novem
PERFECT CAR INTERIOR

NOVEM ANNUAL REPORT 2023/24

Established in
1947

12
locations worldwide

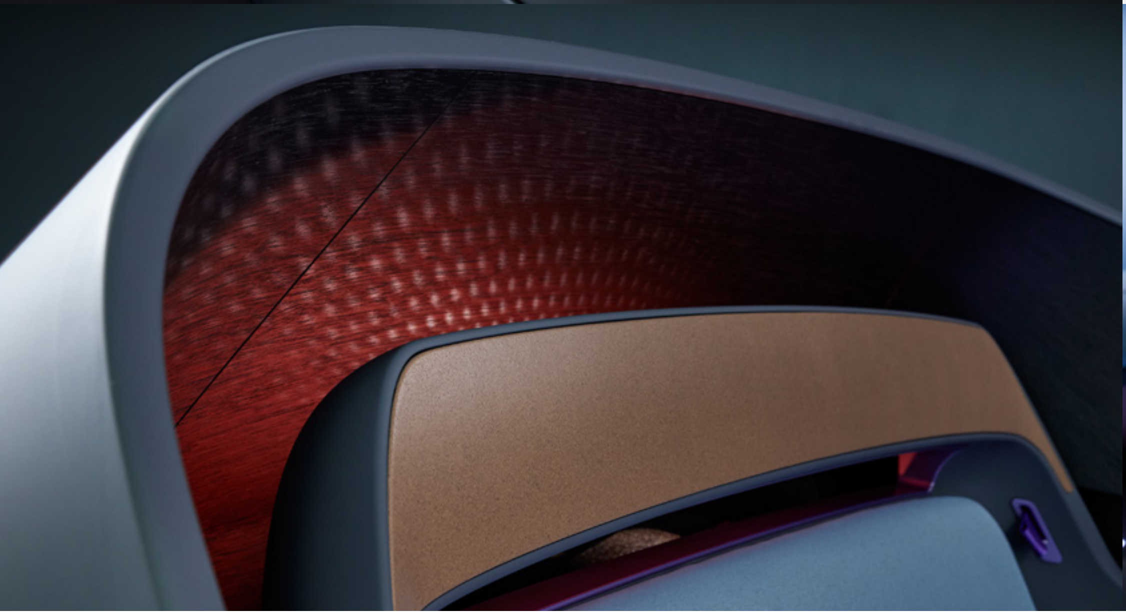
4,887
employees worldwide

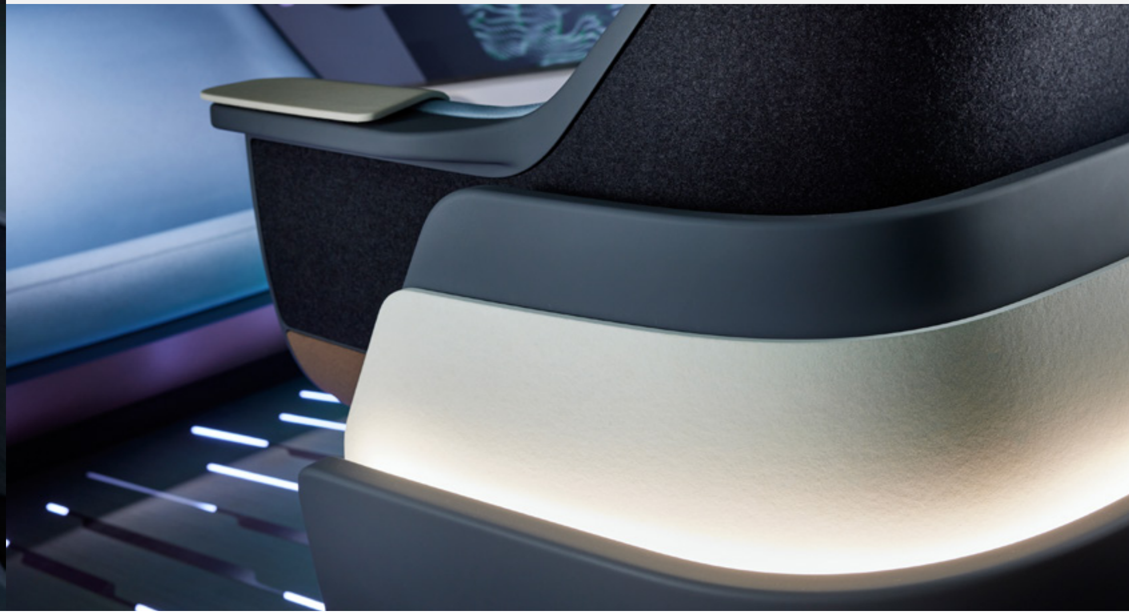
NOVEM AT A GLANCE

The Novem Group operates from 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.

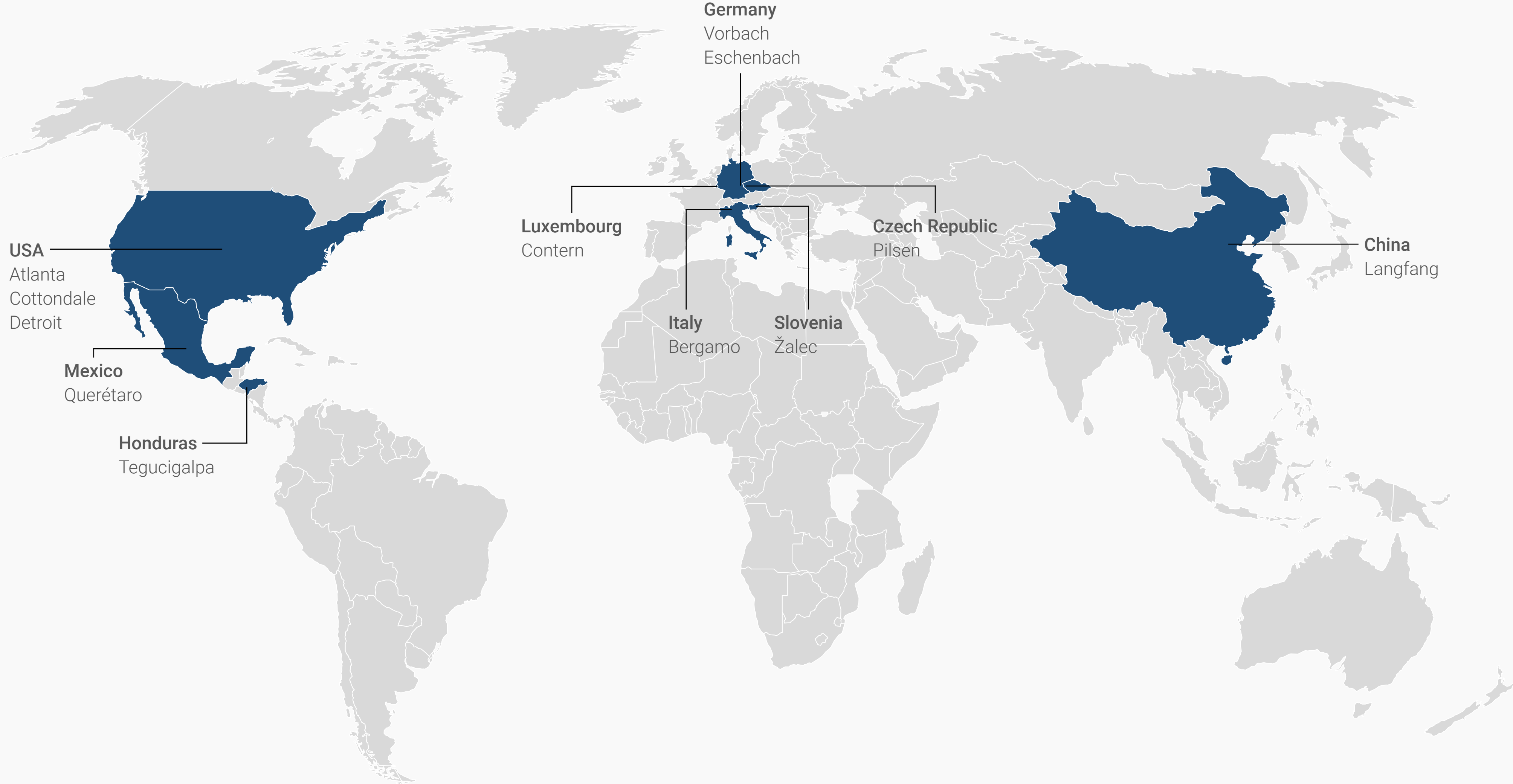
GLOBAL LEADER IN HIGH-END CAR INTERIORS

We build perfect decorative trim elements for the best cars in the world.





OUR LOCATIONS



Americas
1,780 employees

Europe
2,434 employees

Asia
673 employees

KEY RESULTS

In accordance with the European Securities and Markets Authority (ESMA) guidelines on Alternative Performance Measures (APMs), the Group provides a definition, the rationale for use and a reconciliation of APMs used. The Group uses the APMs shown in the following table. The definitions and required disclosures of all APMs are provided in the glossary of this Annual Report.

All mentioned APMs are used 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.

in € million	FY 2022/23	FY 2023/24
Income statement		
Revenue	700.3	635.5
Adj. EBIT	81.7	69.1
Adj. EBIT margin (%)	11.7%	10.9%
Adj. EBITDA	114.2	102.0
Adj. EBITDA margin (%)	16.3%	16.1%
Cash flow		
Capital expenditure	17.9	16.1
Capital expenditure as % of revenue	2.6%	2.5%
Free cash flow	84.5	53.8

in € million	31 Mar 23	31 Mar 24
Balance sheet		
Trade working capital	53.3	50.5
Total working capital	124.0	132.7
Net financial debt	123.0	164.9
Net leverage (x Adj. EBITDA)	1.1x	1.6x

ABOUT THIS REPORT

Novem Group publishes both financial and non-financial information in its Annual Report 2023/24. The financial year of Novem Group S.A. ends on 31 March and therefore covers the period from 1 April 2023 to 31 March 2024. This Annual Report includes a Non-financial Report in accordance with the Non-Financial Reporting Directive (NFRD), Luxembourg Law and with reference to the Global Reporting Initiative (GRI) Standards.

The consolidated financial statements of Novem Group S.A. and the stand-alone financial statements of Novem Group S.A. were audited by *KPMG AG Wirtschaftsprüfungsgesellschaft* (KPMG).

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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Burned wood open pore

1 To our shareholders

Markus Wittmann
Chief Executive Officer

LETTER FROM THE CEO

Ladies and gentlemen,

In the present time of transition in the entire automotive industry, we have focused above all on identifying the best possible answers to the economic challenges for Novem. Even though market conditions remain challenging in the short term, we see good prospects for the future of Novem. This is based on a solid order intake indicating positive business development in the medium term and the acquisition of new customers such as Avatr and Tesla. Reflecting the trend towards shorter development cycles, various platforms for which Novem has been newly nominated will start production within a reasonable period of time.

Starting the year at a robust margin despite the difficult market environment, we saw continued unfavourable trading conditions accompanied by softer demand over the course of the year. Although the ongoing geopolitical and economic uncertainties remain challenging, we assume that most of these conditions are temporary and are seeing small signs of an easing of the economic situation. In contrast to the previous year, when positive currency effects played into our hands, we experienced the opposite, which, together with a number of other factors, meant that we were unable to achieve growth for the year as a whole. Against this backdrop, we are particularly grateful for the commitment of our employees. Thanks to their dedication, Novem stands on a stable foundation from which we are facing up to the adverse conditions, remaining patient as well as vigilant and utilising our resilience.

We maintain our focus on acquiring new customers and expanding our business with premium brands. As an enhancement to our customer portfolio, we have succeeded in winning Avatr, Kia and Tesla as new customers, which marks a milestone in strengthening the Group’s position in all regions. Our local tech centre in Langfang, an independent engineering hub for customers in the Asian market, was key to gaining Avatr as a new Chinese premium customer and thus also consolidating our good reputation in Asia. In this way, our successful China strategy opens up excellent prospects for further acquisitions, growth and close cooperation with our customers there.

Looking at Europe and Americas, we can report a remarkable business success. For the facelift of the Tesla Model Y, we were not only nominated for the aluminium and carbon interior design but also for a matching key exterior part. This is the aluminium tailgate for which Novem offers the certainty of getting the best out of the material. The decision in favour of Novem was made at a strategic level, as we can draw on sound know-how in the processing of aluminium. After all, it shows recognition of our extensive expertise and excellent knowledge of materials. We use familiar technologies and transfer our many years of experience from interior to exterior design. Production will start in 2025.

For us, sustainability is a fundamental attitude we act on at all levels for the benefit of the environment, as well as for the benefit of our employees, our customers and our suppliers. As a global corporate citizen, we consider ourselves responsible for the society and environment in which we operate. Ensuring the health of our staff and consistently complying with workplace safety standards worldwide is important to us and is crucial to Novem's success. Since we began the process of ISO 45001 occupational health and safety certification in March 2022, this has been successfully completed for the German sites, Langfang (China), Pilsen (Czech Republic), Querétaro (Mexico) and Žalec (Slovenia). To achieve greater sustainability, we are progressing as planned towards our aim of greenhouse gas neutrality. As the production of climate-neutral cars is the clear goal for all those involved, we are contributing our share by achieving climate neutrality in Germany by 2025, in Europe by 2030 and globally by 2035. More than ever, we want to fulfil our responsibility within our supply chains and therefore take great care to ensure that our suppliers meet high environmental, social and sustainability standards.

Following our first FSC® certification *Preferred by Nature*, which we received for our site in Langfang, we are planning to carry out such certification for our site in Pilsen in the financial year 2024/25. The certification states that we meet the requirements of the FSC standard with the Chain of Custody and Controlled Wood System. One of the areas our research is currently focussing on is bio-based solutions in which renewable raw materials replace fossil-based ingredients. In this way, we are making a further active contribution to environmental protection while keeping our eye on top quality.

Considering the overall situation, we assess Novem's future business prospects with cautious optimism. We are managing the challenges by improving our cost structure and taking reasonable measures to safeguard our business model, including the closure of the Italy plant and personnel adjustments in Europe. Going forward, we uphold our mid-term guidance of 5–6% revenue growth p.a. and an Adj. EBIT margin of 14–15%.

On behalf of the Management Board and our employees, I would like to thank you all for your support in the financial year 2023/24. We value you as loyal shareholders who stand by the Novem Group. I am convinced that we are ideally positioned to face the tasks ahead and to meet current challenges. I am therefore looking forward with great enthusiasm to working together and exchanging ideas in the new financial year with Novem's best interests in mind.

Kind regards,

Markus Wittmann
Chief Executive Officer

“ Our strategic direction is proving to be right, and we have a solid and resilient foundation on which we will further build for the future. ”

— Markus Wittmann (CEO)

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The financial year ending 31 March 2024 was still affected by several geopolitical uncertainties and their direct and indirect effects on the automotive industry. Worldwide economic uncertainties still tense the supply chains. Novem had to cope with market weaknesses and the ongoing volatile call-offs by OEMs at a significantly lower level. It was the Company's aim to stabilise the ability to act economically and improve costs as much as possible.

In the financial year ending 31 March 2024, the Supervisory Board of Novem Group S.A. diligently fulfilled its duties in accordance with the statutory requirements and the Company's Articles of Association. The Supervisory Board consistently provided counsel and continuously monitored the work of the Management Board in terms of strategic and operational decisions as well as governance topics and compliance. Actions of the Management Board were approved by the Supervisory Board as mandated by the Articles of Association following a thorough review. In the financial year ending 31 March 2024, the Supervisory Board consisted of Dr. Stephan Kessel (Chairman), Mark Wilhelms (Deputy Chairman), Natalie C. Hayday, Florian Schick and Philipp Struth.

The Supervisory Board held a total of seven meetings and made one circular resolution during the financial year ending 31 March 2024. In two of seven of the Supervisory Board meetings, all members were present, while the majority of the members were present in person. In the meetings, the Management Board regularly provided comprehensive updates to the Supervisory Board on the Group's status and performance, including opportunities and risks, its market position, business trajectory as well as relevant financial data. The discussions were founded on detailed reports, both verbal and written, regularly presented by the Management Board. Moreover, the Management Board and the Supervisory Board upheld frequent communication also outside of the regular meetings to exchange crucial group-related information. This close collaboration also included strategy discussions as

Dr. Stephan Kessel
Chairman of the Supervisory Board

well as information on organisational development. As Frank Schmitt's mandate ended on 24 August 2023, the Supervisory Board appointed Maria Eichinger as a member of the Management Board effective as of 1 September 2023. After Günter Brenner stepped down as CEO of the Company and member of the Management Board on 30 September 2023, Markus Wittmann was appointed as a member of the Management Board effective from 1 October 2024 by the Supervisory Board in the course of the succession planning.

During the reporting period, the Audit and Risk Committee consisted of 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. It 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 the quarterly reports, the relationship with investors as well as the audit assignment to KPMG Luxembourg, including the focus areas of the audit. In the financial year ending 31 March 2024, the Committee held five meetings. All members were present at all of the five meetings. All meetings were held via conference calls.

In the reporting period, the Remuneration and Nomination Committee was composed of 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 four meetings via conference calls. All members attended all meetings of the Remuneration and Nomination Committee.

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 2024. Representatives of the auditor KPMG attended the meetings of the Audit and Risk Committee on 25 May 2023, 22 June 2023, 8 February 2024 and 22 May 2024, at which the financial statements were examined. The representatives of the auditor delivered detailed reports on their findings, accompanied by a written presentation and were on hand to offer further 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 2024 and to the auditors' presentation. Additionally, 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 2023/24. The auditor issued unqualified audit opinions on 17 June 2024.

During the financial year ending 31 March 2024, 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 their continued excellent performance throughout the last financial year and their ongoing open and efficient cooperation, regardless of the personnel changes. I would also like to extend my appreciation to all employees for their loyalty and support towards the Company's success during demanding times and, last but not least, our shareholders for their continuous support.

Luxembourg, 17 June 2024
On behalf of the Supervisory Board of Novem Group S.A.

Yours sincerely,

Dr. Stephan Kessel
Chairman of the Supervisory Board

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NOVEM AND THE CAPITAL MARKET

Dr. Johannes Burtscher
Chief Financial Officer

Stock market

Expectations in the run-up to the stock market year 2023 were not overly optimistic. Although the year began with continued elevated inflation rates and fears of recession, it got off to a surprisingly good start, predominantly carried by technology stocks. However, this was quickly clouded again in March by a minor banking crisis that wiped out one of the best-known European banks and some smaller US banks. The Federal Reserve System (Fed) announced four interest rate hikes in the US up until July 2023 and held rates steady for the rest of the year after first signs of normalising inflation rates emerged. The European Central Bank (ECB) pursued a similar approach by raising the interest rate six times up to September and keeping it stable since then. Statements by the Fed and ECB in conjunction with easing inflation rates and stabilising economic data fuelled expectations of interest rate cuts in the near future. This ultimately triggered a rally, particularly towards the end of 2023, making it a prosperous year on the stock market, albeit characterised by a great deal of turbulence and volatility. As 2024 gets underway, the euphoria seems to continue with several major indices trading at or close to their all-time highs after the first quarter of the calendar year.

While equities in the US and Europe have performed very well over the course of 2023, the picture in China was rather the opposite. Although all signs pointed to a flourishing 2023 following the end of the strict zero-Covid policy, China's economy has not recovered as strongly as many investors had hoped due to a string of problems. Probably the biggest concern was the severe crisis in the property sector, which worsened towards the end of the year. This also weighed on the stock market and led to the MSCI China marking its third consecutive year of loss with a decline of -11.2%. The index showed a modest recovery over the first three months of 2024.

During 2023, production disruptions due to semiconductor shortages became less frequent, and the automotive sector seems to have found its new normal on this topic. Nevertheless, other challenges, such as wage inflation, the shift to electric vehicles and the Red Sea crisis keep the industry on its toes.

During the reporting period (1 April 2023 to 31 March 2024), the broad MSCI World Index recorded a significant increase of 22.6%. With a surge of 28.1%, the S&P500 even topped this performance. A glance at Europe shows that the EURO STOXX 50 also developed favourably with a growth of 17.9%. In Germany, the blue chips in the DAX rose by 18.4%, clearly outperforming small caps. The corresponding SDAX recorded a comparatively lower but nevertheless solid increase of 8.5%. Looking at our benchmark index, the DAX-subsector Auto Parts & Equipment posted a moderate plus of 2.5% and thus demonstrated an apparent underperformance.

Stock performance

On 3 April 2023, Novem started its financial year 2023/24 at a share price of €9.86. After a few weeks of a sideways development, the share marked its high at €11.30 on 11 August 2023. This was followed by declining share prices, which ultimately led to the low for the financial year and an all-time low of €5.20 on 20 March 2024. The stock closed the financial year with a slight recovery at €5.70 on 28 March 2024.

Annual General Meeting

Novem's Annual General Meeting (AGM) was held on 24 August 2023, at which 92.4% of the voting share capital was represented. The AGM approved all items on the agenda by a large majority, including the Remuneration Report, KPMG as the independent auditor and the dividend distribution. For the financial year 2022/23, Novem paid a dividend of €1.15 (PY: €0.40) per share. The amount comprised an ordinary dividend of €0.40 per share and a special dividend of €0.75 per share. A strong free cash flow and low net leverage ratio for the financial year 2022/23 paved the way for this special dividend and shares Novem's success with its shareholders even beyond the targeted payout ratio. With a total distribution of €49.5 million, this corresponded to 99.0% of the net income.

Dividend

In agreement with the Supervisory Board, the Management Board will propose the suspension of the dividend payment for the financial year 2023/24 at the Annual General Meeting on 22 August 2024. The decision is merely based on the overall economic uncertainties and poor market development. Furthermore, this will help in coping with the current volatile and still difficult trading environment, which only allows for a limited visibility.

Investor Relations activities

Given the constantly shifting market landscape, it was essential for the Investor Relations (IR) team to uphold a continuous, transparent dialogue with capital market stakeholders. This involved numerous one-on-one meetings and conference calls alongside the regular quarterly investor and analyst conferences to foster even treatment, timely disclosure of information and sustained engagement. Furthermore, the team conducted three roadshows – two digitally and one in Frankfurt – to establish lasting contacts and increase market visibility for the share. Additionally, Novem participated in three conferences in London, Munich and Frankfurt, facilitating one-on-one interactions with existing shareholders and potential investors.

Recognising the paramount importance of actively listening to stakeholders and valuing their input, the IR team has identified the persistently low trading volume as a key challenge. Despite the need for patience in bolstering trading activity, efforts to address this issue will continue. To this end, ODDO BHF was appointed as the second designated sponsor alongside mwb fairtrade. Novem is particularly eager to invite investors and analysts to its central office to provide a first-hand impression of the products and production processes, thereby rendering its business model and potential more tangible.

"Despite facing tough market conditions, Novem once again managed to deliver a solid financial performance."

— Dr. Johannes Burtscher (CFO)

SHARE DATA
as of 31 March 2024

- 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: €245,272,727
- Highest price FY 2023/24: €11.30
- Lowest price FY 2023/24: €5.20
- Closing price: €5.70

Fabrics made of recycled yarn

2 Non-financial Report

ORGANISATION

Business model

Novem was founded in 1947 and can look back on decades of success. Over the years, we have grown continuously, tapped into new markets and diversified our product and material portfolio. Novem is 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. In 2023/24, we delivered around 22.4 million trim elements for a wide range of vehicles, with a key focus on the premium car segment. Our customer base is continuously expanding and includes the world's leading premium car manufacturers.

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

Novem locations worldwide

- Europe: 2,434 employees | Czech Republic, Germany, Italy, Luxembourg, Slovenia
- Americas: 1,780 employees | Honduras, Mexico, USA
- Asia: 673 employees | China

From our central office in Vorbach in Bavaria, Germany, we manage our global network of production, logistics and sales locations. The parent company Novem Group S.A. is located in Contern, Luxembourg. We currently have 12 locations in Europe, Americas and Asia and employ 4,887 people worldwide. Our international presence helps 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 (China) Co., Ltd.

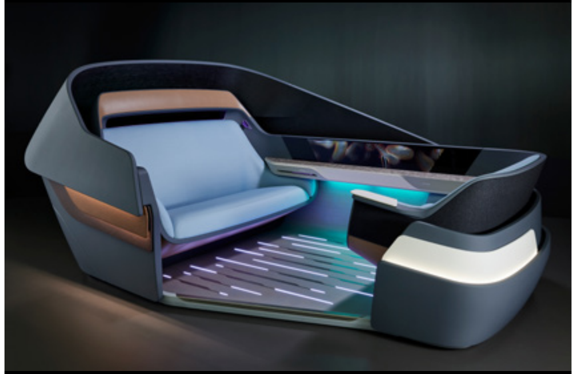
Economic stability and capacity for transformation

The automotive industry is undergoing a fundamental transformation. Electrification, autonomation and digitalisation are changing the way vehicles are designed, manufactured and used. Along with these developments, the concept of the vehicle interior is also changing. New surfaces and spaces are emerging, presenting an opportunity to redesign the interior. Furthermore, the rise of autonomous driving is adding an experiential dimension to this space, prompting consumers to have ever higher expectations of functionality and comfort.

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

DEMONSTRATING FUNCTIONALITY AND SUSTAINABILITY

As a prime example at the *Novem Interior World*, the new *Cocoon* illustrates our sophistication in the interaction of technology and material for decorative interior components. With many years of experience in developing premium trim elements, the *Cocoon* stands for a comfortable place for passengers where future innovations can be explored in the smallest space. Sustainable materials such as bamboo, cork and paper meet hidden morphing buttons and wireless charging solutions. A camera-assisted display that reacts to its surroundings completes showcasing the trends in car interiors.



