy prices and interest rates, volatility of commodity prices and potential disruptions of supply chains on the business cannot be estimated with a sufficient degree of confidence at the moment. Since the beginning of the war on 24 February 2022, management has regularly reviewed the implications of the changing geopolitical and macro-economic conditions and has not identified a going concern or a significant issue, beyond the general scope of impact, on the performance and financial position of the Group as of today. Management continues to monitor the current developments and their potential impact on the Group.

The official version of the accounts is the ESEF version available with the Officially Appointed Mechanism (OAM) tool.

2 Summary of significant valuation and accounting policies

Basis of preparation

The annual accounts were prepared in accordance with Luxembourg's legal and regulatory requirements under the historical cost convention and the going concern assumption. Accounting policies and valuation rules are, besides the ones laid down by the Commercial Law dated 10 August 1915 as amended and the amended Law of 19 December 2002, determined and applied by the Management Board.

From the current perspective, there are no risks to the continued existence of Novem Group S.A. and its affiliated companies.

In preparing the financial statements in accordance with Luxembourg Generally Accepted Accounting Principles, management has made judgements 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.

Foreign currency translation

The Company maintains its books and records in Euro. The balance sheet and the profit and loss account are expressed in this currency.

Formation expenses, tangible and financial fixed assets denominated in currencies other than Euro are translated at the historical exchange rates.

Cash at bank denominated in currencies other than Euro is translated at the exchange rates prevailing at the date of the balance sheet.

Current assets and liabilities denominated in currencies other than Euro are recorded globally at the exchange rates prevailing at the date of the balance sheet.

Long-term debts denominated in currencies other than Euro are translated at the historical exchange rates.

As a result, realised exchange gains and losses and unrealised exchange gains and losses are recorded in the profit and loss account.

Formation expenses

The position carries expenses arising from the context of the private placement and stock exchange listing (capital market transactions) of the Novem Group S.A. relating to the newly issued shares and the refinancing. Formation expenses are measured at cost less accumulated value adjustments. Depreciation is recorded on a straight-line basis in accordance with its utilisation.

Intangible and tangible assets

Intangible and tangible assets are used for business purposes and are measured at cost less accumulated value adjustments. Depreciation on intangible and tangible assets is recorded on a straight-line basis in accordance with its utilisation and based on the useful life of the asset. The residual value, depreciation methods and useful life are reviewed annually and adjusted, if necessary.

Useful life of tangible assets (Other fixtures and fittings, tools and equipment): 5 years

Financial assets

Shares in affiliated undertakings, participating interests and securities held as fixed assets are stated at acquisition cost. Write-downs are recorded if a permanent reduction in the fair value is expected. The impairment analysis is done individually for each investment.

Loans to affiliated undertakings are recorded at their nominal value. Loans are written down to their recoverable amount if there is a permanent impairment.

These value adjustments may not be continued if the reasons for which the value adjustments were recognised have ceased to exist.

Debtors

Current receivables are recorded at their nominal value. Current receivables are written down to their recoverable amount if there is a permanent impairment.

These value adjustments may not be continued if the reasons for which the value adjustments were recognised have ceased to exist.

Cash

Cash at bank and in hand is recorded at its nominal value and comprises bank current accounts.

Provisions

Provisions are made at year-end and in the event, the Company has a legal or implicit obligation resulting from a past event, where it is likely that an amount will have to be paid out to meet this obligation and where the amount of the obligation can be reliably determined. The amount of the provision corresponds to the most accurate estimate of the expenditure required to meet the obligation existing on the last day of the year.

Creditors

Debts are recorded at their reimbursement value. Where the amount repayable on account exceeds the amount received, the difference is shown as an asset and is written off over the period of debt.

3 Formation expenses

Formation expenses comprised expenses arising from the context of the private placement and stock exchange listing of the Novem Group S.A. relating to the newly issued shares and the refinancing.

