novem
PERFECT CAR INTERIOR

NOVEM ANNUAL REPORT 2024/25

Established in
1947

12
locations worldwide

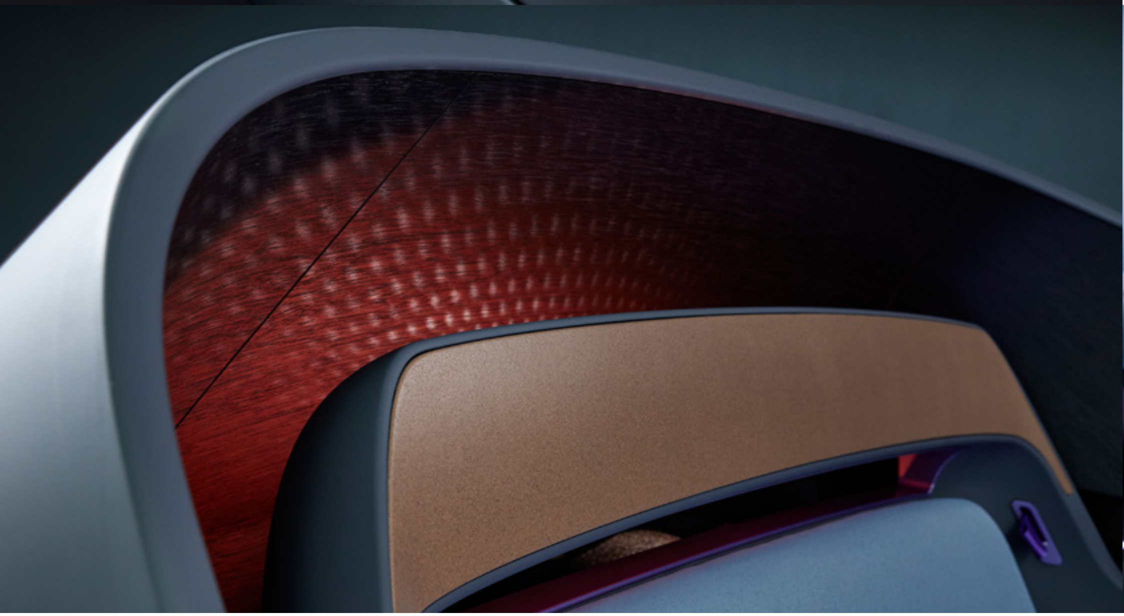
4,509
employees worldwide

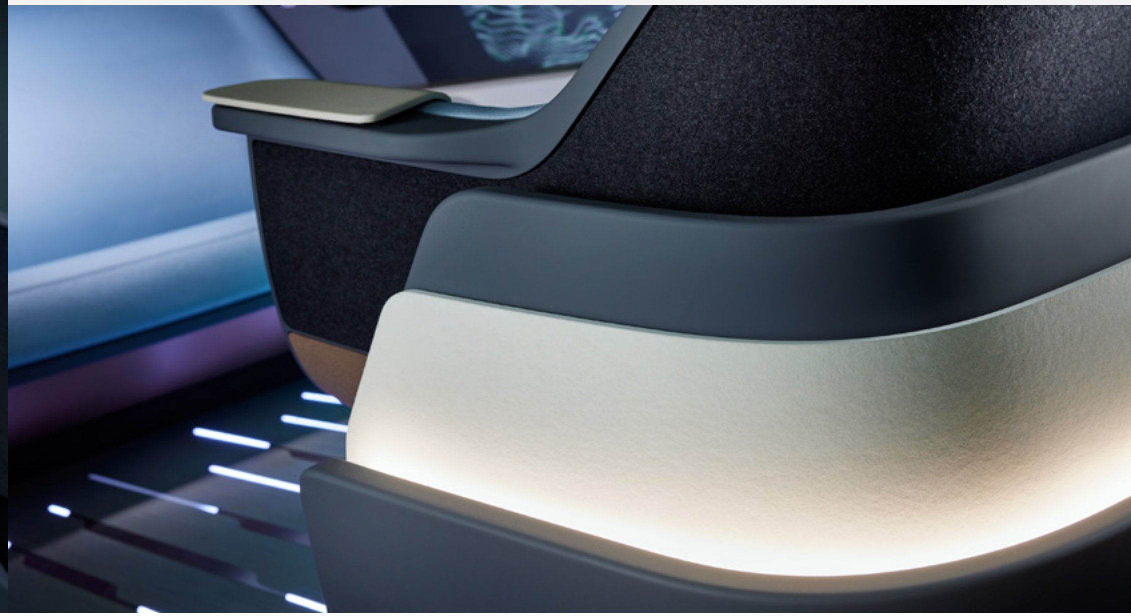
NOVEM AT A GLANCE

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.