Cocoon uniting expertise in technologies and materials

Sustainability plays a central role here: with renewable and recycled raw materials as well as a design for circularity, we reduce our ecological footprint and create sustainable values for our customers. For example, we are researching alternative materials such as bio-based synthetics, water-based lacquers and one-material concepts. 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 held by Novem.

A solid economic foundation enables us to make investments that secure our future viability as a company. In the financial year 2023/24, the Novem Group achieved sales of €635.5 million (PY: €700.3 million).

Addressing the EU taxonomy

In accordance with the European Non-Financial Reporting Directive (NFRD), companies are required to include taxonomy disclosures in their non-financial reporting as of 2021. 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. An economic activity contributes substantially to the achievement of one environmental objective (taxonomy alignment) if the threshold values, so called technical screening criteria, for this environmental objective are met, none of the other five environmental objectives is negatively affected by the economic activity (Do No Significant Harm (DNSH)) and the minimum safeguards are met. This year, companies are required to report the extent of taxonomy eligibility and alignment on the two climate-related objectives and eligibility on the other four environmental objectives.

After Novem disclosed a part of its business activities as eligible in financial year 2021/22 in accordance with the widespread interpretation of the EU taxonomy for automotive suppliers at the time, the EU Commission updated the regulations on the EU taxonomy. For financial year 2023/24, all of Novem's business activities had been reassessed regarding the latest developments of the EU taxonomy.

Even so the newly added activity *3.18 Manufacture of automotive and mobility components* in the amendments of the Delegated Regulation (EU) 2021/2139 suggested a reasonable fit to Novem's business portfolio, the analyses showed that interior or trim components are not essential for delivering and improving the environmental performance of the vehicle and therefore not an exact match to the definition of the above-mentioned activity.

Besides the assessment of Novem's main business activities, the analysis in financial year 2023/24 showed that no other material investments made fall under the EU taxonomy either. The only taxonomy relevant activity at Novem relates to operational expenditures for the vehicle fleet. Nevertheless, the expenses incurred in the financial year do not account for a significant proportion of total expenses and are therefore not reported separately. Further information on turnover, opex and capex can be found in chapter Consolidated financial statements of the Annual Report.

Novem proactively addresses sustainability regulation. Therefore, Novem is well prepared to fulfil the requirements in the areas of taxes, anti-corruption, fair competition, and human rights. Novem has implemented the German Supply Chain Act (Lieferkettensorgfaltspflichtengesetz (LkSG)).

Product safety and quality

Our products are not safety-relevant components in the vehicle. Nevertheless, we are committed to high standards of quality and safety along the entire value chain – from planning and manufacturing to the delivery to our customers. We aspire to the highest quality and, therefore, use high-end materials and modern production processes. At all its locations, Novem has a Quality Management System certified in conformity with IATF 16949 in place. 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, which defines the guidelines applicable to all locations in the Group. Each location has a dedicated Quality Manager who is responsible for implementing all central regulations.

In line with our commitment to quality, we craft many of our products to a relatively high degree by hand, adding a unique 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.

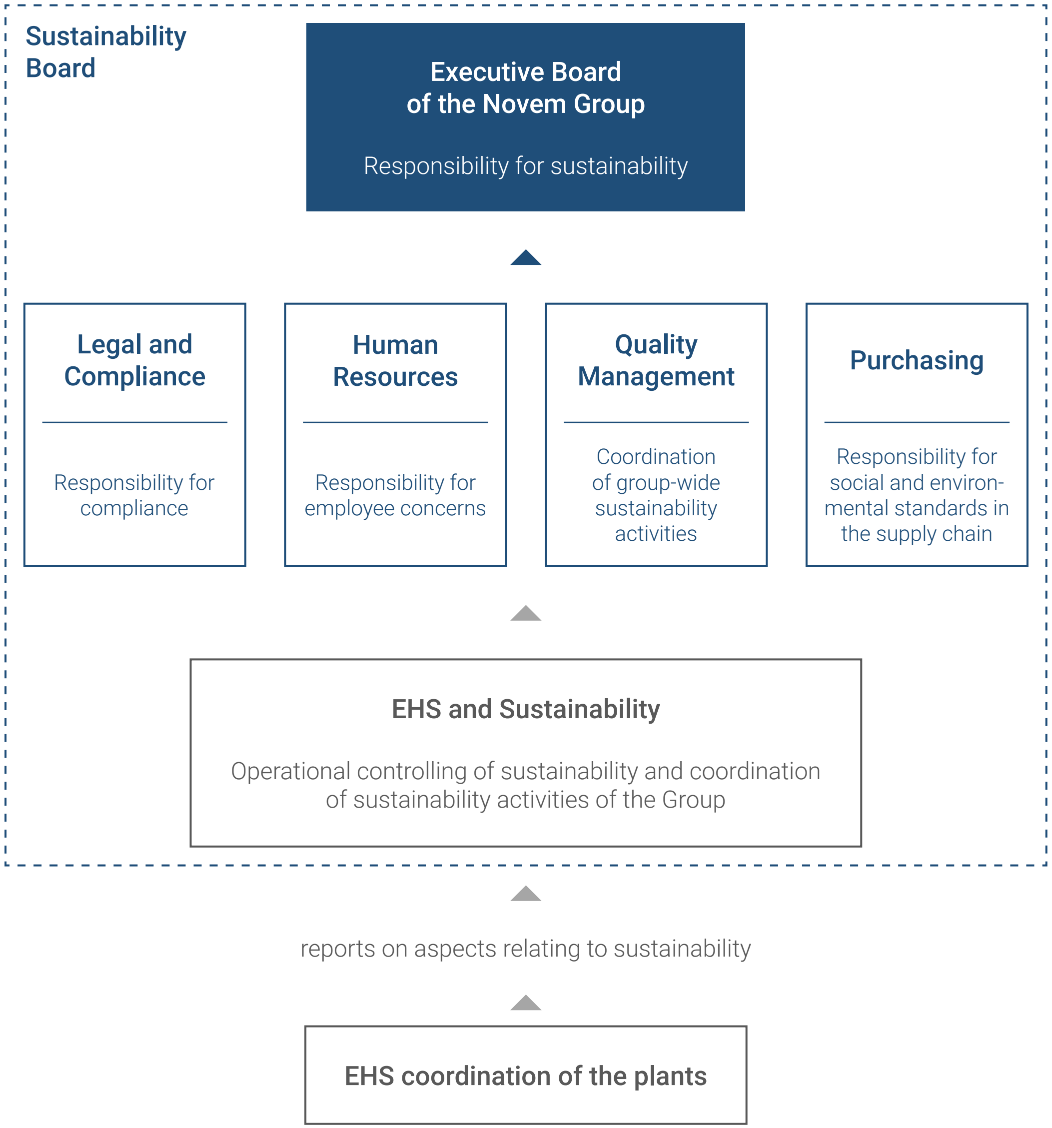
Sustainability management

Embracing social, environmental and 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 significant 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. To achieve this goal, it maintains ongoing exchange with the relevant specialist departments and receives monthly updates from all departments regarding sustainability-relevant matters.

Various departments manage the sustainability agenda for our operational activities: the EHS and 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 the 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 constant dialogue 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. Besides using digital and analogue media to facilitate communication, we also take the opportunity to meet stakeholders in person at events such as trade fairs, exhibitions and conferences. We maintain an ongoing discourse with politicians and business leaders, particularly through our memberships in various associations and initiatives. In addition, we promote direct communication at 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 of 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, calls and meetings

Memberships and partnerships (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
- Partner Duale Hochschule Gera-Eisenach

Determination of material sustainability topics

In 2020, we conducted an analysis to identify material topics in the area of sustainability. In this context, we evaluated a total of 13 topics in terms of their impact on people and the environment (inside-out perspective), 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 the concluding phase, the results underwent discussion, validation and partial adjustment by the managers involved. This led to the identification of eight topics that can be classified as material both with regard to our impact on the environment and society and in terms of their relevance to our business. These topics were validated by management again at the beginning of 2024.

Material non-financial topics

Material non-financial topics	Chapter	Non-financial aspects according to the Non-Financial Reporting Directive (NFRD)
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. *Responsibility* is one of our four core values. This entails assuming responsibility for the impact of our business and always considering our stakeholders' expectations. Conscious and ethically correct behaviour towards employees, colleagues, business partners, society and the environment is integral to Novem's system of values. Each and every individual is required to act responsibly, fairly and in accordance with the rules.

The foundation of our actions

Being 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.

In our Code of Conduct, we have defined how we live up to our responsibility throughout the Group. This document defines essential statutory regulations, ethical principles, values and ideals, as well as 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. Any breach or violation of those principles can be reported by internal or external persons via our web-based whistleblower system, which can be used to submit reports anonymously and in encrypted form. These are then examined by the Corporate Legal and Compliance department and, where necessary, result in corrective measures being taken in close coordination with the specialist units and the management under strict confidentiality. We are not aware of any violations of the Code of Conduct principles in this reporting year.

The foundation of our own corporate actions and collaborations with suppliers and partners lies in our commitment to universally valid human rights and recognised social standards. Therefore, the Code of Conduct and our Declaration of principle on the German Supply Chain Act (LkSG) reflect the principles relating to human rights and decent working conditions in accordance with the United Nations Charter of Human Rights and the International Labour Organisation 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 and our Declaration of principle on the German Supply Chain Act. As a result of the recent changes, our entire value chain is committed to ensuring compliance with all environmental regulations and further measures for continuous improvement of environmental and energy efficiency.

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 our business operations. In our Code of Conduct, we have clearly formulated the ground rules for this behaviour. Novem upholds fair and undistorted competition involving compliance with the relevant competition and antitrust regulations. Each employee at Novem is responsible for acting in accordance with these principles. Our employees are supported and advised by the relevant supervisors.

The Corporate Legal and Compliance department at Novem, which reports directly to the Management Board, manages the issue of compliance. 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 organisational level. For this purpose, compliance management works closely 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 on our website www.novem.com.

Our Compliance Policy provides our employees with concrete guidelines for acting in harmony with the rules and regulations. This document can be accessed at any time on the intranet. In the reporting year, we provided further training on the content of the Code of Conduct, on the issue of anti-bribery, on competition and antitrust law as well as on IT, information security and data privacy, each with high participation rates of well beyond 90%. These trainings help to sensitise our employees on how to deal with partners and suppliers while behaving with integrity and in compliance with the law. We continue to provide all relevant employees with annual training on these topics. We are not aware of any incidence of corruption in the reporting year. At regular intervals, we conduct workshops with the specialised departments to provide ongoing training on selected compliance-relevant topics.

As a matter of principle, we record potential corruption risks as part of our compliance risk management and assess them based on probability and damage consequences. In the reporting year, we also conducted compliance risk workshops and analyses at all locations worldwide. The insights gained from these workshops are incorporated into the group-wide compliance management system.

Risk management

Novem deals with any and all risks that may exist or arise from and for its business activities as part of its central risk management in the Controlling department. We aim to continuously improve this risk management in line with the growth of the Group, for example by 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. To keep track, we use the *EcoVadis IQ* application, which is integrated into our Supplier Quality Management system. We also work with this tool for the ESG risk assessment for our own business area as well as the downstream value chain, among other things, to fulfil the obligations of the German Supply Chain Act.

Taxes

Operating globally, we have to deal with a wide range of complex tax regulations in the countries we operate in. 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 Vice President Accounting and Tax. Continuous communication and consultation take place with all stakeholder groups that have an interest in this matter. Novem is regularly audited by the tax authorities in various jurisdictions. Information is regularly exchanged 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 Vice President Accounting and Tax reports to the Management Board and Supervisory Board committees on important tax issues and projects on a monthly basis. If complex decisions must be made, expert reports and opinions are obtained from outside the company. The area of corporate taxes is subject to a complex, fast-moving and highly regulated framework that requires constant monitoring. On the one hand, this requires the area to be backed up by educated and trained personnel and, on the other hand, efficient and effective processes are needed, which must be further enhanced and strengthened through system-oriented checks.

Data protection and information security

Ensuring the protection of data and maintaining the confidentiality of information are fixed components 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 to protect the secrecy of this information. 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 the financial year 2023/24, we successfully carried out the planned certification of Eschenbach (Germany), Pilsen (Czech Republic) and Žalec (Slovenia) in conformity with TISAX. The recertification of Vorbach (Germany) has been started in January 2024 and is intended to be completed during the financial year 2024/25. In addition, we also continue to internally assess all plants and locations regarding IT and information security.

Every employee has an obligation to deal responsibly with personal data in compliance with applicable statutory regulations and safeguarding confidential information. To facilitate this, we have summarised all provisions under data protection legislation and regulations on IT and information security in relevant guidelines. Regular online training sessions are conducted to provide our employees with information on the topics of data protection, IT and information security. In the reporting year, well beyond 90% of employees with PC workstations at the European locations took part in online training on data protection. Furthermore, a continuously running phishing simulation was implemented in Germany to raise awareness for cyber security. A global roll-out is foreseen for the financial year 2024/25.

SUPPLY CHAIN

Supplier management and sustainable procurement

Given the wide variety of materials we use, our value chain is highly diverse. Consequently, it becomes imperative for us to 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 swiftly adapt to changing and more stringent requirements.

The supply chain at Novem

Novem maintains a global network of around 423 suppliers for the procurement of production materials, including both small family businesses and large corporations. During the reporting year, we purchased goods valued at €284 million for production. The largest product groups in terms of sales include untreated, galvanised and painted plastic parts, electrical components, surface materials, granules, speaker grilles, aluminium sheets and veneers. These account for around 85% of the total procurement volume.

Purchasing at Novem is handled centrally on the basis of product groups. Moreover, local Purchasing departments assist in procuring goods. The procurement strategy at Novem provides for sourcing the necessary materials for series production from national suppliers wherever possible. This approach minimises the risk of delivery bottlenecks, avoids long transportation routes and supports 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. The share of local sourcing amounted to 41%. For auxiliary and process materials, the figure improved by six percentage points to 72% (PY: 66%).

Guidelines for procurement

The Novem Code of Conduct as well as the Declaration of principle on the German Supply Chain Act define basic requirements that we apply to cooperation with our suppliers, such as the prohibition of child labour, respect for human rights, commitment to freedom of association and compliance with environmental regulations. In the reporting year, we were not 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 and our Declaration of principle on the German Supply Chain Act on a random basis. Suspected breaches can be reported to our Central Compliance Management either by internal personnel or by external parties. Business partners, suppliers and third parties can also submit reports via our web-based whistleblower system. If infringements of the Code of Conduct and/or the Declaration of principle on the German Supply Chain Act are substantiated, Novem insists on immediate compliance and reserves the right to impose sanctions as appropriate (e.g. new business on hold), including the possibility of terminating the business relationship.

In our Supplier Manual, we describe concrete, group-wide standards for the relationships with our suppliers. These include quality, environmental and health protection and compliance with the principles set out in our Code of Conduct and the Declaration of principle on the German Supply Chain Act. Given this context, 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 spans multiple countries, each with varying environmental and social requirements. 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, the Declaration of principle on the German Supply Chain Act and the Code of Conduct. Every year, all Novem employees undergo training on the Code of Conduct, encompassing human rights within our value chain.

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. Each year, relevant suppliers are determined based on an assessment of the manufacturing processes for the supplied products.

The certification is included in the annual supplier assessment. Currently, 88% of the largest suppliers of series materials in terms of purchasing volume comply with the ISO 14001 standard, and 57% 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. Since financial year 2021/22, the evaluation of suppliers of relevant product groups additionally considers whether they have implemented a certified occupational health and safety management system in place in accordance with the ISO 45001 standard.

In financial year 2023/24, we successfully continued to evaluate our suppliers by *EcoVadis IQ* platform. Suppliers accounting for 96% (PY: 74%) of annual turnover were assessed in this reporting period. We have, therefore, exceeded our target of evaluating suppliers that account for at least 90% of revenue by June 2024. The Corporate Social Responsibility (CSR) assessment is incorporated into the general supplier assessment.

As required by the German Supply Chain Act, we have incorporated the *EcoVadis IQ* tool into our risk-based approach. We consider the risk of human rights violations in our supply chains to be very low, given that most of our suppliers are well-established, globally recognised and certified companies within the automotive industry.

EMPLOYEES AND SOCIETY

Decent working conditions

Our employees, with their knowledge, their motivation and their commitment, constitute our most valuable asset. Ensuring the health and safety of our employees is our top priority, as outlined in our corporate policy. At Novem, we offer all our employees a working environment characterised by fairness and trust, regardless of their location. Our overarching personnel strategy is therefore based on the universally applicable corporate values of the Novem Group: *Responsibility*, *Excellence*, *Innovation* and *Commitment*.

Our Code of Conduct defines our way of working together across all locations. To safeguard the standards and principles for personnel work in the interests of the Group, human resources at Novem are managed both by the central office 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 to whom they can turn with their issues and concerns. We promote international communication through a regular worldwide HR Conference, which took place in 2023 and is planned again for 2025.

At our locations across the world, a total of 4,887 people were employed at the end of the financial year 2023/24. During this period, we were able to recruit a total of 872 new employees.

The undesired fluctuation rate among employees was around 3.8% for the central office in the reporting year (PY: 3.5%). To keep this fluctuation at a low level, we are increasing our efforts to develop up-and-coming junior staff and are focusing our human resources work on further training for managers. Furthermore, the undesired fluctuation rate in the central office was included in the HR goals on a management level to increase the focus on this figure and to ensure we pay more attention to the reasons why employees decide to leave. This information is gained through exit interviews and analysis with superiors. Where recommendable, we also use a tool that allows us to detect the risk of employees leaving the company at an early stage. The findings are used to define further measures to avoid undesired fluctuation.

Employees by region and gender at the Novem Group

	FY 2021/22	FY 2022/23	FY 2023/24
Europe			
Total	**2,969**	**2,893**	**2,434**
Female	44%	44%	43%
Male	56%	56%	57%
Americas			
Total	**1,842**	**1,807**	**1,780**
Female	44%	46%	47%
Male	56%	54%	53%
Asia			
Total	**729**	**788**	**673**
Female	35%	36%	37%
Male	65%	64%	63%
Total worldwide	**5,540**	**5,488**	**4,887**

Dialogue and communication

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

Depending on country and location, the form of direct and indirect participation of employees at Novem varies. In Germany, the Works Constitution Act regulates the corporate co-determination of employees. We also cooperate on the basis of mutual trust with the individual local works councils at each location. The economic situation of the business is regularly discussed on 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 may impact 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 to initiate the conclusion of new agreements as necessary.

We are also committed to cooperating with employee representatives at our international locations, for example, with the local unions in Bergamo (Italy), Querétaro (Mexico) and Žalec (Slovenia). Our approach is characterised by mutual respect and trust, and we strive to find solutions to issues and challenges that take appropriate account of the interests of all parties involved.

Attractive employer

We offer our employees a working environment that also acknowledges their performance through financial rewards. We provide performance-based compensation systems worldwide by means of bonus systems that we have established in the individual countries. In Germany, around 90% of all employees are remunerated under collective bargaining agreements. In addition, there are non-payscale components that take account of the individual operational circumstances in the various departments.

Additional benefits round off our compensation package. In Germany, we offer to contribute to an additional pension plan for our employees. Furthermore, we offer them capital-forming benefits under the collective bargaining agreement. In addition, we provide a corporate benefits program and fitness network membership in Germany. We acknowledge the changing needs of our employees and support a healthy work-life balance for combining career ambitions and familial responsibilities. We therefore support flexible working models and offer individual solutions in consultation with our employees.

Likewise, at our international locations, we 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 health and life insurance. Novem also offers employees in these two countries financial benefits such as vacation and Christmas bonuses in addition to the statutory requirements.

Number of employees on parental leave

	FY 2021/22	FY 2022/23	FY 2023/24
Employees in Germany	1,329	1,271	1,146
On parental leave			
Female	14	31	34
Male	40	36	29
Total	**54**	**67**	**63**

Given our attractive conditions, our goal is to retain our staff while also attracting new talents. This is increasingly important in view of the current labour market challenges: demographic change and the associated shortage of skilled workers are having an impact on Novem – especially when it comes to filling vacant positions. It is becoming particularly difficult to find specialists, especially in the fields of engineering and IT. In 2022, we started using Instagram with an HR focus as a pilot project to address new talents under these conditions. This has now been implemented as a regular communication channel. The account provides insights into working at Novem, the benefits we offer our employees and our understanding of teamwork. On the one hand, this is a platform to show and remind our own employees of what Novem provides. On the other hand, this allows us to reach younger target groups better, such as trainees, participants in dual study degree programmes and career starters. From September 2022 until the end of financial year 2023/24, we created 175 posts and gained more than 710 followers.

Health and safety

We safeguard the health and safety of our employees through a comprehensive health and safety management system. The topics of workplace safety and health protection within the Novem Group are managed by the central EHS Team, seamlessly integrated into Central Quality Management. Additionally, each site has an EHS Officer responsible for implementing 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. We have introduced a certified occupational health and safety system in conformity with ISO 45001 in the financial year 2022/23. In 2023, the German locations in Vorbach and Eschenbach as well as the production sites in Langfang (China), Querétaro (Mexico) and Žalec (Slovenia) were successively certified. The certification of the production site in Pilsen (Czech Republic) was successfully completed at the beginning of 2024.

Safety in the workplace

We are committed to complying with the legal requirements for health and safety. Furthermore, we want to contribute to improving systems and take appropriate action to prevent accidents from occurring. At Novem, our emphasis lies in correctly handling hazardous substances such as paints, coatings and finishes.

Our risk assessment process is the basis for hazard- and accident-free work. Holistically designed, it covers all the key steps: hazards are determined, the level of risk is assessed and protective measures 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 everywhere. We regularly review and update risk assessments, for example, when new work resources are introduced, when new workplace conditions arise, in response to accidents or to evaluate existing protective measures.

We consistently involve all our employees in workplace safety topics. 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.

We regularly provide our employees with training on occupational safety matters, using 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 Group's central office receive annual safety briefings.

We ensure that all third-party subcontractors can operate with maximum safety at Novem sites. A leaflet provides them with details regarding all relevant plant-specific regulations, along with instructions on workplace and plant safety, fire prevention and environmental protection. Simultaneously, we expect our suppliers to adhere to all statutory and country-specific regulations as well as plant-specific rules at Novem.

Indicators for health and safety at the Novem Group

per 1 million hours worked	FY 2021/22	FY 2022/23	FY 2023/24
Number of occupational accidents with a period of absence	72	77	76
LTIF (Lost Time Injury Frequency)	6.8	7.0	7.4
Number of fatal occupational accidents	0	0	0

Health promotion

Apart from prioritising workplace safety, we also actively promote the health of our employees. As a central component, our integrated Company Healthcare Management (CHM) goes beyond the statutory requirements and includes numerous measures for basic medical care and preventive health care.

In 2023, the pilot project *lunch break in motion* took place from fall to Christmas in Vorbach. Interested colleagues were able to spend their lunch break once a week doing various fitness exercises under professional guidance. A continuation of this activity is being planned.

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

Equal opportunity and diversity

Our Code of Conduct defines principles for a working environment that promotes diversity and guarantees equal opportunities and equal treatment, regardless of ethnic background, skin colour, gender, disability, beliefs, religion, nationality, sexual orientation or social origin.

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 whistleblower reporting system on the company website or by email to Corporate Legal and Compliance. In addition, any affected employee can consult the relevant works council. No cases of discrimination became known at Novem in the reporting year 2023/24.

We support the principle of equal opportunities and equal treatment. Our employees receive the same remuneration for equivalent work, irrespective of gender. Across the world in 2023/24, the proportion of women on the highest level of management at Novem, which reports directly to the Management Board, was around 25% (PY: 25%). The share of women on the Management Board was 25% and on the Supervisory Board 20% at the end of 2023/24.

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 participated in *Girls' Day* in 2023 and will take part again in 2024. We can also report 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 46% (PY: 20%). We employ people with disabilities at our plant and thus promote their social participation.

Commitment to society

Novem sees itself as a global corporate citizen and therefore as part of society. Consequently, we also want to shoulder responsibility beyond the boundaries of our Group and play our part to ensure that the communities at our locations continue to develop sustainably in the future. We make our contribution to a sustainable society above all in the form of cash and in-kind donations, but we are also actively involved with the communities we operate in. The volume of donations and sponsorship for the financial year 2023/24 amounted to approximately €36,000. 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. We see it as our mission to strengthen social, cultural and community life. The donations are typically carried out as financial payments. We support hospitals and public organisations in the local communities such as kindergartens, elementary schools, fire brigades and football clubs. We also supported a reforesting project near Eschenbach.

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ENERGY AND EMISSIONS

Climate protection

Our corporate policy defines environmental protection, energy-saving and careful use of resources as being integral to our identity. For us, optimising energy usage while minimising greenhouse gas emissions is essential.

Group-wide responsibility for environmental concerns lies with the EHS Team, which is part of the central Quality Management department. Each location also has one or more EHS managers responsible for implementing and monitoring central regulations and site-specific measures. They are appointed by the facility management and in agreement with central EHS at the Novem Group. The central EHS department, in cooperation with the Management Board, sets group-wide targets each year, 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 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 for example waste, water and emissions, the severity and probability of occurrence are assessed along with the applicable legal framework.

The respective EHS coordinator reports the environmental impacts to the respective plant manager and the central EHS manager on a regular basis. We also actively monitor 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. The majority of this energy is used for surface manufacturing, injection moulding, pressing and milling operations, primarily sourced from electricity and natural gas.