Formation expenses were written off on a straight-line basis over a period of five years (60 months).

in € thousand	Total
Gross value	
Balance as of 01 Apr 21	0
Additions	4,247
Disposals	0
Balance as of 31 Mar 22	**4,247**
Accumulated value adjustments	
Balance as of 01 Apr 21	0
Additions	534
Disposals	0
Balance as of 31 Mar 22	**534**
Net value	
Balance as of 01 Apr 21	0
Balance as of 31 Mar 22	**3,713**

4 Fixed assets

Tangible assets

Fixed assets were written off on a straight-line basis over a period of five years.

in € thousand	Total
Gross value	
Balance as of 01 Apr 21	0
Additions	26
Disposals	0
Balance as of 31 Mar 22	**26**
Accumulated value adjustments	
Balance as of 01 Apr 21	0
Additions	4
Disposals	0
Balance as of 31 Mar 22	**4**
Net value	
Balance as of 01 Apr 21	0
Balance as of 31 Mar 22	**22**

The tangible fixed assets comprised office equipment. The Management Board believes that no value adjustment was required on the Company's tangible assets.

5 Financial assets

5.1 Shares in affiliated undertakings

The shares in affiliated undertakings of the Company consist of an investment in the Novem Group ("Novem"). The Company is the sole shareholder of Novem Group GmbH (the "Subsidiary"). Through the Subsidiary, which is not audited on a stand-alone basis as of 31 March 2022, the Company owns 100% of Novem.

Subsidiary	Registered office	Percentage of ownership	Closing date of the last approved accounts (unaudited)
Novem Group GmbH	Weiden i.d. Oberpfalz	100%	31 Mar 22

in € thousand	Shareholder's equity	Results of the last financial period	Book value at 31 Mar 21	Additional contribution	Book value at 31 Mar 22
Novem Group GmbH	674,156	22,527	160,028	514,131	674,159

The Management Board believes that no value adjustment was required on the Company's financial assets.

5.2 Loans to affiliated undertakings

As of 31 March 2022, amounts owed by affiliated undertakings consisted of the following loan agreements:

Borrower	Starting date	Maturity date	Interest rate
Novem Group GmbH	23 Jul 21	20 Jul 26	2.5% p.a.[1]

in € thousand	Principal amount	Accrued interests	Book value at 31 Mar 22
Novem Group GmbH	250,000	35	250,035

1 Interests are calculated on the basis of a 360 days-year with months of 30 days each.

As of 31 March 2021, amounts owed by affiliated undertakings consisted of the following loan agreements:

Borrower	Starting date	Maturity date	Interest rate
Novem Group GmbH	23 May 19	31 Dec 24	6.0% p.a.[1]

in € thousand	Principal amount	Capitalised interests	Accrued interests
Novem Group GmbH	416,860	25,351	22,700

1 Interests are calculated on the basis of a 360 days-year with months of 30 days each.

In the course of the private placement and stock exchange listing the loan was contributed, please see note 7.

6 Debtors

6.1 Amounts owed by affiliates undertakings

The amount mainly related to receivables from affiliated undertakings for providing management services and a newly incorporated intercompany loan (31 March 2022: €5,000 thousand) in the course of the refinancing related to the private placement and stock exchange listing. As of 31 March 2021, the position carried €26,109 thousand. The amount comprised invoices of cost reimbursements of €3,392 thousand related to the private placement and stock exchange listing and accrued interest of €22,717 thousand.

6.2 Other debtors

The amount mainly related to receivables from the tax authorities.

7 Capital and reserves

The extraordinary General Shareholders' Meeting, held in June 2021, converted the Company's corporation form from a private limited liability company (société à responsabilité limitée) to a public company limited by shares (société anonyme). Consequently, the shares (parts sociales) were also converted and became *actions* with no nominal value.

During the same extraordinary General Shareholders' Meeting, the Company's share capital was increased from its then-current amount of €63 thousand to €400 thousand by the creation and the issuance of 33,750 new shares with no nominal value each by way of the incorporation of the amount of €337,500 thousand which was booked under the available share premium account.