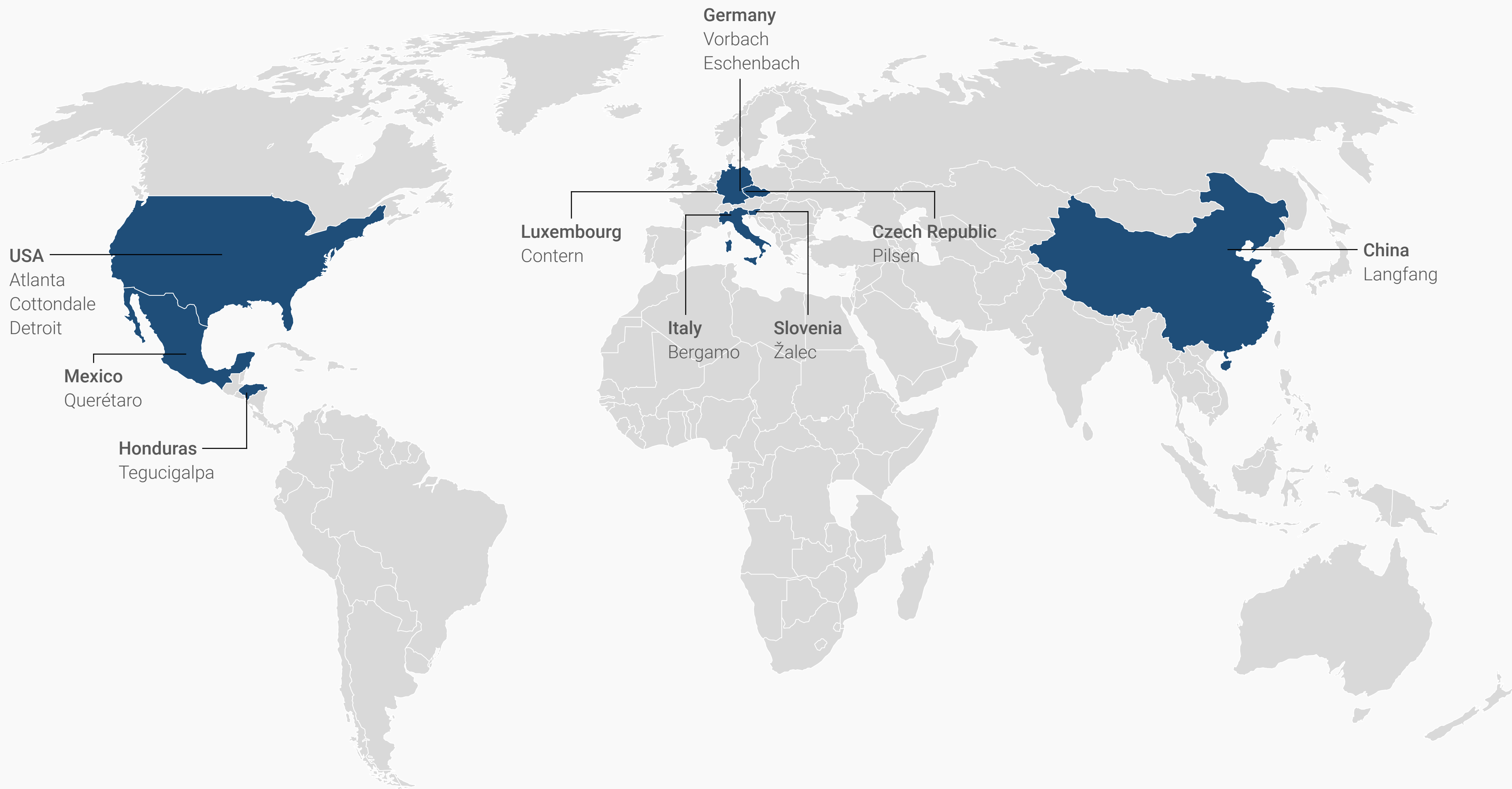
GLOBAL LEADER IN HIGH-END CAR INTERIORS

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





OUR LOCATIONS



Americas
1,804 employees

Europe
2,126 employees

Asia
579 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 Accounting Standards. It is also not a measure of financial performance under IFRS Accounting Standards 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 Accounting Standards.