Our German locations in Vorbach and Eschenbach as well as the production site in Žalec (Slovenia) are certified in conformity with the energy management standard ISO 50001. Novem also has an energy audit system at the European site Pilsen (Czech Republic) that complies 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. For this purpose, we use an external energy data recording system at our sites in Vorbach, Eschenbach and Žalec. In accordance with federal regulations, our site in Querétaro (Mexico) uses the Schneider metering system.

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 implemented numerous of these measures in the financial year 2023/24.

Energy consumption within the Novem Group by energy source

in kWh	FY 2021/22	FY 2022/23	FY 2023/24
Consumption of non-renewable fuels (oil and gas)	28,904,293	29,226,510	25,485,119
Electricity, heat and cooling energy and steam purchased for consumption, individually (electricity and district heating)	116,629,474	116,770,473	110,412,711
Total energy consumption	**145,533,767**	**145,996,983**	**135,897,830**

Energy intensity at the Novem Group

	FY 2021/22	FY 2022/23	FY 2023/24
Total consumption (in kWh)	145,533,767	145,996,983	135,897,830
Produced parts	28,562,299	29,037,179	24,326,075
Energy intensity ratio (kWh/component)	**5.1**	**5.0**	**5.6**

Greenhouse gas emissions

As a result of energy consumption at our production facilities, we generate greenhouse gas emissions. Emissions are also produced within our value chain in the course of our upstream and downstream activities. By continuously reducing and offsetting our emissions, we aim to reach greenhouse gas neutrality in our German sites by 2025, in our European sites by 2030 and worldwide by 2035.

To determine our annual emissions, we have been using an environmental footprint software from Sphera since 2019. We record all the relevant climate gases[1] to determine CO2 equivalent values. 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 arise, for example, from the combustion of fuels at our sites and from the fuel consumption of our company car fleet. 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. Since 2022/23, we have started recording defined Scope 3 emissions from the German sites in Vorbach and Eschenbach with an external partner to gain a more comprehensive understanding of our Scope 3 emissions. Based on the results of the above-mentioned carbon footprint assessments, reduction potentials are to be identified and measures for reducing emissions are to be outlined. Our aim is to obtain the *Climate Neutral Company* label for the German sites by 2025.

In the reporting year, we recorded a significant reduction in our Scope 1 and Scope 2 emissions compared to the previous reporting year. In Scope 1, this was primarily due to lower production volumes and favourable weather conditions reducing the need for heating agents. Furthermore, a lower quantity of refrigerants was required in the financial year 2023/24. The reduction in Scope 2 emissions reflects our efforts to decrease electricity consumption and at the same time improve the quality of the energy mix used. Since the beginning of 2024, our site in Langfang (China) has covered its entire electricity demand from renewable sources via a Green Power Purchase Agreement (PPA).

Our efforts are intended to meet the increasing requirements of our customers that we expect in the future. In light of this, Novem is permanently evaluating several opportunities to effectively reduce its emissions. This may involve transitioning our heating system to renewable energy and installing photovoltaic power plants. Additionally, we intend to offset greenhouse gas emissions by supporting regional and supra-regional environmental projects. During the reporting period, we began and are continuing to explore the international environmental and green power project landscape to identify suitable collaboration opportunities.

1 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 of CO_2 equivalent	FY 2021/22	FY 2022/23	FY 2023/24
Natural gas	5,484	5,652	4,972
Heating oil	2,193	2,162	1,831
LPG	391	272	221
Refrigerants	577	2,018	852
Fuels (company car fleet) incl. flights	1,159	1,456	1,347
Total Scope 1 emissions	**9,803**	**11,559**	**9,224**

Scope 2 – Indirect GHG emissions at the Novem Group

in tonnes of CO_2 equivalent	FY 2021/22	FY 2022/23	FY 2023/24
Power[1]	63,762	67,269	56,305
Total Scope 2 emissions	**63,762**	**67,269**	**56,305**

1 The market-based method was applied for this calculation; value for FY 2023/24 by location-based method: 52,117 t CO_2 equivalent.

Scope 1 & 2 – GHG emission intensity at the Novem Group

	FY 2021/22	FY 2022/23	FY 2023/24
Total GHG emissions (in t CO_2 equivalent)	73,565	78,828	65,529
Produced parts	28,562,299	29,037,179	24,326,075
GHG emission intensity (t CO_2 equivalent/component)	**0.00258**	**0.00271**	**0.00269**


Aluminium brushed

3 Group Management Report

CORPORATE STRUCTURE AND BUSINESS ACTIVITIES

Novem Group S.A., Luxembourg, hereafter also referred to as the "Company", is a public limited liability company (Société Anonyme) incorporated in Luxembourg and governed by Luxembourg Law. The Company's registered office is at 19, rue Edmond Reuter, 5326 Contern, Luxembourg.

Novem Group S.A. is the parent of the Novem Group including its subsidiaries (hereinafter referred 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.

The Group did not purchase any own shares in the financial year ended 31 March 2024 and did not hold any own shares at that time.

As the global market leader in high-end interiors, the Group operates as a 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 and 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 become the world leader in fine woods through high quality and natural processing. With the help of new technologies, material combinations and surface finishes, there is a 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's trendsetting designs are created.

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

Due to expert knowledge in handling 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 50001. This ensures environmentally friendly production for the customer, combined with up-to-date quality and environmental requirements.

KEY EVENTS

Novem's third year as a listed company was characterised by demanding market conditions and continued headwinds. The Group had to cope with persistently volatile call-offs, weaker demand in the automotive sector and inflationary pressure.

Following the Covid-19 pandemic, the continued war in Ukraine has severely impacted the automotive market, especially in Europe. Further geopolitical turmoil was added when Hamas launched an attack on Israel in October 2023, triggering an escalation of the Israeli-Palestinian conflict and a war in Gaza. In this context, anti-Israeli Houthi militants began attacking container ships in the Red Sea, hampering trade in the area. Consequently, this led to the majority of cargo ships avoiding the region and taking longer alternative routes via the Cape of Good Hope. National and global trade barriers, partly caused by political decisions, required increased efforts to maintain stable supply chains. These circumstances have led to longer delivery times and higher transportation costs as well as lower availability of primary products and thus to safety stocks.

Amid the Eurozone's most rapid interest rate hiking cycle in history, the fixed interest rate of 4.5% published by the ECB in September 2023 reached a record high. This also marked the last interest increase by the ECB in the current rate hike due to declining inflation rates. A decrease in prime rates of especially ECB and Fed is expected but difficult to forecast due to a core inflation rate in the European Union above the target value and strong economic development in the US. This uncertainty ultimately led to one of the lowest volatilities in the US Dollar to Euro in the last 50 years. In comparison, the Mexican Peso strengthened its position due to Mexico's economic stability paired with a high and stable prime interest rate, which led to the strongest Mexican Peso to Euro and US Dollar since 2015.

A noticeable reluctance of buyers led to a decline in demand and thus weaker call-offs, which directly impacted the Group's annual sales. In addition, the automotive industry is grappling with the transition to electric vehicles and the current poor demand for these, partly due to the cancellation of subsidies in some European countries. Beyond this, call-offs remained volatile causing ongoing inefficiencies in managing personnel and production utilisation. In response to these developments and to improve the cost structure, savings measures included the closure of the production facility in Bergamo (Italy) and personnel adjustments in Germany. To further support the cost base, it was essential for Novem to demand compensation from customers and pass on some of the inflation-related additional costs for materials and wages to the OEMs.

Close collaboration between Sales, Concept engineering and Design enabled the Group to achieve a substantial volume of incoming orders in the financial year 2023/24 relating to platforms with SOP spread over the next three financial years. The key was the holistic approach between all three functions and understanding customer needs to provide competitive solutions. A highlight of this collaboration was the world's first wireless charging solution with a wooden décor, which has already been brought to series production for an Asian OEM. In addition, further milestones in the integration of light were achieved. For another customer, Novem developed a decorative wooden element with a large number of backlit symbols spanning the entire surface, where only a thin installation space was available. As lighting and its integration become increasingly important for trim parts, Novem has further strengthened its expertise in this field and established its first in-house light simulation. This enables significantly faster digital processing of OEM enquiries including lighting technology while allowing independence from external partners. Furthermore, the design centre Novem Interior World in Vorbach has welcomed a new addition in the form of the Cocoon. The Cocoon showcases the fusion of technology and material, envisioning a potential future mobile biosphere.

The acquisition of new customers, such as Kia from Korea and Avatr from China, also supported the strong order intake. Apart from that, Novem also won back Tesla as a customer and was named supplier for the Model Y in Europe and Americas with SOP in 2025. Alongside the nomination for the respective aluminium and carbon interior design, Novem also secured a matching key exterior component. The acquisition of the aluminium tailgate marks Novem's entry into the premium exterior trim market. Since familiar technologies are used, Novem can tap into its expertise in handling and processing aluminium for this first-time project.

During the financial year 2023/24, all Novem Group plants underwent successful recertification for the IATF 16949 certificate (International Automotive Task Force). The IATF summarises various quality management systems. Holding up-to-date certificates is imperative for securing contracts with automotive industry customers.

As an automotive supplier, another important accreditation for Novem is the TISAX certification, which has been successfully completed for Eschenbach, Pilsen and Žalec. This certificate proves that Novem's information security standards and baselines are also implemented in all plants abroad. In January 2024, the recertification for Vorbach was initiated as part of a regular process.

Since the changeover to SAP S/4HANA is planned for the coming financial year 2024/25, several upstream projects are necessary. During the financial year and as part of these preparations, the SAP authorisation concept was redesigned so that permissions will be assigned on a departmental and role basis and no longer according to individual demands. This change significantly reduces the operational impact and increases transparency. Furthermore, another three preliminary projects were implemented as planned. The introduction of the Customer Vendor Integration in June 2023 was followed by the migration to the New General Ledger in August 2023 and the implementation of SAP BW/4HANA in December 2023. From an accounting perspective, the New General Ledger ensures a parallel and simplified presentation of IFRS and the respective country-specific accounting regulations. Overall, the SAP S/4HANA project is progressing according to plan.

Novem has also received recertification for the FSC certificate (Forest Stewardship Council®) in China. The process guarantees that only exclusively certified veneers from controlled cultivation areas are used in the entire production sequence for specific customers. Environmental aspects within supply chains are becoming increasingly important and require companies to change processes and integrate them into existing workflows due to legal and customer requirements. In order to be more sustainable and prepare for agreed-upon changes to REACH legislation in the coming years, Novem has already started working with the respective suppliers to develop certain alternative surface treatment materials. Besides that, Novem has successfully implemented the sustainability rating and tracking of suppliers using the Ecovadis platform. By the end of the current financial year 2023/24, 96% of series suppliers had been registered and rated. The achieved rating will be part of the annual supplier evaluation in order to measure future developments.

BUSINESS AND GENERAL ENVIRONMENT

World economy

The global economy in 2023 was influenced by a large number of different factors like the release of significant economic and inflation data, interest rate hikes by the world's leading central banks, the suspension of the US debt ceiling, the ongoing Ukraine war and the escalation of the conflict in Israel-Gaza/Middle East. Despite the many negative factors, the financial markets in many regions of the world performed positively.

The attacks on container ships by the Houthis in the Red Sea since November 2023 have forced some shipping companies to act and reroute their container ships via the longer alternative route around the Cape of Good Hope. This consequently impacted global logistics and the energy market due to longer shipping times and higher transportation costs. The shorter and therefore very essential trade route through the Red Sea, which runs between Africa and Asia to Europe, accounts for a high percentage of global sea trade.

In 2023, inflation remained a key topic. The major central banks, the European Central Bank (ECB) and the Federal Reserve System (Fed), responded to the sharp rise in inflation by raising key interest rates to a high level by historical standards. Due to the positive development of the aforementioned measure, interest rate cuts are already being discussed. The sharp rise in interest rates has primarily combated high consumer prices and thereby also dampened demand. If interest rates rise, consumers, companies and the economy will have to spend more on loans or borrow less money. As a result, growth would slow down or even decline. This increases the risk of high unemployment, financial crises and the economy slipping into recession.

Inflation declined slightly, partly due to the interest rate hikes, which significantly slowed the rise in prices worldwide. Another reason for the fall in inflation is the easing of the energy markets. The average inflation rate worldwide was around 8.1% in 2023, after 8.7% in 2022 compared to the previous year. Consumer prices in Germany increased by 5.9% in 2023 compared to 7.9% in 2022.

Nevertheless, the global gross domestic product (GDP) increased by 3.1% in 2023 compared to the previous calendar year. GDP grew by 0.5% in the Eurozone, 2.0% in Japan, 2.4% in the USA and 5.4% in China.

In Germany, the GDP decreased by 0.3% compared to the previous year. As a result, Germany technically slipped into a recession last year. Sharply increased prices at all levels of the economy have slowed the German economy. The recovery from the deep slump in GDP of the Covid-19 year 2020 could not be continued.

Automotive markets

The calendar year 2023 was very positive for the European automotive market. In 2023, car sales were consistently positive and often recorded double-digit growth. The only decline of -3.3% compared to 2022 was recorded in December 2023. This decrease was due to the relatively high output figures of December 2022. In 2023, the EU car market closed with a solid growth of 13.6% compared to 2022, reaching a total volume of 18.0 million produced units.

The automotive industry and in particular the volume market saw a catch-up effect in 2023 after several stops of production lines and a lack of components, particularly in the semiconductor sector, in 2022. Global light vehicle production in 2023 amounted to 90.8 million and increased by 10.2% compared to the prior calendar year.[1]

Germany recorded an increase of 7.3% in new car registrations compared to the previous year, which was influenced by the weaker result in December 2023. Looking at registrations in Europe, battery-electric vehicles (BEV) became the third most popular choice for buyers in 2023 with a 14.6% market share. As a result, battery-electric drives replaced diesel, which remained stable at 13.6%. Petrol cars are still leading with 35.3%, while hybrid-electric vehicles took second place with a 25.8% market share.

At the same time, sales of electric vehicles in Germany are expected to decline for the first time in eight years, primarily due to cuts in subsidies in December 2023. At this point, the coalition government temporarily discontinued subsidies for electric cars one year earlier than planned. In Germany, 523,300 BEVs were sold in 2023 and therefore far behind China, the frontrunner with 6.3 million vehicles. The USA ranks second with 1.1 million BEVs sold in 2023.

In China, the largest sales market in the automotive industry, domestic electric car manufacturers are becoming increasingly established and can offer their cars at lower prices and additional discounts on their local market also due to government subsidies. These harmed the sales figures of traditional European car brands, whose cars are priced higher in comparison. As a result, the European carmakers are losing market share in China. In the meantime, the Chinese automobile manufacturer BYD has announced the construction of an electric car factory in Europe, which is expected

1 According to GlobalData as per April 2024

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to be in operation after 2026. BYD has already replaced Volkswagen as the largest car manufacturer in China in the first quarter of 2023. In total, more than 29 million vehicles were produced in China in 2023.

For the current calendar year 2024, the German Association of the Automotive Industry (VDA) is forecasting a decline in sales of -1.0% for Germany, while sales in Europe are expected to rise by 4.0%, in the USA by 2.0% and in China by 1.0%.

Forecast for global economic development 2023/2024

The global economy will grow slower for the third time in a row because of major uncertainties for 2024, such as high interest rates, global crises, geopolitical tensions, many new elections and low investment.

Inflation in the US fell to 3.1% in January, although experts had forecast a fall to 2.9%. The inflation trend is important for the US Federal Reserve's future interest rate decisions. Due to the weakening of inflation, interest rate cuts were already under discussion, but with the weaker development of the decline in inflation, these cuts could be postponed. However, higher interest rates hit poorer countries particularly hard. Higher costs for loans can turn them into a debt crisis.

The overall inflation rate for the year 2023 was 8.1%. For 2024, the International Monetary Fund (IMF) experts forecast an overall inflation rate of 7.5% and 4.8% for 2025. The inflation rate in Germany for 2024 is expected to be 2.3%, well below the rate in 2023 but higher than the ECB's 2.0% target. After 8.2% in the first quarter of 2023, the inflation rate has already fallen to 2.9% in January 2024 and 2.5% in February. This may be due to the passing on of higher producer prices and wages, which could increase the core inflation rate or keep it at the same stable level.

The German government now only expects a minimal increase in GDP of 0.1%. Last autumn, it still forecasted 1.3%. High interest rates and inflation as well as an overall weak global economy have led to German GDP falling by -0.3% in 2023. A stronger economic performance of 1.4% is forecast for 2024.

The IMF forecasts that Germany's GDP will grow by 0.1% in 2024, while global trade is expected to grow by 2.8% this year and 3.2% in 2025. In the Eurozone, GDP is expected to grow by 0.7% in 2024 and 1.5% in 2025.

The short-term outlook remains challenging, and the conflict in the Middle East and Ukraine could further exacerbate the situation. This escalation could again lead to a rise in energy prices, which in turn could have an impact on global economic output and inflation. Falling inflation is a glimmer of hope, and the resulting rise in real incomes is likely to be the strongest driver of this year's economy. However, it should be noted that political and economic crises are causing supply chains to falter, resulting in supply bottlenecks.

Climate change and the rapid development of artificial intelligence will increasingly take centre stage in the coming years.

Most economies, whether industrialised nations or developing countries, will continue to grow more slowly than before the Covid-19 pandemic.

FINANCIAL PERFORMANCE

in € million	FY 2022/23	FY 2023/24	Change	% change
Revenue	700.3	635.5	-64.8	-9.3%
Increase or decrease in finished goods and work in process	-7.5	-15.4	-7.9	>100.0%
Total operating performance	**692.8**	**620.1**	**-72.7**	**-10.5%**
Other operating income	25.8	18.9	-6.9	-26.8%
Cost of materials	-354.7	-303.3	51.4	-14.5%
Personnel expenses	-168.6	-173.2	-4.6	2.7%
Depreciation, amortisation and impairment	-32.5	-33.7	-1.2	3.7%
Other operating expenses	-82.4	-69.5	12.9	-15.7%
Operating result (EBIT)	**80.5**	**59.3**	**-21.1**	**-26.3%**
Finance income	3.6	7.4	3.8	>100.0%
Finance costs	-13.1	-19.9	-6.9	52.4%
Financial result	**-9.5**	**-12.6**	**-3.0**	**31.9%**
Income taxes	-15.7	-13.1	2.7	-17.0%
Deferred taxes	-5.2	1.1	6.3	<-100.0%
Income tax result	**-20.9**	**-12.0**	**9.0**	**-42.8%**
Profit for the period attributable to the shareholders	**50.0**	**34.8**	**-15.2**	**-30.4%**
Differences from currency translation	0.2	-1.6	-1.8	<-100.0%
Items that may subsequently be reclassified to consolidated profit or loss	**0.2**	**-1.6**	**-1.8**	**<-100.0%**
Actuarial gains and losses from pensions and similar obligations (before taxes)	8.6	-1.6	-10.1	<-100.0%
Taxes on actuarial gains and losses from pensions and similar obligations	-2.2	0.5	2.7	<-100.0%
Items that will not subsequently be reclassified to consolidated profit or loss	**6.3**	**-1.1**	**-7.4**	**<-100.0%**
Other comprehensive income/loss, net of tax	**6.6**	**-2.7**	**-9.2**	**<-100.0%**
Total comprehensive income/loss for the period attributable to the shareholders	**56.6**	**32.1**	**-24.4**	**-43.2%**
Earnings per share attributable to the equity holders of the parent (in €)				
basic	1.16	0.81	-0.35	-30.4%
diluted	1.16	0.81	-0.35	-30.4%

Revenue

Total revenue of €635.5 million in the financial year 2023/24 decreased by €-64.8 million or -9.3% compared to last year. Based on prior year (constant) exchange rates, revenue would have been higher by 2.1%. This currency impact was primarily influenced by the weak US Dollar and Chinese Renminbi. On a segmental basis, revenue in 2023/24 was generated in Europe (€287.0 million), followed by Americas (€271.9 million) and Asia (€76.6 million).

Revenue development

in € million	FY 2022/23	FY 2023/24	% change
Revenue Series	618.2	553.1	-10.5%
Revenue Tooling	82.1	82.5	0.5%
Revenue	**700.3**	**635.5**	**-9.3%**

Revenue Series

Revenue Series recorded at €553.1 million in the current financial year, -10.5% below last year (PY: €618.2 million). Revenue Series generated 87.0% of total revenue and remained the key pillar of the business.

Revenue Tooling

Revenue Tooling contributed €82.5 million to total revenue in the financial year 2023/24 (PY: €82.1 million). This led to a year-on-year increase of €0.4 million (+0.5%), predominantly due to a different project phasing.

Change in finished goods and work in process

Change of finished goods and work in process decreased by €-7.9 million (>100%) from €-7.5 million in the financial year 2022/23 to €-15.4 million in the financial year 2023/24 driven by lower finished goods (€-4.0 million), work in process (€-2.3 million) as well as lower tooling inventories (€-1.3 million) and profit in stock elimination (€-0.3 million).

Other operating income

Other income decreased by €-6.9 million from €25.8 million last year to €18.9 million in financial year 2023/24. The deviation mainly resulted from less currency translation gains of €-4.3 million, lower income from other periods of €-2.4 million as well as lower other income of €-1.6 million, partly compensated by higher income from the release of accruals of €1.4 million.

Cost of materials

Cost of materials decreased from €-354.7 million in financial year 2022/23 to €-303.3 million in financial year 2023/24, resulting in a year-on-year change of -14.5%. The cost of materials to output (total operating performance) ratio decreased by -2.3 percentage points to 48.9% in financial year 2023/24 (PY: 51.2%).

Personnel expenses

Personnel expenses amounted to €-173.2 million in financial year 2023/24, up €-4.6 million or 2.7% compared to last year. As a percentage of total operating performance, personnel expenses increased by 3.6 percentage points year-on-year to 27.9% this year (PY: 24.3%). Personnel costs were negatively affected by inefficiencies due to the weak customer call-offs.

Depreciation, amortisation and impairment

Novem reported depreciation, amortisation and impairment of €-33.7 million in financial year 2023/24, a slight increase of 3.7% or €-1.2 million compared to financial year 2022/23. The increase was primarily attributable to higher accelerated depreciation (€-0.7 million) as well as higher depreciation on machinery (€-0.5 million).

Other operating expenses

Other operating expenses declined from €-82.4 million in financial year 2022/23 by €12.9 million to €-69.5 million in financial year 2023/24. This decrease mainly resulted from lower order-related expenses, foreign currency translation losses and loss allowances on receivables as well as lower legal and advisory fees.

Finance income and costs

The financial result amounted to €-12.6 million for financial year 2023/24, compared to last year's amount of €-9.5 million.

Finance income increased from €3.6 million in financial year 2022/23 by €3.8 million to €7.4 million in current financial year. The positive deviation was predominantly attributable to currency translation effects and interest income.

Finance costs in financial year 2023/24 recorded at €-19.9 million (PY: €-13.1 million), an increase of €-6.9 million or 52.4%. Higher interest rates increased finance costs in the current financial year, while lower foreign currency exchange effects compared to previous year impacted the result positively.

Income tax result

Income tax result in financial year 2022/23 in the amount of €-20.9 million decreased by €9.0 million to €-12.0 million in financial year 2023/24 (-42.8%). Both income taxes (€-13.1 million) as well as deferred taxes (€1.1 million) decreased in current financial year 2023/24 compared to prior year.

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 2023/24 were significantly higher than last year by €8.4 million and contained €5.3 million restructuring costs in connection with the plant closure in Bergamo, €3.6 million restructuring costs relating to plant Vorbach, €0.5 million project costs and €0.3 million Others.

The Adj. EBIT margin of 10.9% for the financial year 2023/24 recorded -0.8 percentage points below prior year's figure of 11.7%. Therefore, the Adj. EBITDA margin of 16.1% was also behind the 16.3% margin of previous year.

in € million	FY 2022/23	FY 2023/24	Change	% change
Revenue	**700.3**	**635.5**	**-64.8**	**-9.3%**
EBIT	**80.5**	**59.3**	**-21.1**	**-26.3%**
EBIT margin	11.5%	9.3%		
Restructuring	-	8.9	8.9	-
Covid-19 costs	0.3	-	-0.3	-100.0%
Others	0.9	0.8	-0.1	-10.9%
Exceptional items	1.3	0.8	-0.4	-34.5%
Discontinued operations	-	-	-	-
Adjustments	**1.3**	**9.7**	**8.4**	**>100.0%**
Adj. EBIT	**81.7**	**69.1**	**-12.7**	**-15.5%**
Adj. EBIT margin	11.7%	10.9%		
Depreciation and amortisation	32.5	33.0	0.5	1.5%
Adj. EBITDA	**114.2**	**102.0**	**-12.2**	**-10.7%**
Adj. EBITDA margin	16.3%	16.1%		

FINANCIAL POSITION

Assets

in € million	31 Mar 23	31 Mar 24	Change	% change
Intangible assets	2.4	2.8	0.4	16.8%
Property, plant and equipment	185.1	193.9	8.8	4.7%
Trade receivables	46.3	49.8	3.5	7.5%
Other non-current assets	10.3	13.1	2.8	27.6%
Deferred tax assets	8.3	10.6	2.3	27.1%
Total non-current assets	**252.5**	**270.2**	**17.7**	**7.0%**
Inventories	116.3	99.4	-16.9	-14.5%
Trade receivables	47.5	41.3	-6.2	-13.0%
Other receivables	38.0	30.0	-8.0	-21.1%
Other current assets	18.2	19.6	1.4	7.6%
Cash and cash equivalents	165.5	141.5	-24.0	-14.5%
Total current assets	**385.5**	**331.9**	**-53.6**	**-13.9%**
Assets	**638.0**	**602.1**	**-35.9**	**-5.6%**

Equity and liabilities

in € million	31 Mar 23	31 Mar 24	Change	% change
Share capital	0.4	0.4	0.0	0.0%
Capital reserves	539.6	539.6	0.0	0.0%
Retained earnings/accumulated losses	-443.4	-459.2	-15.8	3.6%
Currency translation reserve	10.6	9.1	-1.6	-14.7%
Total equity	**107.3**	**89.9**	**-17.4**	**-16.2%**
Pensions and similiar obligations	27.0	28.7	1.7	6.3%
Other provisions	1.4	2.3	0.9	66.3%
Financial liabilities	248.2	248.8	0.5	0.2%
Trade payables	-	0.0	0.0	-
Other liabilities	33.3	55.6	22.4	67.2%
Deferred tax liabilities	0.6	1.4	0.7	>100.0%
Total non-current liabilities	**310.6**	**336.8**	**26.2**	**8.4%**
Tax liabilities	19.1	7.6	-11.5	-60.2%
Other provisions	46.7	38.9	-7.8	-16.8%
Financial liabilities	1.2	1.2	0.0	1.2%
Trade payables	60.6	45.4	-15.1	-25.0%
Other liabilities	92.7	82.4	-10.3	-11.1%
Total current liabilities	**220.2**	**175.5**	**-44.7**	**-20.3%**
Equity and liabilities	**638.0**	**602.1**	**-35.9**	**-5.6%**

Total assets

Total assets amounted to €602.1 million as of 31 March 2024, a decrease of €-35.9 million or -5.6% compared to the end of the last financial year 2022/23 (31 March 2023: €638.0 million).