On 30 June 2021, the extraordinary General Shareholders' Meeting resolved to create and set the authorised capital of the Company (including, for the avoidance of doubt, the Company's issued share capital) at €520 thousand divided into 52,000,000 shares with no nominal value.

The Management Board is authorised, with the consent of the Supervisory Board, up to the maximum amount of the authorised 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 premium 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 the 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.

On 30 June 2021, the extraordinary General Shareholders' Meeting resolved to authorise 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 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.

On 14 July 2021, 3,030,303 new ordinary shares in a dematerialised form with no nominal value were issued from the Company's authorised share capital against contributions in cash by resolution of the Management Board of the Company on the same day. Net proceeds from the private placement of these shares amounted to €49,125 thousand 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 Listing attributable to the Company. As a result, the share capital of the Company amounts to €430 thousand and is divided into 43,030,303 ordinary shares in a dematerialised form with no nominal value. Each share of the Company represents a par value of €0.01 in the Company's share capital. All shares are fully paid up.

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

Capital and reserves

in € thousand	Subscribed capital	Share premium and similar premiums	Legal reserve	Special reserve net wealth tax	Interim dividends	Results brought forward	**Total equity**
Balance as of 01 Apr 21	63	21,891	6	143	0	138,992	**161,095**
Additions	367						**367**
Contributions		518,912					**518,912**
Allocation of the result 2020/21						1,034	**1,034**
Balance as of 31 Mar 22	**430**	**540,803**	**6**	**143**	**0**	**140,025**	**681,407**

Subscribed capital

As of 31 March 2022, the issued and fully paid-up subscribed capital amounted to €430 thousand (31 March 2021: €63 thousand) and was represented by 43,030,303 shares of €0.01 each (31 March 2021: 62,500 shares of €1.00 each).

Share premium and similar premiums

As of 31 March 2022, the share premium and similar premiums account of the Company amounted to €540,803 thousand (31 March 2021: €21,891 thousand).

Legal reserve

In accordance with Luxembourg law, the Company is required to appropriate a minimum of 5% of the net profit after tax for the year to a legal reserve until the balance of such reserve is equal to 10% of the issued share capital. The legal reserve is not available for distribution to shareholders except upon the dissolution of the Company. The legal obligation was fulfilled for the last financial year and will likewise be done for the current financial year.

Special reserve net wealth tax (NWT)

In accordance with paragraph 8a of the 16 October 1934 law as amended, the Company is entitled to reduce the net wealth tax due for the year by an amount which can not exceed the corporate income tax due for the year. In order to avail of the above, the Company must set up a restricted reserve equal to five times the amount of the net wealth tax credited. This reserve has to be maintained for a period of five years following the year in which it was created. In case of distribution of the restricted reserve, the tax credit falls due during the year in which it was distributed.

Special reserve NWT

NWT of the year	Reserve to be created in FS	Amount in € thousand
2016	2017	16,200
2017	2018	10,525
2018	2017	17,800
2019	2019	33,325
2020	2019	35,425
2021	2020	29,875
Total		**143,150**

8 Creditors

8.1 Amounts owed to credit institutions

On 23 July 2021, the Company has drawn the €250,000 thousand under the term facility being part of the €310,000 thousand term and revolving facilities agreement the Company and its direct subsidiary Novem Group GmbH and certain other subsidiaries entered into with Bayerische Landesbank, Commerzbank, DZ Bank AG Deutsche Zentral-Genossenschaftsbank, Landesbank Baden-Württemberg, Raiffeisen Bank International, UniCredit and J.P. Morgan as lead arrangers on 18 June 2021. The term facility initially bore interest at 1.5% per annum, which may be increased or reduced to a margin range between 2.0% and 0.75% per annum depending on the total net leverage of the Group. As of 31 March 2021, there were no amounts owed to credit institutions.

8.2 Trade creditors

The amount consisted of several invoices for legal and advisory services.