in € million	FY 2023/24	FY 2024/25
Income statement		
Revenue	635.5	541.5
Adj. EBIT	69.1	48.9
Adj. EBIT margin (%)	10.9%	9.0%
Adj. EBITDA	102.0	81.0
Adj. EBITDA margin (%)	16.1%	15.0%
Cash flow		
Capital expenditure	16.1	17.5
Capital expenditure as % of revenue	2.5%	3.2%
Free cash flow	53.8	28.5

in € million	31 Mar 24	31 Mar 25
Balance sheet		
Trade working capital	51.1	34.7
Total working capital	133.3	123.8
Net financial debt	164.9	148.2
Net leverage (x Adj. EBITDA)	1.6x	1.8x

ABOUT THIS REPORT

Novem Group publishes both financial and non-financial information in its Annual Report 2024/25. The financial year of Novem Group S.A. ends on 31 March and therefore covers the period from 1 April 2024 to 31 March 2025. 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 annual accounts of Novem Group S.A. were audited by *KPMG Audit S.à r.l.* (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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1 To our shareholders

Markus Wittmann
Chief Executive Officer

LETTER FROM THE CEO

Ladies and gentlemen,

In challenging market conditions characterised by persistent volatility, we are continuing our strategy of maintaining strict cost control and the implementation of restructuring measures while at the same time identifying the best possible solutions to the economic challenges. A significant topic keeping us vigilant is the shift in US trade policy, particularly the introduction of tariffs on imported automobiles and auto parts. Depending on the counter-reactions of affected countries and the outcome of possible negotiations, this may have wide-ranging implications for the global automotive industry. We will continue to monitor the developments closely and evaluate appropriate measures accordingly.

Nonetheless, we see promising prospects for the future of Novem. A valuable addition to our portfolio is the acquisition of the third model of the Jaguar Panthera, with SOP scheduled for 2026. Following the nomination of the other two models in the Panthera range, Novem becomes the sole supplier for the platform. Additionally, the business win of the Volvo XC60, following consolidation within the European competitive landscape, completes the XC SUV range in our portfolio. Further orders for new platforms from Porsche, Bentley and Genesis will strengthen our current market standing and solidify our position as the globally leading supplier of decorative interior trim elements for the premium automotive industry. Another achievement was the nomination for an electric multi-purpose vehicle (MPV) by Mercedes-Benz as it is a first for our company. Entering the luxury MPV segment also presents further opportunities for future profitable growth.

Novem's order situation gives us confidence despite a highly challenging environment. Throughout the year, sales declined due to the uncertain economic climate and low consumer sentiment. Consequently, we were compelled to implement comprehensive restructuring measures. Additionally, several weather-related challenges, such as Hurricane Helen, caused production downtime for numerous customers in the USA, resulting in further sales setbacks for Novem.

For the financial year 2024/25, we were unable to achieve growth. Ongoing disruptive discussions and their structural impact on the OEMs' model strategies are upholding adverse momentum. Therefore, deterioration in demand and negative market dynamics persisted, especially in Europe and Asia. Americas remained the backbone of the company, and we are pleased to report on the successful acquisition of the Audi Q8 e-tron. Linked to the industrialisation of a major US EV platform, we have made substantial investments in Mexico. On the one hand, this was due to our nomination not only for the interior elements but also for a technology-matching exterior component. On the other hand, new production lines have become necessary to accommodate the high production volume, ensuring that Novem is well-equipped for future series production.

In light of the many challenges, we are especially grateful for the dedication of our employees. Their commitment provides Novem with a strong foundation, allowing us to navigate adverse conditions with patience, vigilance and resilience.

Sustainability continues to be as crucial to Novem as ever. While acute economic challenges mean it is not as visibly at the forefront as in recent years, it remains a fundamental principle at Novem. In addition, we are prioritising digitalisation and the speed of our actions. The market demands agility, and Novem must evolve as an organisation to remain competitive.