Non-current assets

Non-current assets increased from €252.5 million as of 31 March 2023 by 7.0% to €270.2 million as of 31 March 2024. This movement was mainly attributable to an increase in property, plant and equipment by €8.8 million or 4.7% due to the renewal of existing lease contracts, higher tooling amortisation trade receivables of €3.5 million and the recognition of development contributions for won platforms during the financial year 2023/24.

Current assets

Current assets decreased to €331.9 million compared to the previous balance sheet date (€385.5 million), down €-53.6 million or -13.9%. This change primarily stemmed from a lower cash position (€-24.0 million) due to the dividend payment of €49.5 million distributed in August 2023 and lower inventories (€-16.9 million). Further drivers were lower other receivables (€-8.0 million), resulting from lower VAT receivables, and lower trade receivables (€-6.2 million). Through non-recourse factoring, Novem sold €44.3 million trade receivables as of 31 March 2024, falling below the volume of €54.1 million as of 31 March 2023 by €-9.8 million.

Working capital

in € million	31 Mar 23	31 Mar 24	% change
Inventories	64.1	56.2	-12.3%
Trade receivables	43.7	35.1	-19.7%
Trade payables	-54.5	-40.2	-26.3%
Trade working capital	**53.3**	**51.1**	**-4.0%**
Tooling net	55.5	67.3	21.2%
Contract assets	15.3	14.9	-2.2%
Total working capital	**124.0**	**133.3**	**7.5%**

Total working capital amounted to €133.3 million as of 31 March 2024 and, therefore, 7.5% higher than as of 31 March 2023. The increase was mainly due to a higher tooling net position and lower trade payables, with an offsetting effect in trade receivables. The largest changes in tooling net related to a decrease in the tooling-related deferred income position of €13.0 million due to project closures as well as a rise in tooling receivables of €4.7 million, positively affected by a decrease in tooling inventories by €-11.5 million. Consequently, total working capital in % of LTM revenue increased by 3.3 percentage points to 21.0% (31 March 2023: 17.7%).

Equity

As of 31 March 2024, the equity position dropped from €107.3 million at the end of the last financial year 2022/23 to €89.9 million, attributable to the dividend payment of €49.5 million, which was offset by the profit generated in the financial year 2023/24 (€34.8 million). Currency translation differences to Euro decreased by €-1.6 million (-14.7% y/y).

Non-current liabilities

Non-current liabilities increased from €310.6 million as of 31 March 2023 by 8.4% to €336.8 million as of 31 March 2024. This was largely driven by the aforementioned renewal of existing lease contracts.

Net financial debt

in € million	31 Mar 23	31 Mar 24	% change
Liabilities to banks	249.4	249.9	0.2%
Liabilities from derivatives (-)	-	0.1	-
Lease liabilities	39.1	56.5	44.6%
Gross financial debt	**288.5**	**306.4**	**6.2%**
Cash and cash equivalents	-165.5	-141.5	-14.5%
Net financial debt	**123.0**	**164.9**	**34.1%**

Gross financial debt stood at €306.4 million as of 31 March 2024 and thus saw an increase of €17.9 million, mostly due to the increase in lease liabilities of €17.4 million. Cash and cash equivalents decreased by €-24.0 million compared to the end of the last financial year 2022/23, mainly driven by the dividend payment. Both effects are accountable for the unfavourable increase in the net financial debt of €41.9 million.

Net leverage

in € million	31 Mar 23	31 Mar 24
Net financial debt	123.0	164.9
LTM Adj. EBITDA	114.2	102.0
Net leverage ratio	**1.1x**	**1.6x**

The net leverage ratio is defined as net financial debt divided by Adj. EBITDA for the last 12 months. The ratio rose from 1.1x Adj. EBITDA at the end of the financial year 2022/23 to 1.6x Adj. EBITDA as of 31 March 2024 due to the adverse development of both key indicators net financial debt and LTM Adj. EBITDA.

Current liabilities

Current liabilities amounted to €175.5 million as of 31 March 2024, down -20.3% or €-44.7 million compared to the end of the last financial year 2022/23. The decrease primarily resulted from lower trade payables of €-15.1 million, followed by lower tax liabilities of €-11.5 million or -60.2% and lower other liabilities of €-10.3 million due to tooling project closures resulting in revenue recognition of received advanced payments.

CASH FLOWS

in € million	FY 2022/23	FY 2023/24	Change	% change
Cash flow from operating activities	**98.3**	**63.8**	**-34.6**	**-35.1%**
Cash flow from investing activities	**-13.8**	**-10.0**	**3.8**	**-27.3%**
Cash flow from financing activities	**-35.5**	**-77.8**	**-42.2**	**>100.0%**
Net increase (+)/decrease (-) in cash and cash equivalents	**49.0**	**-24.0**	**-73.0**	**<-100.0%**
Effect of exchange rate fluctuations on cash and cash equivalents	-0.5	0.0	0.5	<-100.0%
Cash and cash equivalents at the beginning of the reporting period	117.0	165.5	48.5	41.5%
Cash and cash equivalents at the end of the reporting period	**165.5**	**141.5**	**-24.0**	**-14.5%**

Cash flow from operating activities

Cash flow from operating activities fell from €98.3 million by €-34.6 million to €63.8 million in financial year 2023/24. The development resulted from a decline in profit of €-15.2 million as well as a decrease in provisions of €-21.1 million and other liabilities of €-18.4 million compared to the same reporting period last year. In addition, taxes paid increased by €-15.8 million. This was partially offset by favourable changes of €13.8 million in other assets and €11.6 million in trade receivables.

Cash flow from investing activities

Cash out-flow for investing activities reached €-10.0 million in the financial year 2023/24 (PY: €-13.8 million). The main changes related to higher interest received of €2.5 million and lower investments made in the amount of €1.8 million. This was counterbalanced by previous year's positive effect from the sale of the production premises in Kulmbach.

Cash flow from financing activities

Cash out-flow for financing activities showed the largest deviation and increased by €-42.2 million to €-77.8 million in the financial year 2023/24. The underlying reasons include the elevated interest rate level of the financing structure due to the raised base rate, resulting in an increase in interest paid of €-8.4 million, along with the effect of the dividend distribution of €-32.3 million.

SEGMENT REPORTING

Europe

External revenue in Europe decreased significantly from €332.9 million in the last financial year 2022/23 to €287.0 million in 2023/24, a decline to prior year by -13.8% or €-45.9 million.

In financial year 2023/24, Europe accounted for 45.2% of total revenue (PY: 47.5%).

Adj. EBIT in financial year 2023/24 reduced to €5.8 million, -74.8% short of prior year (PY: €23.1 million). As a result, the Adj. EBIT margin also declined to 1.8% from 6.0% last year.

Weak customer call-offs caused operational inefficiencies in the region Europe. An unfavourable product mix impacted the bottom line, although customer compensation payments partially alleviated the negative deviation.

in € million	FY 2022/23	FY 2023/24	% change
External revenue	332.9	287.0	-13.8%
Revenue between segments	51.5	44.4	-13.7%
Total revenue	**384.4**	**331.5**	**-13.8%**
Adj. EBIT	23.1	5.8	-74.8%
Adj. EBIT margin	6.0%	1.8%	

Americas

America's external revenue increased from €264.1 million last year to €271.9 million this year and exceeded prior year by 3.0% or €7.8 million. The currency translation impact amounted to €-7.1 million.

Americas contributed 42.8% of total revenue in the financial year 2023/24 (PY: 37.7%).

Adj. EBIT in the region Americas came in at €56.2 million in 2023/24 and was therefore 27.1% higher compared to previous year (PY: €44.2 million). Therefore, the Adj. EBIT margin increased to 16.6% from 13.0% previous year.

The region Americas benefitted from the release of accruals, buoyant revenue from SUV platforms as well as improvements in freight expenses and input costs.

in € million	FY 2022/23	FY 2023/24	% change
External revenue	264.1	271.9	3.0%
Revenue between segments	74.8	66.5	-11.0%
Total revenue	**338.9**	**338.4**	**-0.1%**
Adj. EBIT	44.2	56.2	27.1%
Adj. EBIT margin	13.0%	16.6%	

Asia

External revenue in Asia reduced by -25.9% or €-26.7 million from €103.3 million in financial year 2022/23 to €76.6 million this financial year 2023/24. The effect of currency translation totalled €-6.0 million.

Revenue from Asia equalled 12.0% of total revenue in the financial year 2023/24 (PY: 14.7%).

Adj. EBIT in Asia amounted to €7.1 million in the current financial year 2023/24, which shows a decline of -51.1% year-on-year (PY: €14.5 million). The Adj. EBIT margin decreased from 11.8% last year to 7.7%.

The decrease in Asia was attributable to lower revenue Series stemming from the phase-out of larger platforms and slower ramp-up of the new Chinese programs, which was partially offset by strong Tooling business.

in € million	FY 2022/23	FY 2023/24	% change
External revenue	103.3	76.6	-25.9%
Revenue between segments	18.7	15.6	-16.5%
Total revenue	**122.0**	**92.2**	**-24.4%**
Adj. EBIT	14.5	7.1	-51.1%
Adj. EBIT margin	11.8%	7.7%	

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

In accordance with the provisions of article 1720-1 (3) of the Law of 10 August 1915 in relation to commercial companies, the Company opted to present one annual report including the consolidated management report and the management report on the annual accounts as one annual report only. 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 amounted to €2.6 million (PY: €1.6 million) and resulted from services that are provided to other Novem Group entities based on the service agreement.

The external charges of €1.1 million (PY: €1.0 million) included mainly advisory, insurance and audit fees and to a smaller amount of legal fees.

The income from participating interests of €40.0 million (PY: €18.0 million) derived from the dividend distribution.

The interest income of €15.8 million (PY: €6.6 million) derived from an intercompany loan to another Novem Group entity. The total interest expenses of €13.3 million (PY: €6.4 million) occurred from interest expenses and fees to banks in loan-related terms. The increase resulted from higher total interest rates during the financial year.

The profit for the financial year 2023/24 amounted to €41.4 million (PY: €16.2 million).

Financial position

Total assets and total liabilities amounted to €928.6 million each (31 March 2023: €933.6 million).

Fixed assets essentially comprised shares in affiliated undertakings, which remained unchanged at €674.2 million (31 March 2023: €674.2 million) and a shareholder loan with a principal amount of €250.0 million (31 March 2023: €250.0 million).

Current assets amounted to €2.3 million (31 March 2023: €6.4 million) and included mainly the incorporated intercompany loan as part of the refinancing, receivables from the service agreement, receivables from the tax authorities and the Company's cash position.

The Company's capital and reserves decreased to €673.7 million (31 March 2023: €681.8 million).

The amounts owed to credit institutions carried €250.0 million (31 March 2023: €250.0 million). In the course of the private placement and stock exchange listing in financial year 2021/22, Novem Group S.A. entered into a facilities agreement comprising a term loan with a principal amount of €250.0 million and an undrawn revolving credit facility of €60.0 million. As part of the replacement of the former bond of Novem Group GmbH, the principal amount was transferred with the incorporation of a shareholder loan from Novem Group S.A. to Novem Group GmbH.

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. Realising 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 of identifying 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 deeply 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 are 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 are continuously adapted to new circumstances to provide a holistic picture of the situation at all times.

Legal risks

The Group's 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 also applies 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 necessitated 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 increasingly 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 arising from exchange rate changes. 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 some 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, 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 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 million. In case of liquidity shortages, Novem possesses further facilities of €77 million. Thereof €13 million are linked to an unused uncommitted credit line for Novem Car Interiors (China) Co., Ltd.

Interest rate risks

Novem faces 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. The continued interest rate hike by the European Central Bank in 2023 led to a material increase in financial expenses arising from the senior facility agreement. Nevertheless, a further 10% increase in both reference rates from today would have no material impact regarding the senior facility agreement and the factoring program.

The interest rate risk regarding pension obligations is also moderate as their share of total assets is less than 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. Thus, the effective tax rate varies in each jurisdiction where 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, similar to a rise in tax rates in individual jurisdictions.

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 or the deduction of interest expenses. Some Novem subsidiaries have loss carryforwards and/or interest carryforwards as a result of applying the statutory interest ceiling rules that limit the deduction of net interest expenses for tax purposes. The absence of taxable profits or relevant interest expenses could limit the benefit of such carryforwards. The Group could also fail, whether inadvertently or through reasons beyond its control, to comply with tax laws and regulations, which could result in unfavourable tax treatment.

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, which may be accompanied by potential double taxation, penalties or interest on tax payments and may, therefore, negatively impact Novem's financial performance, financial position and cash flow.

Regarding the global minimum taxation, it is important to note that under Luxembourg Law, a minimum tax rate of 15% for multinational companies with an annual revenue exceeding €750 million is being introduced to prevent profit shifting to low tax jurisdictions (Pillar 2). Novem, which operates internationally and whose revenue is close to the threshold, could be impacted by this regulation in the future when reaching a revenue level of over €750 million, potentially leading to an increased tax burden.

Tax risks are identified, regularly monitored and assessed by the Tax department and necessary measures are taken.

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 that, 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. 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 effort towards minimising trade barriers.

Also, the replacement of the North American Free Trade Agreement (NAFTA) with the new United States-Mexico-Canada Agreement (USMCA) in 2020, which 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 could result in higher prices for vehicles, which could, in turn, harm the demand for vehicles and thereby indirectly Novem's products. Novem has substantial operations in Mexico, currently supplying 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, the results of operations could also be affected by retaliatory measures from Europe, China or other countries imposing tariffs on the United States. Natural disasters, climate-related extreme weather events, global pandemics and disruptions to the energy supply can lead to problems such as a shortage of cargo space, extreme delays and fluctuations in delivery times and customs clearance, among others. This poses the risk of price increases, the normalisation of which can be unpredictable. The EU announced a series of potential measures relating to international trade and the automotive industry. EUDR (EU Deforestation Regulation) and CBAM (Carbon Border Adjustment Mechanism) are only two of these actions that should lead to a more sustainable, green and fair supply chain. As a result, rising prices and higher duties not only for transportation but also for gas and other purchased materials can negatively affect overall market demand and therefore Novem's results of operations.

In addition, 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.

Extreme risks from acts of war can no longer be ruled out in the future and may also influence Novem's further development. This could lead to a tightening of export controls, political and economic sanctions against countries as well as entities and massive barriers to importing and exporting goods. Also, the supply of strategic raw materials could be restricted and thus become more expensive. The termination of existing trade agreements could significantly disrupt supply chains and lead to immediate shortages of crucial parts and components needed to manufacture cars and other vehicles. An example of this is the war in Ukraine, where all these disruptions became apparent.

Despite various trade barriers and unpredictable events, such as the Russia-Ukraine war, the implementation of new free trade agreements between the EU and other third countries (such as Canada, Japan, Vietnam and Singapore in the past years) and efforts to build new trade relations could reduce existing tariff barriers as well as non-tariff measures. Novem also counters these risks by constantly monitoring the markets, focusing on the less affected market segments as well as adapting the global supply chains to changing customs and foreign trade conditions.

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 new and improved products to the market in a timely manner. The automotive market, in particular, is characterised by progressive development towards more driver and passenger comfort features, digital user experience 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. Further, it cannot be guaranteed that products or technologies developed by others will not render offerings obsolete or non-competitive or that customers will not substitute the Group's products with competing products. Additionally, there is no certainty that the market will accept Novem's innovations, that competitors will not be able to produce non-patented products more inexpensively from other sources or that the Group will be able to adjust its 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, including mechanical and electronic components, 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 manufacturing of products. Novem invests in technology, new materials and innovation, which the Group believes will be critical to long-term growth. Furthermore, it 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. Another factor that poses challenges is the trend towards reduced development times. Especially EV companies and Asian OEMs reduce the time to market for innovations. Therefore, the maturity level of our offerings must increase significantly. If there is a shift away from the use of materials or technologies in which Novem invests, 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 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. On the other hand, the trend towards shared mobility can lead to a need for more premium interiors as a differentiation method for mobility providers.

Customer and market risks and opportunities

Novem's products are highly competitive in terms of price, quality, delivery performance, innovation, product design, engineering capability and service. They face 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 broader 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 are in direct competition. 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 consequences of the Covid-19 pandemic and the Russia-Ukraine war. 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 as well as 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 2023/24, the three largest customers represented approximately 71% of revenue. The loss of all or a substantial portion of the revenue with any 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 has generally benefitted from increasing content per vehicle in the past, there have also been platforms with 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 Asia-based OEMs generally lags that of the largest customers in Europe, partly due to the existing relationships between these Asian 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 interior design is to view the car more as a wellness oasis on wheels. Interior design and details set standards and decisively influence 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 its 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. Compared to the increases in the last two years, prices have bottomed out and began to reduce. 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. In addition, supply shortages or delays in the delivery of raw materials, components or energy can also result in increased manufacturing costs. 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. Conflicts, such as those currently unfolding in the Red Sea, complicate and delay this exchange of goods. As a result, Novem has experienced temporary decreases in orders from customers due to supply chain disruptions in the past and expects this to continue in the future.

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 and 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.

In recent years, Novem has broadened its supplier base to include new suppliers in local markets, particularly in the United States, Mexico, Canada and Asia, who 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. OEMs continue to be confronted with geopolitical turmoil, leading to lower production volumes and temporary production suspensions for many OEMs, including some of Novem's customers.

Rising prices in the supply chain could also be caused by the requirements of the German Supply Chain Act (LkSG).

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 a trustful individualised leadership relation, open-minded, diverse and fault-tolerated culture as well as 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 regions where 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, labour disputes and natural disasters.

Novem operates a large, global business with 4,887 employees (excluding leased workers, interns and students) as of 31 March 2024. The labour force in the automotive industry, including Novem's, 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 or refusals to work. 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.

The labour market has also changed. It is becoming increasingly challenging to find the employees needed to fill vacancies.

Increasing labour costs due to inflation in many 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. 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 manage these increases in the future effectively.

Personnel development and apprenticeship programs are a specific 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 simultaneously combining this with the specific development aspirations of individual needs. Alongside the annual employee appraisal interviews, regular feedback talks and development discussions are held at Novem. As part of 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 aspirations and agree on a plan of action. Through continuous learning, the Group prepares its employees for future challenges. Thinking ahead 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 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 considers economically reasonable. Still, 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 contamination risks 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 off-site 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 some 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.

As one of the measures intended to meet national climate targets, Germany expanded its national CO2 pricing and trading system to include emissions from burning 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 €45 per ton of CO2 for 2024 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 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.

More and more partners request to collaborate closely on online platforms. While this brings more efficiency to established processes, it also requires strict technical and organisational policies to ensure the security of data and knowledge.

CORPORATE GOVERNANCE STATEMENT

The Company is a Luxembourg public limited liability 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 Shareholders' Rights Law.

Being a Luxembourg public limited liability 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 liability 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 liability 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 27 June 2024. In accordance with Article 7bis of the Shareholders' 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, which will be published separately from this Annual Report on the Novem IR website on 19 July 2024. The Remuneration Policy can already be accessed on the Novem IR website.

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 3.8 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 2024, the following shareholders held more than 5% of total voting rights attached to Novem shares: COFRA Holding (indirect: 33,505,583 voting rights attached to shares or 77.87% 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 2024 other than disclosed in note 5.15 of the Consolidated financial statements.

OUTLOOK

Albeit to different degrees, challenges such as inflationary forces, supply chain disruptions and geopolitical tensions persisted during the financial year 2023/24, influencing economic dynamics worldwide. As a result, elevated input costs hindered overall economic growth.

As a key industry in Germany, the automotive sector struggles with the transition to electric vehicles and softening demand. In line with this development, recent market data suggests only slight growth in light vehicle production for 2024/25, taking the aforementioned stress factors into account. By streamlining the production footprint and implementing further cost-cutting measures, Novem is adapting to the current market environment and remains vigilant in closely monitoring further developments.

In the face of ongoing global uncertainties, offering a reliable outlook is not feasible. Short-term market conditions will remain difficult and therefore continue to put pressure on the Group's performance. However, Novem confirms its mid-term guidance on the back of a solid order intake during the financial year 2023/24.

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4 Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2024

in € thousand	Note	FY 2022/23	FY 2023/24
Revenue	4.1	700,304	635,509
Decrease in finished goods and work in process		-7,491	-15,416
Total operating performance		**692,813**	**620,094**
Other operating income	4.2	25,817	18,902
Cost of materials	4.3	-354,689	-303,282
Personnel expenses	4.4	-168,645	-173,246
Depreciation, amortisation and impairment	4.5	-32,467	-33,660
Other operating expenses	4.6	-82,377	-69,480
Operating result (EBIT)		**80,452**	**59,327**
Finance income	4.7	3,555	7,376
Finance costs	4.7	-13,087	-19,947
Financial result		**-9,532**	**-12,571**
Income taxes	4.8	-15,728	-13,053
Deferred taxes	4.8	-5,209	1,077
Income tax result		**-20,937**	**-11,975**
Profit for the period attributable to the shareholders		**49,983**	**34,781**
Differences from currency translation	3.8	224	-1,562
Items that may subsequently be reclassified to consolidated profit or loss		**224**	**-1,562**
Actuarial gains and losses from pensions and similar obligations (before taxes)	3.9	8,572	-1,576
Taxes on actuarial gains and losses from pensions and similar obligations		-2,229	472
Items that will not subsequently be reclassified to consolidated profit or loss		**6,343**	**-1,103**
Other comprehensive income/loss, net of tax		**6,567**	**-2,665**
Total comprehensive income/loss for the period attributable to the shareholders		**56,551**	**32,116**
Earnings per share attributable to the equity holders of the parent (in €)			
basic	4.9	1.16	0.81
diluted	4.9	1.16	0.81

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 March 2024

Assets

in € thousand	Note	31 Mar 23	31 Mar 24
Intangible assets	3.1	2,429	2,837
Property, plant and equipment	3.2	185,116	193,907
Trade receivables	3.4	46,329	49,789
Other non-current assets	3.7	10,276	13,109
Deferred tax assets	4.8	8,332	10,587
Total non-current assets		**252,482**	**270,230**
Inventories	3.3	116,306	99,436
Trade receivables	3.4	47,510	41,324
Other receivables	3.5	37,999	29,999
Other current assets	3.7	18,235	19,614
Cash and cash equivalents	3.6	165,474	141,514
Total current assets		**385,524**	**331,886**
Assets		**638,006**	**602,116**

Equity and liabilities

in € thousand	Note	31 Mar 23	31 Mar 24
Share capital	3.8	430	430
Capital reserves	3.8	539,594	539,594
Retained earnings/accumulated losses	3.8	-443,414	-459,222
Currency translation reserve	3.8	10,646	9,085
Total equity		**107,256**	**89,887**
Pensions and similiar obligations	3.9	27,044	28,738
Other provisions	3.11	1,373	2,284
Financial liabilities	3.12	248,220	248,754
Trade payables	3.15	-	8
Other liabilities	3.13 3.14 3.16	33,273	55,631
Deferred tax liabilities	4.8	648	1,353
Total non-current liabilities		**310,558**	**336,768**
Tax liabilities	3.10	19,056	7,591
Other provisions	3.11	46,693	38,867
Financial liabilities	3.12	1,151	1,165
Trade payables	3.15	60,597	45,447
Other liabilities	3.13 3.14 3.16	92,694	82,390
Total current liabilities		**220,191**	**175,461**
Equity and liabilities		**638,006**	**602,116**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2024

in € thousand	Note	FY 2022/23	FY 2023/24
Profit for the period		49,983	34,781
Income tax expense (+)/income (-)	4.8	15,728	13,053
Financial result (+)/(-) net	4.7	7,126	13,999
Depreciation, amortisation and impairment (+)	4.5	32,467	33,660
Other non-cash expenses (+)/income (-)		-9,134	5,110
Increase (-)/decrease (+) in inventories	3.3	13,201	18,510
Increase (-)/decrease (+) in trade receivables	3.4 5.2	-9,438	2,121
Increase (-)/decrease (+) in other assets	3.7	-3,184	10,571
Increase (-)/decrease (+) in deferred taxes	4.8	5,245	-1,072
Increase (-)/decrease (+) in prepaid expenses/ deferred income	3.16	1,921	-2,019
Increase (+)/decrease (-) in provisions	3.11	2,675	-18,419
Increase (+)/decrease (-) in trade payables	3.15	-10,048	-14,147
Increase (+)/decrease (-) in other liabilities	3.13 3.14	10,431	-7,962
Gain (-)/loss (+) on disposals of non-current assets		74	75
Cash received (+) from/cash paid (-) for income taxes	5.6	-8,721	-24,488
Cash flow from operating activities		**98,326**	**63,773**
Cash received (+) from disposals of property, plant and equipment		795	200
Cash paid (-) for investments in intangible assets	3.1	-288	-1,200
Cash paid (-) for investments in property, plant and equipment	3.2	-17,646	-14,887
Interest received (+)	4.7	3,361	5,872
Cash flow from investing activities		**-13,779**	**-10,015**

in € thousand	Note	FY 2022/23	FY 2023/24
Cash paid (-) for subsidies/grants		-4	-4
Cash paid (-) for lease liabilities	3.13 5.6 5.10	-9,797	-11,370
Interest paid (-)	4.7	-8,533	-16,898
Dividends paid (-)	3.8 5.6	-17,212	-49,485
Cash flow from financing activities		**-35,546**	**-77,757**
Net increase (+)/decrease (-) in cash and cash equivalents		**49,000**	**-23,999**
Effect of exchange rate fluctuations on cash and cash equivalents		-493	39
Cash and cash equivalents at the beginning of the reporting period	3.6	116,967	165,474
Cash and cash equivalents at the end of the reporting period	3.6	**165,474**	**141,514**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2024

in € thousand	Note	Share capital	Capital reserves	Other retained earnings/ accumulated losses	Currency translation reserve	**Equity**
Balance as of 01 Apr 22		**430**	**539,630**	**-482,826**	**10,422**	**67,656**
Profit or loss for the year		-	-	49,983	-	49,983
Other comprehensive income or loss	3.8 3.9 4.8	-	-	6,343	224	6,567
Comprehensive income or loss for the year		**-**	**-**	**56,327**	**224**	**56,551**
Other capital-related transactions		-	-36	-	-	-36
Dividends	3.8 5.6	-	-	-17,212	-	-17,212
Reclassifications		-	-	298	-	298
Balance as of 31 Mar 23		**430**	**539,594**	**-443,414**	**10,646**	**107,256**
Balance as of 01 Apr 23		**430**	**539,594**	**-443,414**	**10,646**	**107,256**
Profit or loss for the year		-	-	34,781	-	34,781
Other comprehensive income or loss	3.8 3.9 4.8	-	-	-1,103	-1,562	-2,665
Comprehensive income or loss for the year		**-**	**-**	**33,677**	**-1,562**	**32,116**
Dividends	3.8 5.6	-	-	-49,485	-	-49,485
Balance as of 31 Mar 24		**430**	**539,594**	**-459,222**	**9,085**	**89,887**

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 limited liability company (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 Group's principal place of business is Vorbach, Germany.