8.3 Amounts owed to affiliated undertakings

The amount comprised invoices of cost reimbursements related to the private placement and stock exchange listing.

8.4 Other creditors

The position included mainly taxes relating to the actual financial year and prior years (31 March 2022: €1,195 thousand, 31 March 2021: €930 thousand).

9 Other operating income

The other operating income included reimbursements for management services provided by Novem Group S.A. to other Novem Group companies amounting to €698 thousand and cost reimbursements of €5,181 thousand (31 March 2021: €3,392 thousand).

10 Other external expenses

The amount included mainly legal and advisory fees of €4,530 thousand (31 March 2021: €2,949 thousand) related to the private placement and stock exchange listing and to a smaller amount audit fees of €355 thousand (31 March 2021: €443 thousand).

11 Staff costs

The Company employed four employees as of 31 March 2022. The average number of employees in the financial year 2021/22 was four. As of 31 March 2021, the Company employed no staff.

12 Other interest receivable and similar income

The income from other interest receivable and similar income derived from affiliated undertakings of €12,331 thousand (31 March 2021: €26,313 thousand) comprised the interest from the shareholder loans and the intercompany loan. The reduction originated from the refinancing related to the private placement and stock exchange listing.

13 Interest payable and similar expenses

The position carried the amounts concerning affiliated undertakings of €7,405 thousand (31 March 2021: €24,909 thousand) and interest payables to banks of €2,625 thousand (31 March 2021: €0 thousand) for the newly incorporated term loan. The decreased amount from affiliated undertakings resulted from the contribution of the existing shareholder loans related to the private placement and stock exchange listing.

14 Taxation

The Company is subject to Luxembourg company tax law.

15 Related parties

Novem Group S.A. is obliged by the European directive and Luxembourg law to draw up a remuneration policy for the Supervisory Board as well as the Management Board. The principles and measurement of the remuneration policy for the Management Board and Supervisory Board of the Novem Group S.A. are prepared in accordance with Article 7bis of the Luxembourg law of 24 May 2011 on Shareholders.

In the financial years 2020/21 and 2021/22, the Company incurred costs in connection with the private placement and listing and its preparation. Due to a cost-sharing and indemnity agreement entered into with its direct and indirect shareholders, the costs incurred were invoiced to its shareholders (with the percentage of the secondary shares) so that these costs represented a pass-through item (amounts of a middle one-digit-million Euro amount, which have already been settled).

16 Share-based payments

The Management Board members of Novem Group S.A. participated in a long-term incentive (Performance Share Plan) in the form of virtual shares. The Performance Share Plan is classified according to IFRS 2 as a cash-settled share-based payment.

The Performance Share Plan is granted in annual tranches of virtual shares with a respective performance period of four years. Deviating from this, the performance period of the tranche 2021 started on the day of the listing of Novem Group S.A. and will end on 31 March 2025.

The conditionally granted number of virtual shares at the beginning of the performance period is calculated for each tranche by dividing a contractually defined individual target amount by the start share price of the share of Novem Group S.A. (arithmetic mean of the closing prices of the stock during the last 60 trading days prior to the start of the performance period). In deviation from this, the start share price for the tranche 2021 was calculated based on the arithmetic mean of the 60 trading days following the IPO.

The final number of virtual shares is determined by multiplying the total target achievement with the conditionally granted number of virtual shares. The total target achievement depends on the target achievement of the two financial figures relative Total Shareholder Return (70% weighting) and Adj. EBIT margin (30% weighting). Thereby, the target achievement of relative Total Shareholder Return and Adj. EBIT margin can range between 0% and 150%.

In order to determine the payout in cash, the final number of virtual shares is multiplied by the end share price of the share of Novem Group S.A. (arithmetic mean of the closing prices of the stock during the last 60 trading days prior to the end of the performance period) plus the sum of the dividends disbursed during the performance period. The payout is capped at 200% of the contractually defined individual target amount.