As a globally acting Group, we recognise our responsibility towards the society and environment in which we operate. At all levels, we at Novem act in the best interests of the environment, our employees, our customers and our suppliers. In concrete terms, we consistently pursue our sustainability goals and have already completed the switch to green electricity in Germany and China. We are progressing as planned towards our aim of achieving carbon neutrality at our German sites by 2025, our European sites by 2030 and at Novem worldwide by 2035.

Considering the growing pressure, the envisaged recovery is no longer anticipated to materialise in the medium term. Continued cost management and footprint optimisation remain part of our daily business. Going forward, we uphold our mid-term guidance of 5–6% annual revenue growth and have revised our Adj. EBIT margin to 11–12%.

In addition to continuously improving our cost structure, we are addressing challenges by adapting to the growing pace of the market and advancing Novem's digitalisation.

On behalf of the Management Board, I would like to extend my gratitude for your unwavering support during the financial year 2024/25. Your commitment as loyal shareholders is genuinely valued. I firmly believe that we are in a strong position to navigate the road ahead and overcome the obstacles we face. With this in mind, I eagerly anticipate working together and exchanging ideas in the new financial year, always keeping Novem's best interests at heart.

Kind regards,

Markus Wittmann
Chief Executive Officer

" Quickly adapting remains crucial in navigating through these uncertain times. Our focus stays on acting responsibly to ensure a stable and positive future for both our company and employees. "

— Markus Wittmann (CEO)

REPORT OF THE SUPERVISORY BOARD

Dear shareholders,

The financial year ending 31 March 2025 was once more affected by geopolitical uncertainties as well as their direct and indirect effects on the automotive industry. The ongoing war between Russia and Ukraine continued to have significant impacts on global supply chains, particularly for raw materials and semiconductors crucial for automobile production. New trade restrictions and tariff regulations, especially between the EU and the USA, have negatively affected the trading conditions for automobile manufacturers. Novem had to face ongoing market weakness and volatile call-offs by OEMs at a significantly lower level, prompting the Company to focus on stabilising economic capabilities and reducing costs.

In the financial year ending 31 March 2025, the Supervisory Board of Novem Group S.A. diligently carried out its duties in accordance with the statutory requirements and the Company's Articles of Association. The Supervisory Board consistently offered guidance and continuously oversaw the activities of the Management Board in relation to strategic and operational decisions, governance matters and compliance. Following a comprehensive review, the actions taken by the Management Board were approved by the Supervisory Board as stipulated in the Articles of Association. In the financial year ending 31 March 2025, the Supervisory Board consisted of Dr. Stephan Kessel (Chairman), Natalie C. Hayday (Deputy Chairwoman), Laurent Müller, Florian Schick and Philipp Struth.

The Supervisory Board convened a total of seven meetings and conducted one circular resolution during the financial year ending 31 March 2025. In four out of the seven meetings, all members of the Supervisory Board were present, with the majority attending in person. During these meetings, the Management Board consistently provided the Supervisory Board with comprehensive updates on the Group's status and performance, including opportunities and risks, its market position, business trajectory and relevant financial data. The discussions were based on detailed verbal and written reports

Dr. Stephan Kessel
Chairman of the Supervisory Board

regularly presented by the Management Board. Moreover, the Management Board and the Supervisory Board maintained frequent communication also outside of the regular meetings to exchange important group-related information, including strategy discussions and updates on organisational developments. Following Dr. Johannes Burtscher's resignation as CFO of the Company and member of the Management Board on 30 September 2024, the Supervisory Board appointed Benjamin Retzer in the course of succession planning as a member of the Management Board and CFO effective as of 1 October 2024. In addition to the existing members, Florian Sandner was appointed as a member of the Management Board and COO effective from 1 October 2024 by the Supervisory Board in the course of the reorganisation of the executive responsibilities.

During the reporting period, the Audit and Risk Committee consisted of Mark Wilhelms (Member and Chairman until 22 August 2024), Natalie C. Hayday (Chairwoman as of 22 August 2024), Dr. Stephan Kessel and Philipp Struth (Member as of 22 August 2024). The Audit and Risk Committee focused on reviewing significant questions related to auditing, accounting, risk management, compliance and internal control systems. It assessed the effectiveness of the internal control system, the risk management system, the internal auditing system and the compliance management system. The Committee deliberated on quarterly reports, the relationship with investors as well as the audit assignment to KPMG Luxembourg, including key audit areas. Throughout the financial year ending 31 March 2025, the Committee conducted five meetings. In four of five meetings, all members were present. All meetings were held via conference calls.