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 a 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 17 June 2024.

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 costs. This excludes derivative financial instruments and 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 statement of comprehensive income has been prepared using the nature of the expense method.

The consolidated financial statements as of 31 March 2024 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 2024 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 in-flow from operating activities. Reference is also made to section 3.6 and section 3.8.

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 2024	Amendments to IAS 1: Classification of Liabilities as Current or Non-current (with Covenants)	Negligible
Annual periods beginning on or after 1 January 2024	Amendments to IFRS 16: Clarification how a seller-lessee subsequently measures sale and leaseback transactions	Negligible
Annual periods beginning on or after 1 January 2024	Amendment to IAS 7 and IFRS 7: Supplier finance arrangements	Negligible
Annual periods beginning on or after 1 January 2025[1]	Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	Negligible
Annual periods beginning on or after 1 January 2027[1]	IFRS 18 Presentation and Disclosure in Financial Statements: Replacement of IAS 1	In review
Annual periods beginning on or after 1 January 2027[1]	IFRS 19 Subsidiaries without Public Accountability: Disclosures	Negligible
Deferred indefinitely	Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Negligible

1 EU endorsement still pending

The Group observed all standards and interpretations adopted by the International Accounting Standards Board (IASB) and the EU that are mandatory as of 1 January 2023. The following table shows the new or amended standards effective in 2023. Applying the new standards has not significantly impacted these financial statements.

Effective date	New standards or amendments	Impact on the consolidated financial statements
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	Refer to description below
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	Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities arising from Single Transaction	Negligible
Annual periods beginning on or after 1 January 2023	Amendment to IAS 12 Income Taxes: Pillar 2 model rules	No impact

The Group adopted Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) from 1 January 2023. Although the amendments did not result in any changes to the accounting policies themselves, they had an impact on the accounting policy information disclosed in the financial statements.

The amendments require the disclosure of *material* instead of *significant* accounting policies. The amendments also provide guidance on the application of materiality in the disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements. Management reviewed the accounting policies and updated the information disclosed in Material accounting policies (PY: Accounting policies) in line with the amendments.

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 13 international subsidiaries.

	Registered office	Ownership interest in %
Novem Group GmbH	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.[2]	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.
2 Plant closed as of December 2023. The entity continues to operate as a buy-sell distributor.

Basis of consolidation

Subsidiaries are entities controlled by Novem Group S.A., Luxembourg. 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 the consideration of all facts and circumstances at the discretion of management.

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.

Transactions in foreign currencies are translated into Euros at the exchange rate applicable on the transaction date. 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 the consolidated statement of comprehensive income. Non-monetary assets and liabilities are translated into Euros at the exchange rate applicable on the transaction date.

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 23	31 Mar 24	2022/23	2023/24
CNY	0.13343	0.13027	0.13958	0.12948
CZK	0.04266	0.03952	0.04118	0.04118
HNL	0.03728	0.03719	0.03895	0.03737
MXN	0.05099	0.05591	0.04892	0.05329
USD	0.91954	0.92498	0.95743	0.92237

2 Material 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 unavailable, fair value is determined to a considerable extent based on judgment. Judgments concern inputs such 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

At the end of each reporting period, management assesses 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 details.

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 details.

Deferred tax assets on tax loss carryforwards

Deferred tax assets are recognised for tax loss carryforwards 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 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 details.

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 3.9 and section 3.11 for further details.

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 for a good or service is not directly observable and 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 of the future contract volume under the contracts with customers involving such participation are necessary.

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.

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 by improving manufacturing processes with modern and efficient technology. Sustainability is also reflected in product innovations and concepts, which may potentially even create a competitive advantage for acquiring new projects.

Geopolitical and macroeconomic environment

The increasingly complex and uncertain macroeconomic and geopolitical environment, particularly due to the Ukraine war and the conflict in Israel-Gaza/Middle East, requires continuous and close observation by the management. The ongoing attacks by Houthis on numerous commercial ships using the Red Sea route compelled container shipping companies to use alternative routes. The alternative route around the Cape of Good Hope extended the sea voyage duration and increased costs due to higher bunker consumption, additional port and terminal fees as well as higher labour costs.

Thus, the Group faced high inflation, increased interest rates and volatile foreign currencies as well as rising concerns about a slowdown in economic growth across significant markets compared to prior years.

Those trends could impact fair values and carrying amounts of assets and liabilities, amount and timing of results of operations and cash flows of Novem. Estimates and assumptions are generally based on existing knowledge and best information available.

The management has regularly reviewed the implications of the changing geopolitical and macro-economic conditions and has not identified a going concern or 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 finite useful life, these intangible assets are amortised on a straight-line basis over these useful lives. 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.

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset it relates to. 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

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 requirements according to IAS 38 are fulfilled from a particular project phase, the associated expenditure is capitalised as internally generated intangible assets. Otherwise, the expenses for research and non-capitalised development services are recognised in profit or loss as incurred.

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.

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.

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.

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, including 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, refer to 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 expected credit losses are presented in *other operating expenses* of the Consolidated statement of comprehensive income.

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.

For all classes of assets in the context of leases, 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. 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 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 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.

Cost is determined using the moving average cost method.

Inventories also include tools at Novem as the beneficial ownership of tools does not usually lie with Novem. The tools must be presented as inventories under current assets until they are transferred to the OEM. In accordance with IAS 2.10, the cost of inventories shall comprise all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition.

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 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 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. Subsequently, financial assets and liabilities are measured according to the category to which they are assigned to.

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.

All financial assets not classified as measured at amortised cost (FAAC) or financial assets measured at fair value through other comprehensive income (FAFVOCI) based on their contractual cash flow characteristics and the business model they are held in are classified as financial assets measured at fair value through profit and loss (FAFVTPL). This includes all derivative financial assets and trade receivables sold in the context of factoring agreements.

The following is applicable for the subsequent measurement of financial assets and the associated gains and losses:

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*).

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 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. Due to Novem's continuing involvement, the trade receivables are to be derecognised except for the amount of the first loss guarantee. The so-called *Seller Guarantee* is a limited default guarantee under which Novem is liable for up to 2% of the average monthly outstanding trade receivables in the total portfolio. This amount continues to be recognised as an asset and as a liability to banks.

Financial liabilities

Except for derivative financial instruments, the Group measures financial liabilities at amortised cost (FLAC) using the effective interest method.

Derivative financial instruments

The Group uses derivative financial instruments to hedge currency risks resulting during the course of operations.

Derivative products are measured at fair value upon initial recognition. Derivatives are subsequently measured at fair value (FLFVPL/FAFVPL). 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.

2.10 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. Should the recognition criteria for provisions not be satisfied, then a contingent liability is shown in the notes if certain conditions are met.

2.11 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 required actuarial calculations are made in the Group by external actuaries.

Actuarial gains and losses from measuring the obligation are 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 (net interest expense) are shown under *net finance income/costs*. The service cost is taken into account in personnel expenses, although past service costs 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.

2.12 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.

2.13 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 the 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 the 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
- with respect to the sale of tools, the Group carries out maintenance of these tools, which will be invoiced separately to the OEM

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.

To account for the time value of money (adjustment of promised consideration), the group uses a discount rate that would be reflected in a separate financing transaction.

In subsequent periods, interest income is recognised on an accrual basis using the effective interest method and presented as finance income.

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.

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 tools 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.

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 when the serial part is highly customised for a particular customer. 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.

The payment terms contractually agreed on with all customers (series and tools) are generally between 30 and 90 days.

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

2.14 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.

2.15 Income taxes

The tax assessment is generally made at the level of the individual circumstances, taking into account any interactions that may exist. If the recognition of the tax treatment is probable, the current and deferred taxes are recognised on this basis. If, on the other hand, recognition is uncertain (not probable), the most probable amount that would be recognised for tax purposes is used, unless the expected value of different scenarios leads to more meaningful results. Full knowledge of the facts by the tax authorities is always assumed. The assumptions and decisions made are reviewed at each reporting date and, if necessary, adjusted on the basis of new findings.

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.

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 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.

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 in the following table for financial years 2022/23 and 2023/24.

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	Advance payments and assets under construction	**Intangible assets**
Cost				
As of 01 Apr 22	7,148	2,271	-	**9,420**
Currency differences	-	-	-	**-**
Additions	288	-	-	**288**
Disposals	7	-	-	**7**
Reclassifications	-	-	-	**-**
As of 31 Mar 23	7,430	2,271	-	**9,702**
As of 01 Apr 23	7,430	2,271	-	**9,702**
Currency differences	-1	-	-	**-1**
Additions	566	36	542	**1,144**
Disposals	1,801	-	-	**1,801**
Reclassifications	56	-	-	**56**
As of 31 Mar 24	**6,249**	**2,307**	**542**	**9,099**
Accumulated amortisation				
As of 01 Apr 22	5,901	420	-	**6,320**
Currency differences	2	-	-	**2**
Depreciation expenses	682	274	-	**957**
Disposals	7	-	-	**7**
As of 31 Mar 23	6,579	694	-	**7,272**
As of 01 Apr 23	6,579	694	-	**7,272**
Currency differences	1	-	-	**1**
Depreciation expenses	516	274	-	**790**
Disposals	1,801	-	-	**1,801**
As of 31 Mar 24	**5,295**	**968**	**-**	**6,262**
Carrying amount				
As of 31 Mar 23	**851**	**1,577**	**-**	**2,430**
As of 31 Mar 24	**955**	**1,339**	**542**	**2,837**

Additions to intangible assets in the financial year 2023/24 amounted to €1,144 thousand compared to €288 thousand in the financial year 2022/23. The additions included €542 thousand (PY: €0) from advance payments and assets under construction for the conversion to SAP S/4HANA.

Purchased intangible assets

Purchased concessions, patents, licenses, trademarks and similar rights and assets mainly concern expenses for third parties in connection with the acquisition of application software.

No impairment losses were recognised for purchased intangible assets in the financial years 2022/23 and 2023/24.

Internally generated intangible assets

Research costs and non-capitalisable development costs are expensed as incurred. The development expenses to be capitalised amounted to €1,339 thousand (31 March 2023: €1,577 thousand). This largely involves the development in the area of trims with integrated lighting designs, development in electronic components in the trim part and lighting concepts in car interiors as well as the development of sensor elements.

The Group differentiates between customer-based and non-customer-based (internal) development work in this regard. 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 2022/23 and 2023/24.

The Group recognised €1,098 thousand (31 March 2023: €1,288 thousand) in research and development expenses in the financial year 2023/24. Amortisation of capitalised internal development projects amounted to €274 thousand (31 March 2023: €274 thousand).

3.2 Property, plant and equipment

in € thousand	31 Mar 23	31 Mar 24
Land, leasehold rights and buildings, including buildings on third-party land	82,131	97,939
Thereof right-of-use assets from leases	32,757	52,338
Technical equipment and machinery	82,135	75,172
Thereof right-of-use assets from leases	-	26
Other equipment, operating and office equipment	13,921	13,289
Thereof right-of-use assets from leases	6,160	5,543
Advance payments and assets under construction	6,929	7,507
Property, plant and equipment	**185,116**	**193,907**

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 2023/24, the Group capitalised €43,431 thousand (31 March 2023: €33,758 thousand) including leasing in property, plant and equipment. The additions included €3,491 thousand (31 March 2023: €4,894 thousand) from advance payments and assets under construction.

The depreciation expenses included impairment losses on right-of-use assets relating to buildings amounting to €705 thousand (31 March 2023: €10 thousand) due to existing dismantling obligations for buildings which can be allocated to the regions Europe and Americas.

The development of the Group's carrying amounts of property, plant and equipment is shown in the following table for the financial years 2022/23 and 2023/24.

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 22	146,366	286,370	51,712	7,855	**492,303**
Currency differences	1,948	-1,481	362	-136	**693**
Additions	12,357	9,306	7,200	4,894	**33,758**
Disposals	4,657	5,912	4,759	37	**15,365**
Reclassifications	201	4,803	604	-5,608	**-**
As of 31 Mar 23	156,215	293,086	55,118	6,969	**511,388**
As of 01 Apr 23	156,215	293,086	55,118	6,969	**511,388**
Currency differences	-140	-3,384	-359	-71	**-3,954**
Additions	26,744	8,295	5,443	2,949	**43,431**
Disposals	3,845	13,821	5,465	-	**23,130**
Reclassifications	310	1,710	48	-2,125	**-56**
As of 31 Mar 24	**179,285**	**285,885**	**54,785**	**7,722**	**527,678**
Accumulated amortisation					
As of 01 Apr 22	65,569	202,158	39,629	41	**307,397**
Currency differences	1,160	-1,014	233	-1	**378**
Depreciation expenses	9,902	15,643	5,965	-	**31,510**
Thereof impairment losses	10	-	-	-	**10**
Disposals	2,547	5,837	4,630	-	**13,014**
Reclassifications	-	-	-	-	**-**
As of 31 Mar 23	74,084	210,950	41,198	40	**326,272**
As of 01 Apr 23	74,084	210,950	41,198	40	**326,272**
Currency differences	-590	-2,580	-368	1	**-3,537**
Depreciation expenses	10,737	16,110	6,021	2	**32,870**
Thereof impairment losses	705	-	-	2	**707**
Disposals	2,886	13,570	5,379	-	**21,835**
Reclassifications	-	-196	25	171	**-**
As of 31 Mar 24	**81,346**	**210,714**	**41,497**	**214**	**333,771**
Carrying amount					
As of 31 Mar 23	**82,131**	**82,135**	**13,920**	**6,929**	**185,116**
As of 31 Mar 24	**97,939**	**75,172**	**13,289**	**7,507**	**193,907**

3.3 Inventories

in € thousand	31 Mar 23	31 Mar 24
Raw materials and consumables	33,409	34,320
Work in process	13,125	10,757
Finished goods and merchandise	17,530	11,069
Tools	50,955	39,471
Advance payments for tools	1,259	3,784
Advance payments for raw materials	28	35
Inventories	**116,306**	**99,436**

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

Inventories that are expected to be turned over within 12 months amounted to €99,436 thousand (31 March 2023: €116,306 thousand). The write-downs recognised on inventories amounted to €5,272 thousand in the financial year 2023/24 (31 March 2023: €7,401 thousand). In the case of write-downs, marketability, age as well as all apparent storage and inventory risks are taken into account. Compared to 31 March 2023, adjustments were made to the model used to determine the respective write-downs. Firstly, the maximum possible devaluation rate was reduced from 100% to 90% based on a retrospective analysis. Secondly, the previously used general daily grid was replaced by consideration of the individual product life cycle to identify the corresponding devaluation rates. These adjustments lead to a more comprehensible approach and ensure an appropriate true and fair value.

Since 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 €11,078 thousand (31 March 2023: €12,129 thousand) based on recognition of revenue over time under IFRS 15, together with the recognition of contract assets amounting to €12,402 thousand (31 March 2023: €14,124 thousand).

3.4 Trade receivables

Trade accounts receivable included the following items:

in € thousand	31 Mar 23	31 Mar 24
Trade receivables	95,448	91,449
Expected credit losses on trade receivables	-1,609	-336
Trade receivables	**93,839**	**91,113**
Non-current	46,329	49,789
Current	47,510	41,324

Trade receivables are mainly receivables from contracts with customers.

The overall decrease in receivables was primarily driven by a decline of current receivables due to lower business volumes and a decline in demand from OEMs. Contrary to this, the long-term receivables slightly increased due to higher tooling amortisation receivables.

Factoring

Two of the Group's subsidiaries, *Novem Car Interior Design GmbH* and *Novem Car Interior Design Inc.*, participate in a revolving multi-seller securitisation vehicle for its trade receivables.

In conjunction with a factoring agreement, receivables were sold to a bank at a purchase price of €44,313 thousand as of 31 March 2024 (31 March 2023: €54,022 thousand), of which €911 thousand (31 March 2023: €1,046 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 Group concluded that it does not control, and therefore should not consolidate, the securitisation vehicle. Taken as a whole, the Group does not have power over the relevant activities of the securitisation vehicle.

Expected credit losses

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 default rates for each counterparty are provided 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 global economic developments were used for the consolidated financial statements as of 31 March 2024. An additional adjustment of the valuation allowance was thus not required under this model.

The allowances for trade accounts receivables developed as follows:

in € thousand	FY 2022/23	FY 2023/24
	Loss allowance	Loss allowance
As of 01 Apr	1,115	1,609
Additions	515	75
Reversals	-27	-1,350
Used	-	-
Exchange rate effects	6	2
As of 31 Mar	**1,609**	**336**

The reversal effect resulted primarily from a change in the external rating provider. The provider's approach resulted in a more precise rating overall, which led to slightly better probabilities of default, but had a disproportionately positive effect on the expected credit losses due to the long-term nature of the corresponding tooling receivables.

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3.5 Other receivables

The Group's other receivables comprise the following components:

in € thousand	31 Mar 23	31 Mar 24
From VAT	33,695	24,954
From employees	539	694
From payroll tax	14	21
From social security	-	64
From advance payment receivables	319	524
From financial assets	-	169
Others	3,432	3,573
Other receivables	**37,999**	**29,999**

The majority were receivables from tax authorities. This is the result of regular offsetting and notification of paid and received VAT. As of 31 March 2024, the amounts shown in the column *Others* include income tax receivables in the amount of €2,618 thousand (31 March 2023: €2,459 thousand) and other operating receivables amounting to €955 thousand (31 March 2023: €973 thousand).

3.6 Cash and cash equivalents

in € thousand	31 Mar 23	31 Mar 24
Cash on hand	34	38
Cash at banks	165,440	141,476
Cash and cash equivalents	**165,474**	**141,514**

Cash and cash equivalents are not subject to any restrictions. The amount corresponds to the value shown in the Consolidated statement of cash flows. Cash and cash equivalents are concentrated at Novem Beteiligungs GmbH, which operates a group-wide cash pooling system.

3.7 Other non-current/current assets

in € thousand	31 Mar 23			31 Mar 24		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Prepaid expenses	800	14	**814**	758	12	**770**
Miscellaneous other assets	600	351	**951**	-	362	**362**
Contract assets	14,669	-	**14,669**	14,939	-	**14,939**
Contribution to develop for later supply contracts	2,166	9,911	**12,077**	3,917	12,735	**16,652**
Other non-financial assets	**18,235**	**10,276**	**28,511**	**19,614**	**13,109**	**32,723**

Other non-financial non-current assets of €13,109 thousand (31 March 2023: €10,276 thousand) included development contributions for later supply contracts.

The presented other non-financial current assets amounting to €19,614 thousand (31 March 2023: €18,235 thousand) mainly included 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, €13,689 thousand were reclassified in 2023/24 (31 March 2023: €11,783 thousand) from contract assets to trade receivables. The expected credit losses on contract assets (refer also to section 5.4), which are shown within *other operating expenses*, developed as follows on Group level:

in € thousand	FY 2022/23	FY 2023/24
As of 01 Apr	30	12
Additions	2	3
Reversals	-20	-7
Used	-	-
As of 31 Mar	**12**	**8**

3.8 Equity

Please refer to the Consolidated statement of changes in equity for detailed information on changes in consolidated equity. Overall, the equity position changed from €107,256 thousand at the end of the last financial year to €89,887 thousand, which mainly resulted from profit for the year and, on the contrary, from the distribution of the dividend.

Share capital

As of 31 March 2024, the share capital of the Company amounted to €430 thousand (31 March 2023: €430 thousand) and is divided into 43,030,303 ordinary shares (31 March 2023: 43,030,303 ordinary shares) in a dematerialised form with no nominal value. All ordinary shares rank equally with regard to the Company's residual assets. Each share of the Company represents a par value of €0.01 in the Company's share capital. All shares are fully paid. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

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 five years after IPO.

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 2023/24, the Company did not buy any of its own shares.

Capital reserves

The capital reserves amounted to €539,594 thousand as of 31 March 2024 (31 March 2023: €539,594 thousand). Directly attributable transaction costs of €1,209 thousand (31 March 2023: €1,209 thousand) were recognised and thus diminished the capital reserves. In this context, deferred tax assets of €187 thousand (31 March 2023: €267 thousand) were recognised.

Other retained earnings

Retained earnings amounted to €-459,222 thousand as of 31 March 2024 (31 March 2023: €-443,414 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 statements 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 amounted to €9,085 thousand as of 31 March 2024 (31 March 2023: €10,646 thousand). The change resulted from differences in currency translation of €1,562 thousand (31 March 2023: €224 thousand).

Dividend

The Management Board, in agreement with the Supervisory Board, will propose the suspension of the dividend payment for the financial year 2023/24 to the Annual General Meeting on 22 August 2024.

The total dividend in prior year amounted to €49,485 thousand and thus corresponded to a payout ratio of 99.0% of the consolidated net profit. It consisted of an ordinary dividend of €0.40 per share as well as a special dividend of €0.75 per share, which resulted in a total dividend of €1.15 per share (ordinary plus special) for the financial year 2022/23.

3.9 Employee benefits

The Group grants its staff in and outside of Germany pension and other post-employment benefit 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 €26,398 thousand as of 31 March 2024 (31 March 2023: €23,849 thousand) and thus accounted for 91.0% of the total obligation (31 March 2023: 88.0%). There are retirement benefit obligations in Italy, Slovenia and Mexico with entitlement to capital sums based on statutory regulations. In addition, employees in Mexico are entitled to a statutory seniority provision termination benefit, which functions in a similar way to the retirement indemnity and is also included with an amount of €472 thousand (31 March 2023: €350 thousand).

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 lesser extent, inflation trends and longevity. In order to limit the risks of changing capital market conditions and demographic developments, the most recent general pension plan was closed to new entrants in Germany in 2015. The specific risks of salary-based obligations within the Group are minimal.

The present value of the defined benefit obligations developed as follows:

in € thousand	FY 2022/23	FY 2023/24
Present value of the benefit obligations on 01 Apr	34,871	27,044
Current service cost	826	812
Past service cost	-	94
Interest expense	802	1,131
Employer's direct benefit payments	-989	-1,813
Actuarial gains (-)/ losses (+)	-8,572	1,576
Thereof on account of changes to demographic assumptions	1	-129
Thereof on account of changes to financial assumptions	-8,279	1,710
Thereof on account of experience-based adjustments	-294	-5
Effects of changes in foreign exchange rates	106	98
Present value of the benefit obligations on 31 Mar	**27,044**	**28,942**

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

in € thousand	FY 2022/23	FY 2023/24
Current service cost	826	812
Past service cost	-	94
Service cost	**826**	**906**
Interest expense	802	1,131
Pension and similar obligations expense for benefit plans	**1,628**	**2,037**

The past service cost reported in FY 2023/24 is related to an incentivised restructuring plan in Italy that took place over the course of the financial year.