The first tranche of the Performance Share Plan was allocated to Management Board members of Novem Group S.A. for the financial year 2021/22. In total, the number of conditionally granted virtual shares for the financial year 2021/22 amounted to €40,826 thousand. The expenses for the financial year 2021/22 amounted to €69 thousand. The provisions as of 31 March 2022 were also €69 thousand.

The fair value of the Performance Share Plan to calculate expenses and provisions was determined by using a Monte-Carlo-Simulation. The fair value and the inputs used in the assessment of the fair value as of 31 March 2022 were as follows.

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1 TO OUR SHAREHOLDERS
2 NON-FINANCIAL REPORT
3 GROUP MANAGEMENT REPORT
4 CONSOLIDATED FINANCIAL STATEMENTS
5 ANNUAL ACCOUNTS
6 ADDITIONAL INFORMATION

Input parameters for fair value assessment of Performance Share Plan

Valuation date	31 Mar 22
Performance period	19 Jul 21 – 31 Mar 25
Start share price Novem Group S.A.	€16.46
Remaining duration of performance period	3.0 years
Expected annual volatility	44.9%
Risk-free annual interest rate	0.1%
Expected target achievement for internal target EBIT margin	100%
Fair value per virtual share	**€8.96**

17 Commitments, contingencies and pledges

The Company entered an English law governed inter-creditor agreement together with some of its subsidiaries and several financial institutions, with the Company as the original borrower of the facilities agreement and an external bank as the original facility agent and security agent.

Contingent liabilities constitute off-balance-sheet contingent liabilities recognised in the amount of the valuation as of the reporting date. Contingent liabilities included a guarantee assumed for third parties amounting to €16 thousand. The probability of claims on this guarantee was assessed as low based on past experience.

18 Subsequent events

There were no events or developments that could have materially affected the measurement and presentation of the Company's assets and liabilities as of 31 March 2022.

RESPONSIBILITY STATEMENT

We, Günter Brenner (Chief Executive Officer), Dr. Johannes Burtscher (Chief Financial Officer), Christine Hollmann (Director Financial Audit and Tax) and Frank Schmitt (Director Consolidation and Internal Audit), confirm, to the best of our knowledge, that the annual accounts which have been prepared in accordance with the legal requirements and generally accepted accounting principles applicable in the Grand Duchy of Luxembourg, give a true and fair view of the assets, liabilities, financial position and profit and loss of Novem Group S.A. and that the Group Management Report includes a fair review of the development and performance of the business and the position of Novem Group S.A., together with a description of the principal risks and uncertainties that they face.

Luxembourg, 27 June 2022

Novem Group S.A.
Management Board

Günter Brenner   Dr. Johannes Burtscher

Christine Hollmann   Frank Schmitt

INDEPENDENT AUDITOR‘S REPORT

To the Shareholders of
Novem Group S.A.
(formerly: Car Interior Design S.à r.l.)
19, Rue Edmond Reuter
5326 Contern, Luxembourg

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Novem Group S.A. ("the Company"), which comprise the balance sheet as at 31 March 2022, and the profit and loss account for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2022, and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements.

Basis for opinion

We conducted our audit in accordance with EU Regulation N° 537/2014, 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs are further described in the *Responsibilities of the réviseur d'entreprises agréé for the audit of the financial statements* section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the 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.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of the audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Impairment of Shares in and loans to affiliated undertakings

Risk identified

Novem Group S.A. ("Novem"), as the ultimate holding of a Group holding several affiliated entities, holds a number of shares in and loans to affiliated undertakings, which are operating mainly in several markets specialised in the supply of trim parts and decorative functional elements of vehicle interiors in the premium sector. As described in Note 5.1 to the financial statements, the shares in affiliated undertakings amounting to €674,159,408.84 as at 31 March 2022, representing 72% of the total assets, are valued at cost less any durable impairment in value. As described further in Note 5.2, loans to affiliated undertakings amounting to €250,034,722.20 as at 31 March 2022, representing 27% of the total assets, are valued at cost less any durable impairment in value.

At least annually, the Company evaluates the carrying value of the investments. Impairment losses are measured and recorded based on the difference between the estimated recoverable amount and the carrying amount of the asset. Impairment of shares in and loans to affiliated undertakings is considered a key audit matter due to their weight of the total assets and the business industry of these investments. Impairment is reversed when the existing reasons for which the value adjustments were made have ceased to apply.

Our answer

Our audit procedures over the impairment of the shares in and loans to affiliated undertakings included, among others:

- Obtaining and reading the latest capital call to which Novem Group S.A. subscribed or the shareholders' agreements to confirm the acquisition cost of each investment and the movements during the year.
- Obtaining and reading the latest financial statements of each investment in order to identify whether any going concern issue or liquidity issue exists at the investment level and ultimately if the investment is recoverable.
- Assessing the valuation model prepared by Management and its impairment test for the determination

of the recoverable amount of the investments.

- Recomputing the fair value of equity interests of the investments prepared by Management and comparing the carrying value of the investments to the fair market value of equity interests in order to determine whether an impairment or a reversal of impairment exists.
- Assessing the valuation of guarantees provided by the Company to direct or indirect affiliated companies.

We also assessed the adequacy of the Company's disclosures in respect of the accounting policies on impairment as disclosed in Note 2 and Note 5 to the financial statements.

Other information

The Management Board is responsible for the other information. The other information comprises the information included in the Management Report and the corporate governance statement but does not include the financial statements and our report of *réviseur d'entreprises agréé* thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report this fact. We have nothing to report in this regard.

Responsibilities of the Management Board and of those charged with governance for the financial statements

The Management Board is responsible for the preparation and fair presentation of the financial statements in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the financial statements, and for such internal control as the Management Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Management Board is also responsible for presenting the financial statements in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format, as amended ("ESEF Regulation").

In preparing the financial statements, the Management Board is responsible for assessing the Company'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 Management Board either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Responsibilities of the *réviseur d'entreprises agréé* for the audit of the financial statements

The objectives of our audit are to obtain reasonable assurance about whether the 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 EU Regulation N° 537/2014, the Law of 23 July 2016 and with the 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 financial statements.

As part of an audit in accordance with EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the 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 Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Management Board.
- Conclude on the appropriateness of Management Board's 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 Company'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 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Assess whether the financial statements have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate to them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are, therefore, the key audit matters. We describe these matters in our report unless law or regulation precludes public disclosure about the matter.

Report on other legal and regulatory requirements

We have been appointed as *réviseur d'entreprises agréé* by the General Meeting of the Shareholders on 30 June 2021 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 1 year.

The Management Report is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

The corporate governance statement, included in the Management Report , is the responsibility of the Management Board. The information required by article 68ter paragraph (1) letters c) and d) of the law of 19 December 2002 on the commercial and companies register and on the accounting records and annual accounts of undertakings, as amended, is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

We have checked the compliance of the financial statements of the Company as at 31 March 2022 with relevant statutory requirements set out in the ESEF Regulation that are applicable to the financial statements. For the Company, it relates to:

- Financial statements prepared in valid xHTML format

In our opinion, the financial statements of the Company as at 31 March 2022, identified as *2022-03-31-Novem_Annual_Report_2021-22*, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

We confirm that the audit opinion is consistent with the additional report to the audit committee or equivalent.

We confirm that the prohibited non-audit services referred to in EU Regulation No 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

Luxembourg, 27 June 2022

Ernst & Young
Société anonyme
Cabinet de révision agréé

Yves Even

6 Additional information

FINANCIAL CALENDAR

18 August 2022	Q1 2022/23 Results
25 August 2022	Annual General Meeting 2021/22
30 November 2022	HY 2022/23 Results
16 February 2023	Q3 2022/23 Results
01 June 2023	FY 2022/23 Preliminary Results
29 June 2023	FY 2022/23 Results

All information is constantly updated and available.
Please visit the investor section on the Company website:
https://ir.novem.com

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IMPRINT

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GLOSSARY

Adj. EBITDA is defined as profit for the year before income tax result, financial result and amortisation, depreciation and write-downs as adjusted for certain adjustments which management considers to be non-recurring in nature, as Novem believes such items are not reflective of the ongoing performance of the business.