The pensions and similar obligations provision was as follows:

in € thousand	FY 2022/23	FY 2023/24
Present value of benefit entitlements from benefit plans	27,044	28,942
Financing status	**27,044**	**28,942**
Pension and similar obligations provision on 31 Mar	**27,044**	**28,942**

The benefits paid out in the financial year 2023/24 amounted to €1,813 thousand (PY: €989 thousand). Payments amounting to €1,231 thousand are expected for 2024/25, which are directly rendered by the employer.

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The pensions and similar obligations provision developed as follows:

in € thousand	FY 2022/23	FY 2023/24
Pension and similar obligations provision on 01 Apr	34,871	27,044
Pension expense	1,628	2,037
Actuarial gains (-)/losses (+) recognised in other comprehensive income	-8,572	1,576
Employer's direct benefit payments	-989	-1,813
Effects of changes in foreign exchange rates	106	98
Pension and similar obligations provision on 31 Mar	**27,044**	**28,942**

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 and similar obligations are shown below:

	31 Mar 23	31 Mar 24
Discount rate	4.3%	3.9%
Salary trend/growth of pension expectancies	2.7%	2.8%
Future pension growth	2.2%	2.2%
Life expectancy from age 65 (in years) – Obligations in Germany		
Retiring today (member age 65) – male/female	20.8 / 24.2	20.9 / 24.3
Retiring in 20 years (member age 45) – male/female	23.5 / 26.4	23.6 / 26.5

The financial assumptions shown above are weighted averages. A discount rate of 3.66% was set for Germany (31 March 2023: 4.10%). For the remaining Eurozone countries, i.e. Italy and Slovenia, the discount rates used on 31 March 2024 were 3.65% and 3.55% respectively (31 March 2023: 4.15% and 4.00%). For Mexico, a discount rate of 9.5% was set on 31 March 2024 (31 March 2023: 9.4%).

Heubeck's 2018 G guideline tables were used as the demographic basis for calculations in Germany – the resulting life expectancy figures are shown above as of 31 March 2024 and 31 March 2023 for comparison.

An increase or decrease in the discount rate by 25 basis points would impact the present value of the total benefit entitlements as of 31 March 2024 as follows:

in € thousand	31 Mar 24
Change in present value of the benefit entitlements if the	
discount rate were to be 25 basis points higher	-1,028
discount rate were to be 25 basis points lower	1,091

A decrease or increase in assumed life expectancy by one year would impact the present value of the benefit entitlements in Germany[1] as of 31 March 2024 as follows:

in € thousand	31 Mar 24
Change in present value of the benefit entitlements if the	
life expectancy were to be 1 year higher	1,083
life expectancy were to be 1 year lower	-1,099

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 2024 as follows:

in € thousand	31 Mar 24
Change in present value of the benefit entitlements if the	
pension progression were to be 25 basis points higher	774
pension progression were to be 25 basis points lower	-740

The weighted average duration of the defined benefit obligations on 31 March 2024 was 15 years (31 March 2023: 15 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 €9,956

1 Since changes in life expectancy have no or minimal impact on capital commitments outside of Germany, the benefit entitlements abroad are not taken into account.

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thousand were reported in the financial year 2023/24 (PY: €10,306 thousand) in Germany, Italy, the Czech Republic, Slovenia, Luxembourg and the US.

3.10 Tax liabilities

in € thousand	Current	**Income tax liabilities**
Change in tax liabilities		
As of 01 Apr 22	13,805	**13,805**
Used	-2,171	**-2,171**
Addition	7,412	**7,412**
Exchange rate difference	10	**10**
As of 31 Mar 23	19,056	**19,056**
As of 01 Apr 23	19,056	**19,056**
Used	-21,214	**-21,214**
Addition	9,748	**9,748**
Exchange rate difference	1	**1**
As of 31 Mar 24	**7,591**	**7,591**

The Group is subject to income taxes in different jurisdictions. Therefore, key assumptions are necessary to consider the various tax legislations and 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.

The Group recognises potential risks related to uncertain tax positions in accordance with IFRIC 23.

3.11 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 provisions**
As of 01 Apr 22	1,867	1,305	-	**3,172**
Used	-1,600	-105	-	**-1,705**
Reversal	-	-	-	**-**
Addition	-	-67	-	**-67**
Discounting of provision	-	-27	-	**-27**
Reclassification to current provisions	-	-	-	**-**
As of 31 Mar 23	267	1,106	-	**1,373**
As of 01 Apr 23	267	1,106	-	**1,373**
Used	-267	-20	-	**-287**
Reversal	-	-	-	**-**
Addition	-	243	955	**1,198**
Discounting of provision	-	-	-	**-**
Reclassification to current provisions	-	-	-	**-**
As of 31 Mar 24	**-**	**1,329**	**955**	**2,284**

The non-current provisions amounted to €2,284 thousand as of 31 March 2024 (31 March 2023: €1,373 thousand) and are expected to fall due between one and five years.

Of this amount, €1,329 thousand (31 March 2023: €1,106 thousand) were fully attributable to provisions in the personnel area. These personnel-related obligations relate to long-service awards, which are calculated using actuarial reports. A further amount of €955 thousand was attributable to provisions for dismantling obligations of buildings. The provisions attributable to the sales area primarily included risks arising from warranty claims. The usage of €267 thousand in the financial year 2023/24 was related to a quality claim.

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

in € thousand	Obligations from sales	Employee benefits	Other risks	**Other current provisions**
As of 01 Apr 22	40,241	1,741	5,992	**47,974**
Used	-12,703	-1,267	-3,320	**-17,290**
Reversal	-8,768	-51	-2,263	**-11,082**
Addition	22,698	1,328	2,816	**26,842**
Exchange rate difference	128	102	19	**249**
Reclassification from non-current provisions	-	-	-	**-**
As of 31 Mar 23	41,596	1,853	3,244	**46,693**
As of 01 Apr 23	41,596	1,853	3,244	**46,693**
Used	-2,380	-272	-913	**-3,565**
Reversal	-12,933	-57	-25	**-13,015**
Addition	7,336	903	466	**8,705**
Exchange rate difference	-27	71	5	**49**
Reclassification from non-current provisions	-	-	-	**-**
As of 31 Mar 24	**33,592**	**2,498**	**2,777**	**38,867**

Current provisions as of 31 March 2024, which were recognised for uncertain obligations within one year, included in particular provisions from obligations from the personnel and sales areas as well as other risks of €38,867 thousand (31 March 2023: €46,693 thousand).

The personnel-related obligations related largely to provisions for partial retirement benefits, severance payments and performance-based obligations.

The provisions attributable to the sales area included especially risks arising from warranty claims, price risks and not yet finalised customer debit notes.

Management's best estimate was 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 involved a number of discernible individual risks and uncertain liabilities that were accounted for at their probable settlement amounts.

In 2023, the decision was made to close the production in Bergamo (Italy). The local presence in Italy will remain and continue to operate as a buy-sell distributor. The production of the platforms was transferred to other European locations in order to improve overall plant capacity utilisation. The total amount of the restructuring costs amounted to €5,073 thousand. This amount included severance payments for employees, removal and relocation costs. Of this amount, €853 thousand is still unused, which is reflected in the employee benefits and other risks of the non-current provisions as of 31 March 2024.

At the beginning of 2024, Novem decided to carry out restructuring measures in Vorbach (Germany), which consequently led to employee redundancies. The total amount of the restructuring costs, mainly consisting of severance payments and costs related to a transfer company, amounted to €3,552 thousand. As of 31 March 2024, the provisions for employee benefits and other risks contained the not yet utilised provision of €1,587 thousand.

It is expected that all current provisions will be used during the course of the following financial year.

3.12 Financial liabilities

in € thousand	31 Mar 23			31 Mar 24		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Liabilities to banks	1,151	248,220	**249,371**	1,165	248,754	**249,919**
Financial liabilities	**1,151**	**248,220**	**249,371**	**1,165**	**248,754**	**249,919**

Total current and non-current financial liabilities amounted to €249,919 thousand as of 31 March 2024 (31 March 2023: €249,371 thousand).

In June 2021, 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. Accordingly, the refinancing was implemented as of 23 July 2021 by the drawdown of the term loan of €250,000 thousand and matures in July 2026.

After the deduction of transaction costs and pro rata interest incurred, €248,754 thousand (31 March 2023: €248,220 thousand) of the liabilities to banks of €249,919 thousand (31 March 2023: €249,371 thousand) related to the utilised term loan. The remaining amount of €1,165 thousand (31 March 2023: €1,151 thousand) mainly resulted from the Seller Guarantee derived from factoring as described in section 3.4.

3.13 Other financial liabilities

Other financial liabilities were composed as follows:

in € thousand	31 Mar 23	31 Mar 24
Other current financial liabilities		
Lease liabilities	7,938	7,295
Other non-current financial liabilities		
Lease liabilities	31,143	49,229
Loan (benefits fund)	4	-
Other financial liabilities	**39,085**	**56,524**

The liabilities to leases contained changes due to cash out-flow of €11,370 thousand in the financial year 2023/24 (PY: €9,797 thousand). The increase of the total lease liabilities resulted primarily from contract modifications to building contracts and current leases as well as from a currency translation effect in the amount of €1,345 thousand.

The lease liabilities of €56,524 thousand as of 31 March 2024 (31 March 2023: €39,081 thousand) were largely from leasing land and buildings (refer to section 5.10).

3.14 Other non-financial liabilities

Other non-financial liabilities break down as follows:

in € thousand	31 Mar 23	31 Mar 24
Other current liabilities		
Employee-related liabilities	7,420	8,753
VAT	5,029	4,739
Other liabilities	4,643	6,581
Contract liabilities	31,562	21,111
Other current liabilities	**48,654**	**41,184**
Other non-current liabilities		
Other liabilities	360	4,377
Other non-current liabilities	**360**	**4,377**

Current non-financial liabilities amounted to €41,184 thousand as of 31 March 2024 (31 March 2023: €48,654 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 OEMs' development contributions are shown under *other liabilities*.

Non-current non-financial liabilities amounted to €4,377 thousand as of the reporting date (31 March 2023: €360 thousand). These primarily related to 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 2022/23	FY 2023/24
Revenue recognised in the financial year that was included in the carrying amount of the contract liabilities at the beginning of the financial year	8,405	23,454
Increase in the financial year on account of advance payments for tools	16,867	13,003

3.15 Trade payables

Trade payables comprise outstanding obligations from the exchange of the Group's goods and services. Trade payables amounted to €45,455 thousand on the reporting date (31 March 2023: €60,597 thousand). The decline was mainly caused by the lower business volume, which also led to a reduction in the need for procurement. Moreover, this development was driven by cash flow management and the maturity of liabilities.

3.16 Deferred liabilities/accruals

in € thousand	31 Mar 23	31 Mar 24
Personnel-related accruals	12,843	11,887
Outstanding invoices for trade payables	20,920	18,630
Costs related to the year-end audit and annual financial statements	1,815	3,280
Other deferred liabilities	2,292	2,140
Deferred liabilities/accruals	**37,870**	**35,937**
Non-current	1,767	2,025
Current	36,103	33,912

Accruals are disclosed under *other liabilities*. Accruals are liabilities to pay for goods or services already received which have not been paid or invoiced by the supplier.

These largely comprised outstanding obligations within the Group from the exchange of goods and services as well as on account of personnel-related accruals, which mainly include matters such as leave not yet taken, Christmas and holiday pay or performance-related salary components.

4 Explanatory notes on the consolidated statement of comprehensive income

4.1 Revenue

In the financial year 2023/24, Novem generated total revenue of €635,509 thousand (PY: €700,304 thousand), which marks a -9.3% decrease compared to last year. The distribution of revenue among the locations is provided in *Geographical information* in section 5.9. 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 2022/23	FY 2023/24
Wood	520,900	512,467
Aluminium	135,604	87,579
Premium synthetics	43,799	35,463
Revenue	**700,304**	**635,509**

Revenue Series developed negatively in the financial year 2023/24 and recorded at €553,053 thousand, down by -10.5% compared to the same reporting period last year (PY: €618,226 thousand). Revenue Series generated 87.0% of total revenue (PY: 88.3%) and remained the key pillar of the business.

Revenue Tooling, which comprises performance obligations for development work and the subsequent sale of tools as well as maintenance activities, contributed €82,456 thousand to total revenue for the financial year 2023/24 (PY: €82,077 thousand). This corresponds to a year-on-year increase of 0.5% or €379 thousand. Revenue within the Group can be allocated to business areas as follows:

in € thousand	FY 2022/23	FY 2023/24
Revenue Series	618,226	553,053
Revenue Tooling	82,077	82,456
Revenue	**700,304**	**635,509**

The following breakdown determines the type of revenue recognition, as revenue from Series and maintenance activities are considered to be *goods and services transferred over time*, while revenue from the development work and subsequent sale of tools must be classified as *goods and services transferred at a point in time*.

in € thousand	FY 2022/23	FY 2023/24
Goods and services transferred over time	620,775	557,662
Goods and services transferred at a point in time	79,529	77,847
Revenue	**700,304**	**635,509**

There was also a corresponding adjustment of revenue in the amount of €2,316 thousand (PY: €1,510 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 contributions 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 and therefore applies the practical expedient in IFRS 15.121.

4.2 Other operating income

in € thousand	FY 2022/23	FY 2023/24
Income from the disposal of property, plant and equipment and intangible assets	13	188
Foreign currency translation gains	9,369	5,034
Income from charging out to third parties	5,337	2,714
Other income	11,097	10,966
Other operating income	**25,816**	**18,902**

Other operating income decreased in the financial year 2023/24 by €-6,914 thousand from €25,816 thousand to €18,902 thousand year-on-year. Other operating income mainly included €5,034 thousand (PY: €9,369 thousand) currency translation effects as well as €2,714 thousand (PY: €5,337 thousand) income from charging out to third parties. Other income also included €9,387 thousand (PY: €7,985 thousand) income from reversal of provisions, €415 thousand (PY: €2,830 thousand) income from other periods as well as €634 thousand (PY: €282 thousand) insurance reimbursements.

4.3 Cost of materials

The cost of materials includes the expenses for raw materials, consumables and purchased goods/services. For further information on inventories, refer to section 3.3.

in € thousand	FY 2022/23	FY 2023/24
Cost of raw materials and consumables and of purchased goods	329,364	281,731
Cost of purchased services	25,325	21,551
Cost of materials	**354,689**	**303,282**

The reported cost of materials decreased by -14.5% year-on-year. The decline contrasts with a contraction in sales of -9.3%. Hence, the cost of materials to output (total operating performance) ratio decreased slightly to 48.9% (PY: 51.2%). In conjunction with the lower turnover, the cost of materials also diminished, as inventories are at a reduced level in connection with current demand.

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. The increase in personnel expenses was due to the closure of the production in Bergamo (Italy) and the restructuring of the German location in Vorbach. The total personnel expenses from severance in Bergamo amounted to €4,357 thousand. The restructuring in Vorbach includes severance expenses and other personnel costs with a value of €2,567 thousand.

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 2022/23	FY 2023/24
Wages and salaries	140,378	146,505
Social security	26,476	24,833
Pension expense	1,791	1,908
Personnel expenses	**168,645**	**173,246**

The personnel expenses ratio (personnel expenses to total operating performance) increased compared to the previous year and equalled 27.9% (PY: 24.3%).

The table below sets forth the number of employees (by headcount including headquarters and excluding leased workers, interns and students) the Group employed as of the dates indicated for each of the regions in which the Group operate:

	31 Mar 23	31 Mar 24
Europe	2,893	2,434
Americas	1,807	1,780
Asia	788	673
Number of employees	**5,488**	**4,887**

4.5 Amortisation, depreciation and impairment losses

in € thousand	FY 2022/23	FY 2023/24
Intangible assets	957	790
Property, plant and equipment	31,510	32,870
Thereof impairment losses	10	707
Thereof right-of-use assets from leases	8,982	9,940
Amortisation, depreciation and impairment losses	**32,467**	**33,660**

Amortisation and depreciation of €33,660 thousand was recognised in the financial year 2023/24 (PY: €32,467 thousand). Of this amount, €707 thousand (PY: €10 thousand) were attributable to impairment losses.

4.6 Other operating expenses

Other operating expenses included especially:

in € thousand	FY 2022/23	FY 2023/24
Order-related expenses	23,714	19,401
Legal and advisory fees	11,051	9,465
Maintenance expenses	9,677	9,574
Personnel-related expenses	6,870	7,500
Leasing and rent expenses	3,247	2,835
Expenses for insurance, feeds and contribution	3,644	3,377
Other services	4,751	5,165
Expenses for environmental protection	1,815	1,605
Expenses from foreign currency translation	8,901	4,975
Expenses relating to other periods	1,484	816
Loss allowance on receivables and contract assets	1,269	-
Other expenses	5,953	4,767
Other operating expenses	**82,376**	**69,480**

Other operating expenses decreased in the financial year 2023/24 by €-12,896 thousand from €82,376 thousand to €69,480 thousand. Other operating expenses mainly included order-related expenses, which mostly consisted of outgoing freight expenses totalling €13,281 thousand (PY: €17,248 thousand). Other services amounting to €5,165 thousand (PY: €4,751 thousand) mainly contained security and cleaning expenses. The remaining expenses amounting to €4,767 thousand (PY: €5,953 thousand) primarily included IT, vehicle and office material costs.

4.7 Net finance income/costs

The financial result amounted to €12,571 thousand in the financial year 2023/24 (PY: €9,532 thousand).

Finance income

in € thousand	FY 2022/23	FY 2023/24
Interest income	3,361	5,872
Income from currency translation	194	1,504
Finance income	**3,555**	**7,376**

Finance income amounted to €7,376 thousand in the financial year 2023/24 (PY: €3,555 thousand) and was largely attributable to interest income from customer tooling of €3,080 thousand (PY: €2,820 thousand) as well as interest income from banks of €2,792 thousand (PY: €541 thousand). This item also included income from foreign currency translation of €1,504 thousand (PY: €194 thousand).

Finance costs

in € thousand	FY 2022/23	FY 2023/24
Interest paid to banks	6,710	13,619
Transaction costs directly attributable to the issue of a financial liability	613	595
Interest expense from discounting of provisions	829	1,175
Interest expense arising from leases	546	1,165
Other interest expenses	1,790	3,317
Expenses from currency translation	2,600	76
Finance costs	**13,088**	**19,947**

The finance costs of €19,947 thousand in the financial year 2023/24 (PY: €13,088 thousand) mainly arose from interest expenses for banks and other interest expenses. With the exception of the interest expense from the discounting of provisions, interest expenses were calculated using the effective interest method.

4.8 Tax expenses

The income tax expense for the financial years 2022/23 and 2023/24 can be broken down as follows:

in € thousand	FY 2022/23	FY 2023/24
Current taxes	13,927	12,688
Current taxes prior years	1,800	364
Deferred taxes	5,209	-1,077
Taxes on income	**20,937**	**11,975**

Deferred taxes totalling €-1,077 thousand can be broken down in €-2,259 thousand from interest carryforwards, loss carryforwards and tax credits with an offsetting effect of €1,182 thousand resulting from temporary differences.

The Group tax rate remained at 26.9% and 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 11.1% (PY: 11.1%).

Reconciliation of the income taxes in the financial years 2022/23 and 2023/24 using a total tax rate of 26.9% (PY: 26.9%) (corporation tax and trade tax of the main country of operations being Germany) to the income tax expense shown in the consolidated statement of comprehensive income was as follows:

in € thousand	FY 2022/23	FY 2023/24
Profit/loss before tax	70,920	46,756
Weighted average tax rate (%)	26.9%	26.9%
Tax expense at average weighted tax rate	19,085	12,591
Causes for additional amounts/shortfalls		
Non-deductible expenses	1,566	4,040
Tax-exempt income	-1,347	-317
Tax income/expense relating to other periods	3,269	728
Tax rate differential	-1,873	-3,284
Other effects	238	-1,783
Disclosed expense for income taxes	**20,937**	**11,975**

The disclosed income tax expense of €11,975 thousand was lower than the expected income tax expense of €12,591 thousand that resulted from applying the Group tax rate of 26.9% to the Group's consolidated profit before income tax.

The tax impact of non-deductible expenses consisted primarily of expenses that are non-deductible in the determination of the taxable profits in Germany and effects resulting from the Mexican maquiladora structure.

The tax effect reported as a tax rate differential reflects the difference between the Group tax rate of 26.9% relevant to the Group and the tax rates applicable to the individual subsidiaries in varying countries.

Other effects amounting to €1,783 thousand arose from deferred tax assets in the amount of €1,540 thousand on loss carryforwards in Italy, Slovenia and Luxembourg as well as €243 thousand on tax credits carried forward in Slovenia.

Deferred tax claims are only to be reported if it is likely that future taxable income can be offset against tax credits, interest and losses carried forward. In the case of tax credits and losses carried forward, a planning period of four years is used, based on the most recent budget planning of the Group.

In Slovenia, tax credits amounted to €1,103 thousand (PY: €2,991 thousand), on which deferred tax assets were capitalised. For the current financial year, deferred tax assets were recognised for the interest carryforward of €21,399 thousand (PY: €19,784 thousand). Tax losses carried forward, which can be applied indefinitely, in the amount of €8,980 thousand (PY: €10,603 thousand) existed in Italy and Slovenia. Deferred tax assets of €718 thousand (PY: €2,229 thousand) have not been recognised because it is not probable in the short-term perspective that future taxable profits will be available against which the Group can use the benefits therefrom.

Deferred tax assets and liabilities resulted from temporary differences in the following items in the statements of financial position and are broken down as follows:

in € thousand	FY 2022/23	FY 2023/24
Property, plant and equipment and intangible assets	5,935	5,108
Receivables and other assets	620	240
Tax interest carryforward, loss carryforward, tax credits	4,776	6,765
Liabilities	232	6,898
Provisions	6,119	5,669
Deferred income tax assets (gross)	17,682	24,680
Offset	9,350	14,093
Deferred income tax assets	**8,332**	**10,587**
Property, plant and equipment and intangible assets	4,643	7,620
Receivables and other assets	3,575	7,032
Liabilities	1,131	316
Provisions	650	478
Deferred income tax liabilities (gross)	9,998	15,446
Offset	9,350	14,093
Deferred income tax liabilities	**648**	**1,353**
Deferred income tax asset (net)	**7,684**	**9,234**

In accordance with IAS 12.81(f), deferred taxes on outside basis differences were not recognised in the current year and in the previous year and amounted to €10,446 thousand (PY: €12,641 thousand). No income tax consequences arose from the distribution of dividends to the Company's shareholders.

In financial year 2023/24, deferred taxes of €-473 thousand (PY: €2,229 thousand) resulting from defined benefit plans were recognised in other comprehensive income and €0 (PY: €36 thousand) directly in equity.

Amounts recognised in other comprehensive income

in € thousand	FY 2022/23	FY 2023/24
Remeasurements of defined benefit liability (before taxes)	8,572	-1,576
Tax expense	-2,229	473
Net of tax	6,343	-1,103

4.9 Earnings per share

The earnings per share for the financial year ended 31 March 2024 amounted to €0.81 (PY: €1.16). 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 2022/23	FY 2023/24
Profit attributable to shareholders of the parent (in € thousand)	49,983	34,781
Number of weighted shares	43,030,303	43,030,303
Earnings per share basic (in €)	**1.16**	**0.81**
Earnings per share diluted (in €)	**1.16**	**0.81**

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 as adopted by the EU. It is also not a measure of financial performance under IFRS as adopted by the EU 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 as adopted by the EU.

The following table shows the amounts of the working capital broken down by balance sheet class position:

in € thousand	31 Mar 23	31 Mar 24
Inventories – non-tooling	64,092	56,180
Receivables from third parties	43,703	35,106
Payables to third parties (-)	54,541	40,173
Trade working capital	**53,253**	**51,113**
Tooling net	55,492	67,270
Contract assets	15,281	14,947
Working capital	**124,026**	**133,330**

The following table shows the reconciliation of the working capital:

in € thousand	31 Mar 23	31 Mar 24
Inventories	116,306	99,436
Tools	-50,955	-39,471
Advanced payment for tools	-1,259	-3,785
Inventories – non-tooling	**64,092**	**56,180**
Receivables from third parties	93,839	91,113
Trade receivables > 1 year	-46,329	-49,789
Trade receivables tooling	-3,807	-6,218
Receivables from third parties	**43,703**	**35,106**
Trade payables non-tooling	60,597	45,455
Trade payables and services tooling	-6,056	-5,282
Payables to third parties (-)	**54,541**	**40,173**
Trade working capital	**53,254**	**51,113**
Tooling inventories	50,955	39,471
Current tooling trade receivables	3,807	6,218
Non-current tooling trade receivables	46,329	49,789
Tooling-related trade payables	-6,056	-5,282
Advance payment tooling	1,259	3,784
Tooling received advanced payment current	-31,562	-21,110
Other provisions	-9,241	-5,600
Tooling net	**55,491**	**67,270**
Contract asset	15,269	14,939
ECL contract asset < 1 year	12	8
Contract asset	**15,281**	**14,947**
Working capital	**124,026**	**133,330**

Total working capital amounted to €133,330 thousand as of 31 March 2024 and thus increased compared to 31 March 2023 with €124,026 thousand. The increase of €9,304 thousand was mainly driven by higher tooling trade receivables and other provisions.

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 23		31 Mar 24	
Financial assets by classification	Category	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	FAAC	88,711	88,711	85,798	85,798
Trade receivables within the scope of factoring agreements	FAFVTPL	5,128	5,128	5,315	5,315
Seller Guarantee	FAFVTPL	1,046	1,046	911	911
Derivatives with positive market values	FAFVTPL	600	600	169	169
Cash and cash equivalents	FAAC	165,474	165,474	141,514	141,514
Financial liabilities by classification					
Trade payables	FLAC	60,597	60,597	45,455	45,455
Liabilities to banks (non-derivative)	FLAC	249,371[1]	251,152	249,868[2]	252,470
Liabilities to banks (derivative)	FLFVTPL	-	-	50	50
Summary by category					
FAAC		259,314	260,360	227,312	227,312
FAFVTPL		6,774	6,774	6,395	6,395
FLAC		309,968	309,968	295,323	297,925
FLFVTPL		-	-	50	50

1 Including the Seller Guarantee in the amount of €1,046 thousand.
2 Including the Seller Guarantee in the amount of €911 thousand.

The fair value for liabilities to banks (non-derivative) was calculated by discounted cash flows. The valuation model considers the present value of expected payments, discounted using a risk-adjusted discount rate.

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

in € thousand	31 Mar 23			31 Mar 24		
	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	-	5,128	-	-	5,315	-
Seller Guarantee	-	1,046	-	-	911	-
Derivatives with positive market values	-	600	-	-	169	-
Financial liabilities						
Derivative financial instruments	-	-	-	-	50	-

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 2023/24.

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 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	Derivatives with positive market values	Seller Guarantee
FY 2022/23						
FAAC	3,361	-	468	1,269	-	-
FLAC	7,322	-	-	-	-	-
FLFVTPL	-	-	-	-	-	-
FAFVTPL	-	-	-	-	600[1]	1,046
FY 2023/24						
FAAC	5,872	-	59	-738	-	-
FLAC	14,214	-	-	-	-	-
FLFVTPL	-	50	-	-	-	-
FAFVTPL	-	-	-	-	169[2]	911

1 In addition to the €600 thousand derivatives with positive market values reported as of 31 March 2023, €7,075 thousand in realised losses were generated during the financial year 2022/23.
2 In addition to the €169 thousand derivatives with positive market values reported as of 31 March 2024, €237 thousand in realised profits were generated during the financial year 2023/24.

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. (IPO) and will end on 31 March 2025. The second tranche (tranche 2022) started at the beginning of financial year 2022/23 and will end on 31 March 2026. The third tranche (tranche 2023) started at the beginning of financial year 2023/24 and will end on 31 March 2027.

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).

The final number of virtual shares is determined by multiplying the total target achievement by 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 EBIT margin (30% weighting). The target achievement of relative Total Shareholder Return and 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 and the number of conditionally granted virtual shares amounted to 40,826, corresponding to a provision of €108 thousand as of 31 March 2024 (31 March 2023: €170 thousand).

The second tranche was awarded for the financial year 2022/23 comprising 60,384 conditionally granted virtual shares, resulting in a provision of €254 thousand as of 31 March 2024 (31 March 2023: €140 thousand).

The third tranche was awarded for the financial year 2023/24 with a total number of 83,287 conditionally granted virtual shares, corresponding to a provision of €268 thousand as of 31 March 2024 (31 March 2023: €0).

These provisions have been included in *non-current deferred liabilities* (refer to section 3.16).

In total, the expenses for financial year 2023/24 amounted to €319 thousand (PY: €241 thousand).

The fair value of the Performance Share Plan to calculate expenses and provisions was determined by using a Monte-Carlo-Simulation. The expected volatility has been based on the average of the median volatility of SDAX companies (term-congruent) and the historical volatility of Novem for the period available. The fair value and the inputs used in the assessment of the fair value as of 31 March 2024 were as follows:

Valuation as of 31 March 2024	Tranche 2021	Tranche 2022	Tranche 2023
Performance period	19 Jul 21 – 31 Mar 25	1 Apr 22 – 31 Mar 26	1 Apr 23 – 31 Mar 27
Start share price Novem Group S.A.	€16.46	€11.25	€9.06
Remaining duration of performance period	1.0 year	2.0 years	3.0 years
Expected annual volatility	41.3%	49.7%	43.1%
Risk-free annual interest rate	3.4%	2.8%	2.5%
Expected target achievement for internal target EBIT margin	100%	100%	100%
Fair value per virtual share	**€2.96**	**€5.27**	**€5.10**

For comparative purposes, the fair value and inputs used in the assessment of the fair value as of 31 March 2023 were as follows:

Valuation as of 31 March 2023	Tranche 2021	Tranche 2022
Performance period	19 Jul 21 – 31 Mar 25	1 Apr 22 – 31 Mar 26
Start share price Novem Group S.A.	€16.46	€11.25
Remaining duration of performance period	2.0 years	3.0 years
Expected annual volatility	45.8%	47.6%
Risk-free annual interest rate	2.7%	2.5%
Expected target achievement for internal target EBIT margin	100%	100%
Fair value per virtual share	**€8.82**	**€8.85**

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 (exchange 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.

The core of risk management is an internal reporting system that continually optimises the monitoring of all business-relevant key data and is adapted to current challenges. In addition, 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 Alternative Performance Measures (e.g. 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 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 2024, the Group had a total of €60,000 thousand (31 March 2023: €60,000 thousand) in unused revolving credit facility from the term loan agreement to ensure liquidity. Additionally, the Group possessed a €4,000 thousand credit line drawn in the amount of €3,416 thousand as a guarantee facility. Furthermore, Novem Car Interiors (China) Co., Ltd. had a local unused uncommitted credit line of €13,027 thousand (¥100,000 thousand) as of 31 March 2024.

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 23				
Liabilities to banks (non-derivative)	12,594	274,001	-	**286,595**
Liabilities to banks (derivative)	-	-	-	**-**
Trade payables	60,597	-	-	**60,597**
Lease liabilities	7,938	20,482	10,661	**39,081**
As of 31 Mar 24				
Liabilities to banks (non-derivative)	13,461	263,936	-	**277,397**
Liabilities to banks (derivative)	50	-	-	**50**
Trade payables	45,447	8	-	**45,455**
Lease liabilities	7,295	20,514	28,715	**56,524**

The contractually agreed cash flows related to non-derivative banks include a variable interest as well as the repayment amount of the loan. The expected cash flows for derivative liabilities to banks are in the form of forward exchange contracts and incorporate their negative value as of 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 23	31 Mar 24
Trade receivables	93,839	91,113
Contract assets	15,281	14,947

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

in € thousand	FY 2022/23	FY 2023/24
Trade receivables	1,609	336
Contract assets	12	8
Impairment loss	**1,621**	**344**

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 2024 would be between €3,934 thousand and €19,113 thousand (31 March 2023: €5,688 thousand and €14,079 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 default probability is 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 were as follows:

	FY 2022/23		FY 2023/24	
in € thousand	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default
	59,819[1]	< 1%	77,771[1]	< 1%
	1,400	1% < x < 2%	5,682	1% < x < 2%
	20,751	2% < x < 5%	5,368	2% < x < 5%
	13,478	> 5%	2,628	> 5%
Trade receivables	**95,448**		**91,449**	

1 Thereof trade receivables within the scope of factoring agreements amounting to €5,315 thousand (31 March 2023: €5,128 thousand) were measured at fair value through profit or loss. No expected credit losses were recognised for this portion.
Thereof Seller Guarantee within the scope of factoring agreement amounting to €911 thousand (31 March 2023: €1,046 thousand). No expected credit losses were recognised for this portion.

Contract assets

As of 31 March 2024, contract assets were recognised amounting to €14,947 thousand (31 March 2023: €13,689 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 default probability is 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 were as follows:

in € thousand	FY 2022/23		FY 2023/24	
	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default
	10,746	< 1%	13,416	< 1%
	1	1% < x < 2%	2	1% < x < 2%
	2,792	2% < x < 5%	1,341	2% < x < 5%
	150	> 5%	-	> 5%
Contract assets	**13,689**		**14,947**	

Cash and cash equivalents

As of 31 March 2024, the Group had cash and cash equivalents of €141,514 thousand (31 March 2023: €165,474 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 with 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 2024, derivatives in the form of forward exchange contracts had a positive market value totalling €169 thousand as well as negative market value totalling €50 thousand. In comparison to the prior financial year, the market value from derivatives was positive and amounted to €600 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 Treasury department undertakes actions to minimise the resulting foreign currency risks. The Group mainly has foreign currency exposure to Chinese Renminbi (CNY), Czech Koruna (CZK), Honduran Lempira (HNL), Mexican Peso (MXN) and US Dollar (USD), 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 main currencies to be considered (CNY, CZK, MXN, USD) of +10% or -10% against the respective functional currency. The overall result for each currency thus includes effects calculated based on the appreciation or depreciation of the Euro, where the functional currency corresponds to the currency stated in the table.

in € thousand	31 Mar 23		31 Mar 24	
Changes in foreign exchange rates (gain)	+10%	-10%	+10%	-10%
CNY	-126	122	-106	176
CZK	31	-31	-4	188
MXN	-522	522	-769	500
USD	9,170	-10,535	3,757	-2,497

To further reduce foreign currency risk from US Dollar exposures, the Group concluded a number of forward exchange contracts with UniCredit and JP Morgan. 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. 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.

As of 31 March 2024, 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 23	31 Mar 24
Variable rate instruments *Financial liabilities*	250,000	250,000
Interest rate exposure	**250,000**	**250,000**

As of 31 March 2024, financial liabilities with fixed rates amounted to zero. Interest rate risk exists for the syndicated loan as it is linked to the 3-month Euribor. In view of the declining inflation rate and the outlook by the European Central Bank (ECB), it is to be expected that the interest rate will decrease in the next 12 months.

Further moderate interest rate risks exist for pension obligations and 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 in 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%.

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.

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 €3,416 thousand as a guarantee facility. Furthermore, Novem Car Interiors (China) Co., Ltd. had a local unused uncommitted credit line of €13,027 thousand (¥100,000 thousand) as of 31 March 2024.

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 for to calculate cash flows from operating activities. Income tax payments of €24,488 thousand (PY: €8,721 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 cash paid for lease liabilities and dividends. Interest payments of €16,898 thousand (PY: €8,533 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	Liabilities to banks	Lease liabilities	Dividends
As of 01 Apr 22	249,087	34,857	-
Changes from financing cash flows	42[1]	-9,797	-17,212
Effect of changes in foreign exchange rates	-	152	-
Other changes	242[1]	13,869	-
As of 31 Mar 23	249,371[1]	39,081	-17,212
As of 01 Apr 23	249,371	39,081	-
Changes from financing cash flows	98	-11,370	-49,485
Effect of changes in foreign exchange rates	-	-425	-
Other changes	450	29,238	-
As of 31 Mar 24	**249,919**	**56,524**	**-49,485**

1 Adjusted according to IAS 8.42 as the disclosure of the changes was different.

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 2022/23			
Revenue generated from third parties	332,932	264,091	103,280
FY 2023/24			
Revenue generated from third parties	287,039	271,906	76,564

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

In the financial year 2023/24, between 17.4% and 59.1% (PY: 28.4% and 47.0%) in the three regions were attributable to the respective most significant customers.

Overall, Novem generated revenue of €203,820 thousand (PY: €240,267 thousand) and €190,242 thousand (PY: €233,010 thousand) with two major customers in all segments.

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

in € thousand	Europe	Americas	Asia
FY 2022/23			
Wood	226,558	204,538	89,804
Aluminium	71,347	51,992	12,265
Premium synthetics	35,027	7,561	1,211
FY 2023/24			
Wood	205,445	237,786	69,236
Aluminium	49,751	30,530	7,298
Premium synthetics	31,843	3,590	30

Revenue was distributed among the individual segments according to business areas as follows:

in € thousand	Europe	Americas	Asia
FY 2022/23			
Revenue Series	280,485	249,473	88,269
Revenue Tooling	52,447	14,619	15,011
FY 2023/24			
Revenue Series	226,884	260,304	65,865
Revenue Tooling	60,154	11,603	10,699

The breakdown of revenue between the individual segments according to the category of revenue recognition was as follows:

in € thousand	Europe	Americas	Asia
FY 2022/23			
Goods and services transferred over time	281,786	250,557	88,432
Goods and services transferred at a point in time	51,146	13,535	14,848
FY 2023/24			
Goods and services transferred over time	229,719	261,892	66,051
Goods and services transferred at a point in time	57,320	10,014	10,513

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 2022/23	FY 2023/24	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24
Restructuring	**-**	**8,888**	**-**	**-**	**-**	**-**
Covid-19 costs	-12	-	59	-	289	-
Others	825	647	114	189	-	-
Exceptional items	**813**	**647**	**173**	**189**	**289**	**-**
Discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**
Adjustments	**813**	**9,535**	**173**	**189**	**289**	**-**

For both financial years 2022/23 and 2023/24, the most significant effects were related to Europe. The financial year 2023/24 contained €8,888 thousand restructuring costs (PY: €0), €140 thousand related to severance payments (PY: €520 thousand), €455 thousand project costs (PY: €295 thousand), €2 thousand of accelerated depreciation (PY: €10 thousand), as well as €50 thousand costs caused by the flood in Slovenia. Adjustments in the financial year 2023/24 were significantly higher than last year, reflecting the €5,336 thousand restructuring costs resulting from the plant closure in Bergamo (Italy). Furthermore, €3,552 thousand restructuring costs were incurred at the plant Vorbach, mainly attributable to personnel expenses and costs for a transfer company.

Segment reporting

in € thousand	Europe		Americas		Asia		Total segments		Other/consolidation		**Group**	
	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24	FY 2022/23	FY 2023/24
External revenue	332,932	287,039	264,091	271,906	103,281	76,564	700,304	635,509	-	-	700,304	635,509
Revenue between segments	51,484	44,423	74,775	66,524	18,733	15,646	144,992	126,593	-144,992	-126,593	-	-
Total revenue	**384,416**	**331,462**	**338,866**	**338,430**	**122,014**	**92,210**	**845,296**	**762,102**	**-144,992**	**-126,593**	**700,304**	**635,509**
Adj. EBITDA	**38,551**	**22,016**	**56,062**	**67,766**	**19,571**	**12,222**	**114,184**	**102,004**	**-**	**-**	**114,184**	**102,004**
Depreciation and amortisation	15,454	16,192	11,887	11,608	5,116	5,153	32,457	32,953	-	-	32,457	32,953
Adj. EBIT	**23,097**	**5,824**	**44,175**	**56,158**	**14,455**	**7,069**	**81,727**	**69,051**	**-**	**-**	**81,727**	**69,051**
Adjustments	813	9,535	173	189	289	-	1,275	9,724	-	-	1,275	9,724
Operating Result (EBIT)	**22,284**	**-3,711**	**44,002**	**55,969**	**14,166**	**7,069**	**80,452**	**59,327**	**-**	**-**	**80,452**	**59,327**

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 the recognition of contract assets and associated revenue over time according to IFRS 15, €2,405 thousand related to Europe, €8,965 thousand to the Americas region and €1,032 thousand to Asia (PY: €3,422 thousand to Europe, €8,010 thousand to Americas and €2,450 thousand to Asia).

Geographical information

Revenue was spread over the different locations as follows:

in € thousand	FY 2022/23	FY 2023/24
Czech Republic	204	303
Germany	313,494	276,086
Italy	19,154	10,178
Slovenia	80	472
Europe	**332,932**	**287,039**
Honduras	7	1
Mexico	436	368
USA	263,648	271,537
Americas	**264,091**	**271,906**
China	103,280	76,564
Asia	**103,280**	**76,564**
Total	**700,304**	**635,509**

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

The table below provides information on the breakdown of non-current assets by Novem location:

in € thousand	FY 2022/23	FY 2023/24
Czech Republic	24,565	21,993
Germany	45,140	38,866
Italy	952	1,041
Luxembourg	124	225
Slovenia	30,316	27,382
Europe	**101,097**	**89,507**
Honduras	8,565	7,764
Mexico	37,746	59,854
USA	7,132	6,273
Americas	**53,443**	**73,891**
China	33,005	33,346
Asia	**33,005**	**33,346**
Total	**187,545**	**196,744**

Non-current assets consist of intangible assets and property, plant and equipment.

Reconciliation of Adj. EBITDA to earnings before taxes

The following table shows the reconciliation of Adj. EBIT to EBIT and to earnings before taxes for the financial years 2022/23 and 2023/24:

in € thousand	FY 2022/23	FY 2023/24
Adj. EBITDA	**114,184**	**102,004**
Depreciation and amortisation	32,457	32,953
Adj. EBIT	**81,727**	**69,051**
Adjustments	1,275	9,724
EBIT	**80,452**	**59,327**
Finance income	3,555	7,376
Finance costs	13,088	19,947
Earnings before taxes	**70,919**	**46,756**

Adj. EBIT includes transactions with a one-off and non-recurring nature that 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 as well as parts of operating and office equipment. The lease term for land and buildings is typically between one and 19 years. Leases of technical equipment and machinery generally have a term of three years. Leases of operating and office equipment usually have a term of between one and 19 years. The Group applied the practical expedient in IFRS 16.6 by not accounting for short-term leases (leases with a lease term of less than

12 months) and low-value assets (underlying assets <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 amounted to €43,124 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 amounted to €3,010 thousand (31 March 2023: €2,361 thousand). These mainly related to leases of buildings.

There are no leases in which the Novem Group S.A. acts as a 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 FY 2022/23	5,937	12	3,032	**8,982**
Additions to right-of-use assets	11,076	-	5,035	**16,112**
Carrying amount as of 31 Mar 23	32,757	-	6,160	**38,917**
Depreciation FY 2023/24	6,805	7	3,128	**9,940**
Additions to right-of-use assets	25,871	33	2,584	**28,488**
Carrying amount as of 31 Mar 24	**52,338**	**26**	**5,543**	**57,907**

Amounts recognised in profit and loss and cash flows

in € thousand	FY 2022/23	FY 2023/24
Interest expense for lease liabilities	546	1,165
Short-term lease expenses	1,771	1,362
Lease expenses for low value assets except short-term leases for low value assets	1,180	1,132
Expense for variable lease payments not included in the measurement of lease liabilities	296	341
Total cash out-flow for leases	12,817	12,708

As of 31 March 2024, the lease liabilities amounted to €56,524 thousand (31 March 2023: €39,081 thousand). Thereof €7,295 thousand are due within the next financial year 2024/25.

5.11 Other financial liabilities and contingent liabilities

There were no significant other financial obligations occurring after the reporting date. There were only financial obligations within the usual range resulting from the purchase commitment of €35,760 thousand on 31 March 2024. The total amount included tooling business costs of €26,183 thousand and €9,577 thousand for series business (PY: Tooling €15,620 thousand and Series €13,330 thousand).

Contingent liabilities constitute off-balance sheet contingent liabilities recognised for valuation as of the reporting date. The contingent liabilities, including securities and guarantees assumed for third parties, increased to €3,416 thousand on 31 March 2024 (PY: €3,132 thousand). This was mainly due to the guarantee against the Mexican tax office of about €3,340 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 party transactions

Holding company

The direct holding company of the Group is *Rokoko Automotive Holdings (Jersey) Limited, Jersey*. During 2023/24, there were no transactions or outstanding balances with Rokoko Automotive Holdings (Jersey) Limited, Jersey.

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 year 2023/24, no transactions occurred with direct and indirect shareholders.

Related party transactions with other companies occurred in financial year 2023/24 regarding the purchase of components such as base frames. The related party belongs to the same group of companies pursuant to IAS 24.9b (i). The transaction volume was €144 thousand (PY: €118 thousand). No outstanding balance was recorded as of 31 March 2024 (31 March 2023: €16 thousand).

All outstanding balances and transactions with this related party are priced on an arm's length basis and are to be settled in cash within two months. None of the balances are secured. No guarantees have been given or received.

For the remuneration of and other transactions with key management personnel constitute related party transactions pursuant to IAS 24, please refer to 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 19 July 2024.

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 short-term 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 the exercise of certain rights of shareholders in listed companies, as amended.

In the reporting period, the total remuneration of the Management Board, including those members who have left the Company during the financial year, was as follows:

in € thousand	FY 2022/23	FY 2023/24
Short-term employee benefits	2,259	2,055
Share-based payments	241	319
Remuneration	**2,500**	**2,374**

The present value of the pension entitlements of the Management Board amounted to €1,907 thousand (31 March 2023: €3,946 thousand). The defined benefit obligation of all pension commitments to former members of the Management Board amounted to €2,742 thousand (31 March 2023: €2,352 thousand).

The total remuneration paid to the Supervisory Board members, classified as short-term benefits, is calculated as the sum of fixed and committee compensation. For this period, the total remuneration for the members of the Supervisory Board amounted to €320 thousand (PY: €320 thousand).

5.14 Auditors' fees

The following fees for KPMG Audit S.à r.l., Luxembourg, and other member firms of the KPMG network relate only to services directly connected with the parent company Novem Group S.A. and its subsidiaries:

in € thousand	FY 2022/23	FY 2023/24
Audit fees	744	838
Thereof: KPMG Audit S.à r.l.	190	238
Other fees	109	61
Thereof: KPMG Audit S.à r.l.	-	-
Fees	**853**	**899**

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 2024.

RESPONSIBILITY STATEMENT

We, Markus Wittmann (Chief Executive Officer), Dr. Johannes Burtscher (Chief Financial Officer), Maria Eichinger (Manager Consolidation) and Mathias Rieger (Director 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, 17 June 2024

Novem Group S.A.
Management Board

Markus Wittmann Dr. Johannes Burtscher

Maria Eichinger Mathias Rieger

SETUP AND ORGANISATION OF THE MANAGEMENT BOARD

In the financial year ending 31 March 2024, 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 2024, the members of the Management Board were Günter Brenner (Chairman and CEO, until 30 September 2023), Markus Wittmann (Chairman and CEO, since 1 October 2023), Dr. Johannes Burtscher (CFO), Mathias Rieger (Director Internal Audit), Frank Schmitt (Director Consolidation, until 24 August 2023) and Maria Eichinger (Manager Consolidation, since 1 September 2023).

The Management Board held in total 14 regular meetings during the financial year ending 31 March 2024. Five 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 2024, there were no conflicts of interest between the members of the Management Board and the Company.

INDEPENDENT AUDITOR'S REPORT

KPMG

To the Shareholders of
Novem Group S.A.
19, rue Edmond Reuter
L - 5326 Contern
Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

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"), which comprise the consolidated statement of financial position as at 31 March 2024, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including material accounting policy information and other explanatory information.

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 2024, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards as adopted by the European Union.

Basis for opinion

We conducted our audit in accordance with the 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 (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the consolidated financial statements » section of our report. We are also independent of the Group in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the consolidated financial statements, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Revenue recognition for Tooling

a) *Why the matter was considered to be one of most significant in our audit of the consolidated financial statements for the year ended 31 March 2024*

As mentioned in notes 2.13 *Revenue recognition* and 4.1. *Revenue*, the Group's revenues are generated from the sales of serial parts, the provision of development services and the sale of tools necessary for the production of serial parts, whereas the sale of tools amounted to €82.5 million in the financial year ended 31 March 2024.

Novem Group S.A. has determined that the development work and subsequent sale of the tools constitute one single performance obligation. The associated revenue is recognised upon completion and transfer of the tool to the customer. An asset is considered to be transferred when the customer obtains control of that asset. Novem Group S.A. recognises revenue for Tooling at a point in time, in the amount to which Novem Group S.A. expects to be entitled.

The Management Board has presented the criteria for the recognition of revenue from the sale of Tooling in a group-wide accounting policy and implemented specific recognition and cut-off procedures. Although there exist defined criteria in Novem's process for revenue recognition for Tooling, the process includes manual accounting steps and is complex as control is transferred without that the customer obtains physical possession of the tool.

There is the risk for the consolidated financial statements that revenue for Tooling is not correctly recognised throughout the period and that at year-end such revenues are overstated since the tools were not transferred to the customer at year-end.

b) *How the matter was addressed during the audit*

In order to assess whether Tooling revenue is recognised in the correct financial year, our audit procedures consisted of, but were not limited, to:

- We assessed the design and implementation of internal key controls relating to the revenue recognition process in relation to Tooling, and in particular the determination and verification of the actual transfer of control.
- We assessed compliance of the group-wide accounting policy regarding revenue recognition with IFRS 15 and have verified the correct application of the latter while recognising revenues.
- For a sample of Tooling transactions recorded in the general ledger we reconciled those selected sales records with customer invoices, the underlying order, the proof of transfer of control and the payments received from customers.
- We assessed the adequacy of the Group's disclosures in respect of the accounting policies on revenue recognition as disclosed in notes 2.13 and 4.1. of the consolidated financial statements.

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the annual report including the Group Management Report and the Corporate Governance Statement but does not include the consolidated financial statements and our report of the "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 the consolidated financial statements in accordance with IFRS Accounting Standards 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 the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

Our responsibility is to assess whether the consolidated financial statements have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- 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 the 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.
- 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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

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 Shareholders on 24 August 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

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

The Corporate Governance Statement is included in the Group Management Report. 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 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 the EU Regulation N° 537/2014 were not provided and that we remained independent of the Group in conducting the audit.

We have checked the compliance of the consolidated financial statements of the Group as at 31 March 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to consolidated financial statements.

For the Group it relates to:

- Consolidated financial statements prepared in a 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 as described in Note 1.