Adj. EBIT is defined as EBIT as adjusted for certain adjustments which management considers to be non-recurring in nature, as Novem believes such items are not reflective of the ongoing performance of the business.

Adj. EBITDA margin is defined as Adj. EBITDA divided by revenue.

Adj. EBIT margin is defined as Adj. EBIT divided by revenue.

Articles of Association means the articles of association of the Company.

Capital expenditure is defined as the sum of cash paid for investments in property, plant and equipment and cash paid for investments in intangible assets excluding currency translation effects.

Companies' Law is the Luxembourg law of 10 August 2015 on commercial companies, as amended.

Days inventory outstanding ("DIO") is defined 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 last three months.

Days payables outstanding ("DPO") is defined 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.

Days sales outstanding ("DSO") is defined 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 last three months.

EBITDA is defined as profit for the year before income tax result, financial result and amortisation, depreciation and write-downs.

EBIT is defined as profit for the year before income tax result and financial result.

FAAC stands for Financial assets measured at amortised cost.

FAFVTPL stands for Financial assets measured at fair value through profit or loss.

FLAC stands for Financial liabilities measured at amortised cost.

FLFVTPL stands for Financial liabilities measured at fair value through profit or loss.

Gross financial debt is defined as the sum of liabilities to banks, hedging and lease liabilities.

LkSG stands for Lieferkettensorgfaltspflichtengesetz.

LMC is an independent and exclusively automotive-focused global forecasting and market intelligence service provider.

Net financial debt is defined as gross financial debt less cash and cash equivalents.

Free cash flow is defined as the sum of cash flow from operating and investing activities.

Net leverage ratio is defined as the ratio of net financial debt to Adj. EBITDA.

Total operating performance is defined as the sum of revenue and increase or decrease in finished goods.

Total working capital is defined 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 is defined as the sum of liabilities from bonds and liabilities to banks less cash and cash equivalents.

Shareholder's Rights Law is the Luxembourg law of 24 May 2011 on the exercise of certain shareholder rights in listed companies, as amended.

Takeover Law is the Luxembourg Law on Takeovers of 19 May 2006.

Trade working capital is defined as the sum of inventories non-tooling and trade receivables related to non-tooling less trade payables related to non-tooling.

Transparency Directive is the Directive 2004 / 109 / EC, as amended.

DISCLAIMER

Novem Group S.A. (the "Company") has prepared this Annual Report solely for your information. It should not be treated as giving investment advice. Neither the Company, nor any of its directors, officers, employees, direct or indirect shareholders and advisors nor any other person shall have any liability whatsoever for any direct or indirect losses arising from any use of this Annual Report. While the Company has taken all reasonable care to ensure that the facts stated in this Annual Report are accurate and that the opinions contained in it are fair and reasonable, this Annual Report is selective in nature. Any opinions expressed in this Annual Report are subject to change without notice and neither the Company nor any other person is under any obligation to update or keep current the information contained in this Annual Report. Where this Annual Report quotes any information or statistics from any external source, you should not interpret that the Company has adopted or endorsed such information or statistics as being accurate. This Annual Report contains forward-looking statements, which involve risks, uncertainties and assumptions that could cause actual results, performance or events to differ materially from those described in, or expressed or implied by, such statements. These statements reflect the Company's current knowledge and its expectations and projections about future events and may be identified by the context of such statements or words such as "anticipate", "believe", "estimate", "expect", "intend", "plan", "project" and "target". No obligation is assumed to update any such statement. Numbers were rounded to one decimal. Due to rounding, the numbers presented may not add up precisely to the totals provided.

NOVEM ANNUAL REPORT 2021/22