In our opinion, the consolidated financial statements of Novem Group S.A. as at 31 March 2024, identified as *Novem-2024-03-31-en.zip*, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the consolidated financial statements of Novem Group S.A. as at 31 March 2024, identified as *Novem-2024-03-31-en.zip*, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 17 June 2024

KPMG Audit S.à r.l.
Cabinet de révision agréé

Yves Thorn
Partner

Granite open pore

5 Annual accounts

BALANCE SHEET

as of 31 March 2024

Assets

in € thousand	Note	31 Mar 24	31 Mar 23
Formation expenses	3	**1,998**	**2,854**
Fixed assets		**924,258**	**924,283**
Tangible assets	4	98	124
Other fixtures and fittings, tools and equipment		98	124
Financial assets	5	924,159	924,159
Shares in affiliated undertakings	5.1	674,159	674,159
Loans to affiliated undertakings	5.2	250,000	250,000
Current assets		**2,321**	**6,404**
Debtors	6	1,957	5,911
Amounts owed by affiliated undertakings	6.1	1,249	5,478
becoming due and payable within one year		1,249	5,478
Other debtors	6.2	708	433
becoming due and payable within one year		708	433
Cash at bank and in hand		364	493
Prepayments		**62**	**64**
Total assets		**928,638**	**933,605**

Capital, reserves and liabilities

in € thousand	Note	31 Mar 24	31 Mar 23
Capital and reserves	7	**673,738**	**681,796**
Subscribed capital		430	430
Share premium account		540,803	540,803
Reserves		484	484
Legal reserve		43	43
Other non-available reserves		441	441
Profit or loss brought forward		90,594	123,851
Profit or loss for the financial year		41,427	16,228
Provisions	8	**690**	**519**
Other provisions		690	519
Creditors	9	**254,210**	**251,290**
Amounts owed to credit institutions	9.1	250,203	250,105
becoming due and payable within one year		203	105
becoming due and payable after more than one year		250,000	250,000
Trade creditors	9.2	33	16
becoming due and payable within one year		33	16
Amounts owed to affiliated undertakings	9.3	2,995	1
becoming due and payable within one year		2,995	1
Other creditors	9.4	979	1,168
Tax authorities		245	355
Social security debts		12	13
Other creditors		722	800
becoming due and payable within one year		722	800
Total capital, reserves and liabilities		**928,638**	**933,605**

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

PROFIT AND LOSS ACCOUNT

for the financial year ended 31 March 2024

in € thousand	Note	FY 2023/24	FY 2022/23
Other operating income	10	**2,589**	**1,649**
Raw materials and consumables and other external expenses		**-1,158**	**-1,014**
Raw materials and consumables		-15	-7
Other external expenses	11	-1,143	-1,007
Staff costs	12	**-895**	**-965**
Wages and salaries		-834	-914
Social security costs		-61	-51
Value adjustments		**-942**	**-955**
in respect of formation expenses and on tangible and intangible fixed assets		-942	-955
Other operating expenses		**-403**	**-373**
Income from participating interests	13	**40,000**	**18,000**
derived from affiliated undertakings		40,000	18,000
Other interest receivable and similar income	14	**15,784**	**6,595**
derived from affiliated undertakings		15,784	6,595
Interest payable and similar expenses	15	**-13,340**	**-6,382**
concerning affiliated undertakings		-37	-
Other interest and similar expenses		-13,303	-6,382
Tax on profit	16	**-222**	**-2**
Other taxes		**14**	**-325**
Profit for the financial year		**41,427**	**16,228**

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

NOTES TO THE ANNUAL 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 limited liability company (Société Anonyme). As a consequence, the shares (parts sociales) were also converted and became shares 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.

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

The Company is formed for an unlimited duration.

The purpose of the Company is the taking of participating interests in whatsoever form 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, trademarks, 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 with its shares listed on the Frankfurt stock exchange under the ISIN code LU2356314745.

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

The Company also prepared consolidated financial statements in accordance with EU regulation 1606/2002, which are available at the registered office of the Company.

The Company's annual accounts 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 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.

The increasingly complex and uncertain macroeconomic and geopolitical environment, particularly due to the Ukraine war and the conflict in Israel-Gaza/Middle East, requires continuous and close observation by the management. The ongoing attacks by Houthis on numerous commercial ships using the Red Sea route led container shipping lines to use alternative routes. The alternative route around the Cape of Good Hope increases the sea voyage duration and costs due to higher bunker consumption, additional port and terminal fees, and higher labour costs.

Thus, the Company faces high inflation, increased interest rates and volatile foreign currencies, with a rising apprehension of a slowdown in economic growth across significant markets compared to prior years.

Management has regularly reviewed the implications of the changing geopolitical and macroeconomic 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 Company as of today. Management continues to monitor the current developments and their potential impact on the Company.

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 annual accounts 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 translated separately respectively at the lower or at the higher of the value converted at the historical exchange rate or the value determined on the basis of the exchange rates effective at the balance sheet date. Solely the unrealised exchange losses are recorded in the profit and loss account. The exchange gains are recorded in the profit and loss account at the moment of their realisation.

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 losses are recorded in the profit and loss account. Unrealised exchange gains are not recognised.

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 and are written off on a straight-line basis over a period of 5 years.

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 to 6 years

Financial assets

Shares in affiliated undertakings are stated at acquisition cost including the expenses incidental thereto. Value adjustments are recorded if a reduction in the value is expected to be permanent. 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 durable decrease in value.

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. They are subject to value adjustments where their recovery is compromised.

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 intended to cover losses or debts, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Provisions may also be created to cover charges that have originated in the financial year under review or in a previous financial year, the nature of which is clearly defined and which, at the date of the balance sheet, are either likely to be incurred or certain to be incurred but uncertain as to their amount or the date on which they will arise.

Share-based payments

The Company accounts for share-based payments in accordance with IFRS 2, as permitted under Luxemburg Law. It adheres to the principle of *substance over form*, ensuring that the economic reality of transactions is accurately reflected in the financial statements.

The Company 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 Company 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.

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.

Dividend income

Dividend income is recognised at the moment the Company obtains legal entitlement to such income.

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.

in € thousand	Total
Gross value	
Balance as of 01 Apr 22	4,247
Additions	-
Disposals	-
Balance as of 31 Mar 23	4,247
Additions	-
Disposals	-
Balance as of 31 Mar 24	**4,247**
Accumulated value adjustments	
Balance as of 01 Apr 22	534
Additions	859
Disposals	-
Balance as of 31 Mar 23	1,393
Additions	856
Disposals	-
Balance as of 31 Mar 24	**2,249**
Net book value	
Balance as of 31 Mar 23	**2,854**
Balance as of 31 Mar 24	**1,998**

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4 Fixed assets

Tangible assets

Fixed assets were depreciated on a straight-line basis over a period of up to six years.

in € thousand	Total
Gross value	
Balance as of 01 Apr 22	26
Additions	141
Disposals	-
Balance as of 31 Mar 23	147
Additions	-
Disposals	-
Balance as of 31 Mar 24	**147**
Accumulated value adjustments	
Balance as of 01 Apr 22	4
Additions	20
Disposals	-
Balance as of 31 Mar 23	24
Additions	25
Disposals	-
Balance as of 31 Mar 24	**49**
Net book value	
Balance as of 31 Mar 23	**123**
Balance as of 31 Mar 24	**98**

The tangible fixed assets comprise office equipment and vehicles. The Management Board assessed that no value adjustment was required on the Company's tangible assets as of 31 March 2024.

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 GmbH. The Company is the sole shareholder of Novem Group GmbH (the "Subsidiary").

Subsidiary	Registered office	Percentage of ownership	Closing date
Novem Group GmbH	Weiden i.d. Oberpfalz (Germany)	100%	31 Mar 24

in € thousand	Shareholder's equity	Result of the last financial period	Book value at 31 Mar 23	Book value at 31 Mar 24
Novem Group GmbH	674,156	21,496	674,159	674,159

The Management Board has the opinion that no value adjustment was required on the Company's financial assets as at 31 March 2024.

5.2 Loans to affiliated undertakings

As of 31 March 2024, Loans to affiliated undertakings existed with Novem Group GmbH. The stated principal amount is €250,000 thousand (31 March 2023: €250,000 thousand) and matures on 20 July 2026. The accrued interest as of 31 March 2024 amounting to €185 thousand (31 March 2023: €35 thousand) was calculated on the basis of a 360-day year with months of actual days.

6 Debtors

6.1 Amounts owed by affiliated undertakings

Receivables from affiliated companies of €1,249 thousand (31 March 2023: €5,478 thousand) resulted largely from recharge of costs to affiliated undertakings and accrued interests (refer to section 5.2).

6.2 Other debtors

The amount of €708 thousand (31 March 2023: €433 thousand) mainly related to receivables from the tax authorities.

7 Capital and reserves

There were the following changes in equity in financial years 2022/23 and 2023/24:

in € thousand	Subscribed capital	Share premium and similar premiums	Legal reserve	Special reserve net wealth tax	Results brought forward	Profit for the financial year	**Capital and reserves**
Balance as of 01 Apr 22	430	540,803	6	143	140,025	1,075	**682,483**
Allocation of previous year's profit	-	-	-	-	1,075	-1,075	**-**
Dividend distributions	-	-	-	-	-17,212	-	**-17,212**
Allocation to the legal reserve	-	-	37	-	-37	-	**-**
Allocation to the net wealth tax reserve	-	-	-	298	-	-	**298**
Profit for the financial year	-	-	-	-	-	16,228	**16,228**
Balance as of 31 Mar 23	**430**	**540,803**	**43**	**441**	**123,851**	**16,228**	**681,796**
Balance as of 01 Apr 23	430	540,803	43	441	123,851	16,228	**681,796**
Allocation of previous year's profit	-	-	-	-	16,228	-16,228	**-**
Dividend distributions	-	-	-	-	-49,485	-	**-49,485**
Profit for the financial year	-	-	-	-	-	41,427	**41,427**
Balance as of 31 Mar 24	**430**	**540,803**	**43**	**441**	**90,594**	**41,427**	**673,738**

Subscribed capital

As of 31 March 2024, the share capital of the Company amounted to €430 thousand (31 March 2023: €430 thousand) and is divided into 43,030,303 ordinary shares (31 March 2023: 43,030,303 ordinary shares) in a dematerialised form with no nominal value. All ordinary shares rank equally with regard to the Company's residual assets. Each share of the Company represents a par value of €0.01 in the Company's share capital. All shares are fully paid. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company.

Share premium and similar premiums

As of 31 March 2024, the share premium and similar premiums account of the Company amounted to €540,803 thousand (31 March 2023: €540,803 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. No allocation was made to the legal reserve in the current year as the 10% maximum has already been reached.

Authorised capital

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 five years after IPO.

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 cannot 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.

NWT of the year	Reserve to be created in FS	Amount in € thousand
2016	2016	10,525
2017	2017	29,375
2018	2018	32,325
2019	2019	35,425
2020	2020	46,075
2021	2021	26,650
2022	2022	52,475
2023	2023	208,075
Total		**440,925**

Dividend

At the Annual General Meeting on 24 August 2023 the Management Board, in agreement with the Supervisory Board, resolved a total dividend of €1.15 per share (ordinary plus special). The total distribution was €49,485 thousand.

8 Provisions

Provisions comprised primarily share-based payments of €629 thousand (31 March 2023: €310 thousand) (refer to section 18) and provisions for bonuses of €61 thousand (31 March 2023: €128 thousand). The prior financial year also contained other provisions amounting to €81 thousand.

9 Creditors

9.1 Amounts owed to credit institutions

In June 2021, 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. Accordingly, the refinancing was implemented as of 23 July 2021 by the drawdown of the term loan of €250,000 thousand and matures in July 2026. The revolving credit facility of €60,000 thousand has not been used to date. For the drawn term facility, the margin range is between 2.0% and 1.0% per annum, depending on the total net leverage of the Group. Additionally, the respective 3-month Euribor is reflected in the all-in rate.

The accrued interest as of 31 March 2024 amounting to €203 thousand (31 March 2023: €105 thousand) was calculated on the basis of a 360-day year with months of actual days.

9.2 Trade creditors

Trade accounts payable amounted to €33 thousand (31 March 2023: €16 thousand) and mainly consisted of invoices for insurance and advisory services.

9.3 Amounts owed to affiliated undertakings

The liabilities to affiliated undertakings amounting to €2,995 thousand (31 March 2023: €1 thousand) mainly comprised cash pooling.

9.4 Other creditors

The position of other creditors amounting to €979 thousand (31 March 2023: €1,168 thousand) contained mainly accruals for outstanding audit fees and not yet paid Supervisory Board compensation. In addition, it included tax liabilities amounting to €245 thousand (31 March 2023: €355 thousand) relating to the financial year.

10 Other operating income

The other operating income included reimbursements for management services provided by Novem Group S.A. to other Novem Group companies as well as recharge of costs amounting to €2,589 thousand (PY: €1,649 thousand).

11 Other external expenses

The amount of €1,143 thousand (PY: €1,007 thousand) mainly included legal, advisory, insurance and audit fees as well as tax services.

12 Employees

The Company employed four employees as of 31 March 2024 (31 March 2023: four employees). The average number of employees in the financial year 2023/24 was four (PY: four employees), containing two full-time employees (PY: two full-time employees).

13 Income from participating interests

The income from participating interests amounting to €40,000 thousand (PY: €18,000 thousand) derived from the dividend distribution.

14 Other interest receivable and similar income

The income from other interest receivable and similar income derived from affiliated undertakings of €15,784 thousand (PY: €6,595 thousand) comprised the interest from an intercompany loan. The increase originated from higher total interest rates.

15 Interest payable and similar expenses

The position carried interest payables to banks amounting to €13,340 thousand (PY: €6,382 thousand) for the incorporated term loan. The increase resulted from higher total interest rates during the financial year.

16 Taxation

The Company is subject to Luxembourg Company Tax Law. For detailed information on special reserve net wealth tax, refer to section 7.

17 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 the exercise of certain rights of shareholders in listed companies.

In the financial years 2023/24 and 2022/23, no transactions occurred with direct and indirect shareholders.

18 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 second tranche (tranche 2022) started at the beginning of financial year 2022/23 and will end on 31 March 2026. The third tranche (tranche 2023) started at the beginning of financial year 2023/24 and will end on 31 March 2027.

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).

The final number of virtual shares is determined by multiplying the total target achievement by 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 EBIT margin (30% weighting). Thereby, the target achievement of relative Total Shareholder Return and 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 financial year 2021/22 and the number of conditionally granted virtual shares amounted to 40,826, resulting in a provision of €108 thousand as of 31 March 2024 (31 March 2023: €170 thousand).

The second tranche was awarded for financial year 2022/23 with a total number of 60,384 conditionally granted virtual shares, corresponding to a provision of €254 thousand as of 31 March 2024 (31 March 2023: €140 thousand).

The third tranche is awarded for financial year 2023/24 with a total number of 83,287 conditionally granted virtual shares, corresponding to a provision of €268 thousand as of 31 March 2024 (31 March 2023: €0).

These provisions have been included in *other provisions*.

In total, the expenses for financial year 2023/24 amounted to €319 thousand (PY: €241 thousand).

The fair value of the Performance Share Plan to calculate expenses and provisions was determined by using a Monte-Carlo-Simulation. The expected volatility has been based on the average of the median volatility of SDAX companies (term-congruent) and the historical volatility of Novem for the period available. The fair value and inputs used in the assessment of the fair value as of 31 March 2024 were as follows:

Valuation as of 31 March 2024	Tranche 2021	Tranche 2022	Tranche 2023
Performance period	19 Jul 21 – 31 Mar 25	1 Apr 22 – 31 Mar 26	1 Apr 23 – 31 Mar 27
Start share price Novem Group S.A.	€16.46	€11.25	€9.06
Remaining duration of performance period	1.0 year	2.0 years	3.0 years
Expected annual volatility	41.3%	49.7%	43.1%
Risk-free annual interest rate	3.4%	2.8%	2.5%
Expected target achievement for internal target EBIT margin	100%	100%	100%
Fair value per virtual share	**€2.96**	**€5.27**	**€5.10**

For comparative purposes, the fair value and inputs used in the assessment of the fair value as of 31 March 2023 were as follows:

Valuation as of 31 March 2023	Tranche 2021	Tranche 2022
Performance period	19 Jul 21 – 31 Mar 25	1 Apr 22 – 31 Mar 26
Start share price Novem Group S.A.	€16.46	€11.25
Remaining duration of performance period	2.0 years	3.0 years
Expected annual volatility	45.8%	47.6%
Risk-free annual interest rate	2.7%	2.5%
Expected target achievement for internal target EBIT margin	100%	100%
Fair value per virtual share	**€8.82**	**€8.85**

19 Commitments, contingencies and pledges

The Company entered into an English Law governed intercreditor 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. In connection with this agreement, the Company additionally entered into an account pledge agreement, a share pledge agreement and a security assignment agreement in order to guarantee the underlying nominal amount of the facilities agreement.

Contingent liabilities constitute off-balance-sheet contingent liabilities recognised in the amount of the

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valuation as of the reporting date. The Group possessed a €4,000 thousand credit line drawn in the amount of €17 thousand (31 March 2023: €17 thousand) as a guarantee facility by the Company. The probability of claims on this guarantee was assessed as low based on past experience.

Commitments regarding the rents not yet paid amounted to €75 thousand at the end of the financial year (31 March 2023: €0). They related to the leasing contract on office spaces.

20 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 2024.

RESPONSIBILITY STATEMENT

We, Markus Wittmann (Chief Executive Officer), Dr. Johannes Burtscher (Chief Financial Officer), Maria Eichinger (Manager Consolidation) and Mathias Rieger (Director 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, 17 June 2024

Novem Group S.A.
Management Board

Markus Wittmann | Dr. Johannes Burtscher

Maria Eichinger | Mathias Rieger

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of
Novem Group S.A.
19, rue Edmond Reuter
L - 5326 Contern
Luxembourg

REPORT OF THE RÉVISEUR D'ENTREPRISES AGRÉÉ

Report on the audit of the annual accounts

Opinion

We have audited the annual accounts of Novem Group S.A. (the "Company"), which comprise the balance sheet as at 31 March 2024, and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at 31 March 2024, 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 annual accounts.

Basis for opinion

We conducted our audit in accordance with the 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 (the "CSSF"). Our responsibilities under the EU Regulation N° 537/2014, the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the « Responsibilities of "réviseur d'entreprises agréé" for the audit of the annual accounts » section of our report. We are also independent of the Company in accordance with the International Code of Ethics for Professional Accountants, including International Independence Standards, issued by the International Ethics Standards Board for Accountants ("IESBA Code") as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, 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 annual accounts of the current period. These matters were addressed in the context of the audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of Shares in affiliated undertakings and Loans to affiliated undertakings

a) *Why the matter was considered to be one of most significant in our audit of the annual accounts for the year ended 31 March 2024*

Refer to note 2 Summary of significant valuation and accounting policies and note 5 Financial assets of the annual accounts.

Novem Group S.A. is the ultimate holding entity of a group of entities which are specialised in the supply of trim parts and decorative functional elements of vehicle interiors in the premium automotive sector.

As a holding entity, the Company holds as at 31 March 2024, a direct investment in Novem Group GmbH and has granted to it an intercompany loan. As at 31 March 2024, the Company's direct investment amounts to €674,159 thousand, and is disclosed under *Shares in affiliated undertakings*, whereas the intercompany loan amounts to €250,000 thousand and is disclosed under *Loans to affiliated undertakings*, both amounts representing in aggregate 99% of the total assets. Both the *Shares in affiliated undertakings* and the *Loans to affiliated undertakings* are recorded at their nominal value including any incidental costs thereto, if any, value adjustments if the recoverable amount is durably impaired.

At least annually, the Management Board of the Company evaluates the carrying value of the *Shares in affiliated undertakings* and the *Loans to affiliated undertakings*.

The evaluation of the carrying value of the *Shares in affiliated undertakings* and the *Loans to affiliated* *undertakings* is considered a key audit matter due to their weight of the total assets. In addition, the market capitalisation of Novem has decreased from the date of the stock listing, this being 19 July 2021, to the 31 March 2024, leading to an impairment trigger. In order to assess the potential durable reduction in value, the Management Board prepared a valuation of the Novem Group GmbH and its subsidiaries using a Discounted Cash Flow (DCF) model. Certain aspects of the DCF model require significant judgement, such as the estimation of the Weighted Average Cost of Capital (WACC), the estimated cash flow projections including the growth rates and the expected margins.

b) *How the matter was addressed during the audit*

Our audit procedures in relation to the assessment of the valuation of the *Shares in affiliated undertakings* and the *Loans to affiliated undertakings* performed by Management Board, consisted of but were not limited to:

- Gaining an understanding of the Management Board's process and controls related to the identification of impairment indicators and the impairment test in relation to the *Shares in affiliated undertakings* and *Loans to affiliated undertakings* (financial assets).
- Assessing the appropriateness of the valuation methodology applied by the Management Board regarding the valuation of *Shares in affiliated undertakings* and *Loans to affiliated undertakings*.
- Gaining an understanding of the Board of Management's process in relation to budgeting and reconciling the budget used in the DCF model with the budget approved by the Supervisory Board.
- Auditing the key parameters of the DCF model applied by the Management Board, such inputs consisting among others of the WACC, the estimated cash flow projections, including the growth rates and the expected margins as well as the net debt as at 31 March 2024.
- Verifying the mathematical accuracy of the DCF model.
- Comparing the equity value of the *Shares in affiliated undertakings* determined by the Management Board through the DCF model with the carrying amount of the *Shares in affiliated undertakings* as recorded in the annual accounts as at 31 March 2024.
- Comparing the results from the valuation using the DCF model under the income approach with alternative valuation methods, such as the market approach.

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 annual accounts.

Other information

The Management Board is responsible for the other information. The other information comprises the information stated in the annual report including the management report and the Corporate Governance Statement but does not include the annual accounts and our report of the "réviseur d'entreprises agréé" thereon.

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

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts 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 annual accounts

The Management Board is responsible for the preparation and fair presentation of the annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Management Board determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

The Management Board is responsible for presenting the annual accounts in compliance with the requirements set out in the Delegated Regulation 2019/815 on European Single Electronic Format ("ESEF Regulation").

In preparing the annual accounts, 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 annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "réviseur d'entreprises agréé" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the EU Regulation N° 537/2014, the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

Our responsibility is to assess whether the annual accounts have been prepared in all material respects with the requirements laid down in the ESEF Regulation.

As part of an audit in accordance with the 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 skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 the 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 annual accounts 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 annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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 to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual accounts 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 Shareholders on 24 August 2023 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 2 years.

The management report, which is included on page 48 of the Group Management Report, itself included in the Novem Annual Report, is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

The Corporate Governance Statement is included in the Group Management Report. 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 annual accounts and has been prepared in accordance with applicable legal requirements.

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 the EU Regulation N° 537/2014 were not provided and that we remained independent of the Company in conducting the audit.

We have checked the compliance of the annual accounts of the Company as at 31 March 2024 with relevant statutory requirements set out in the ESEF Regulation that are applicable to annual accounts.

For the Company it relates to:

- Annual accounts prepared in a valid xHTML format;

In our opinion, the annual accounts of Novem Group S.A. as at 31 March 2024, identified as *Novem-2024-03-31-en.zip*, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the annual accounts of Novem Group S.A. as at 31 March 2024, identified as *Novem-2024-03-31-en.zip*, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 17 June 2024

KPMG Audit S.à r.l.
Cabinet de révision agréé

Yves Thorn
Partner

6 Additional information

FINANCIAL CALENDAR

14 August 2024	Q1 2024/25 Results
22 August 2024	Annual General Meeting 2024
14 November 2024	HY 2024/25 Results
06 February 2025	Q3 2024/25 Results
28 May 2025	FY 2024/25 Preliminary Results
26 June 2025	Annual Report 2024/25

All information is constantly updated and available.
Please visit the investor section on the Company website:
www.ir.novem.com

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GLOSSARY

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. EBIT margin is defined as Adj. EBIT divided by revenue.

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. EBITDA margin is defined as Adj. EBITDA 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.

EBIT is defined as profit for the year before income tax result and financial result.

EBITDA is defined as profit for the year before income tax result, financial result and amortisation and depreciation.

ECB stands for European Central Bank.

EOP stands for End of (series) production.

FAAC stands for Financial assets measured at amortised cost.

FAFVTPL stands for Financial assets measured at fair value through profit or loss.

Fed stands for Federal Reserve System.

FLAC stands for Financial liabilities measured at amortised cost.

FLFVTPL stands for Financial liabilities measured at fair value through profit or loss.

Fluctuation is defined as the number of employees who left the Group per year in relation to the total workforce.

Free cash flow is defined as the sum of cash flow from operating and investing activities.

GlobalData is an independent and exclusively automotive-focused global forecasting and market intelligence service provider.

Gross financial debt is defined as the sum of liabilities to banks, hedging and lease liabilities.

LkSG stands for Lieferkettensorgfaltspflichtengesetz.

Net financial debt is defined as gross financial debt less cash and cash equivalents.

Net leverage ratio is defined as the ratio of net financial debt to Adj. EBITDA.

OEM stands for Original Equipment Manufacturer.

Order intake is defined as all offers for goods and services processed within a certain period of time.

Quality data includes, for example, key figures such as scrap and rework rates as well as PPM (parts per million).

Shareholders' Rights Law is the Luxembourg Law of 24 May 2011 on the exercise of certain rights of shareholders in listed companies, as amended.

SOP stands for Start of (series) production.

Staffing level is defined as the number of employees working at any one time.

Takeover Law is the Luxembourg Law on Takeovers of 19 May 2006.

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.

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 2023/24