In the reporting period, the Remuneration and Nomination Committee was composed of Dr. Stephan Kessel (Chairman), Natalie C. Hayday, Mark Wilhelms (Member until 22 August 2024) and Philipp Struth (Member as of 22 August 2024). The Committee addressed all matters related to remuneration and nominations. 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, with full attendance from all members at each meeting.

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 2025. Representatives of the auditor KPMG attended the meetings of the Audit and Risk Committee on 25 May 2024, 17 June 2024, 30 January 2025 and 21 May 2025, at which the financial statements were examined. The auditor's representatives delivered detailed reports on their findings, accompanied by a written presentation and were on hand to provide additional explanations and opinions. The Supervisory Board did not raise any objections to the Company's annual accounts or the consolidated financial statements prepared by the Management Board for the financial year ending 31 March 2025 and to the auditor's presentation. Moreover, 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 2024/25. The auditor issued unqualified audit opinions on 16 June 2025.

During the financial year ending 31 March 2025, there were no conflicts of interest between the members of the Supervisory Board and the Company.

On behalf of the Supervisory Board, I wish to express my gratitude to the Management Board of Novem Group S.A. for their consistently outstanding performance during the previous financial year and their continued transparent and effective collaboration despite the personnel changes. I also want to acknowledge and thank all employees for their dedication and backing in contributing to the Company's achievements during a challenging period and, finally, our shareholders for their unwavering support.

Luxembourg, 16 June 2025
On behalf of the Supervisory Board of Novem Group S.A.

Yours sincerely,

Dr. Stephan Kessel
Chairman of the Supervisory Board

NOVEM AND THE CAPITAL MARKET

Benjamin Retzer
Chief Financial Officer

Stock market

Following a flourishing previous year, the stock market managed to maintain its momentum and growth over the course of 2024 leading to yet another year of buoyant growth. Only a marked correction in July and August most likely caused by a mix of concerns over weak US data sparking fears of a recession, geopolitical tensions in the Middle East and an interest rate hike in Japan temporarily clouded the overall view. As the market was more than capable of compensating for this, a look at the year as a whole shows that the global market experienced a historic run with various assets reaching all-time highs. The continued bull run for stocks was fuelled by easing inflation, economic growth and healthy corporate earnings. Technology shares in particular saw significant gains due to the euphoria surrounding artificial intelligence (AI). Another factor that helped propel stocks were the interest rate cuts by the Federal Reserve System (Fed). Following the first reduction in four years in September, the Fed has lowered interest rates by a full percentage point over the course of the year with a total of three cuts. Somewhat earlier, but in a very similar way, the European Central Bank (ECB) proceeded with a total of four cuts, which also equalled one percentage point in the end. During the first quarter of 2025, world stocks remained flat overall, albeit with completely different pictures in key regions. Looking at US equities, the optimism seen in the markets following the election last year has been replaced by unease as investors grapple with increasing policy uncertainty and emerging recession risks. At the same time, European shares surprisingly thrive under the Trump administration's altered geopolitical approach and have recorded their best quarterly performance in decades in the first quarter of 2025.

In 2024, China was able to break the cycle, and Chinese stocks made their comeback after three consecutive years of losses. The remarkable turnaround can be attributed to government-backed initiatives, the strong performance of the banking and semiconductor sectors as well as an AI boom, resulting in a rise of 19.4% for the MSCI China. In the first quarter of 2025, the Chinese stock market was able to build on last year's bullish trend and achieve even more substantial gains.

The automotive industry has had a demanding year with declining production figures, although with regional differences and growth primarily concentrated in China. However, the focal point of discussion within the industry now revolves around Donald Trump's trade policy, specifically the tariffs imposed on the automotive sector and the resulting impacts.

During the reporting period (1 April 2024 to 31 March 2025), the MSCI World index rose by a solid 6.0%. The S&P500 performed similarly, but somewhat better, with an increase of 7.0%. Meanwhile, Europe with the EURO STOXX 50 lagged slightly behind and came in at 4.1% for the same period. Particularly outstanding was the performance of the DAX, representing German blue chips, which enjoyed a remarkable increase of 21.2%, while small caps in the SDAX grew by 7.6%. In contrast, the DAXsubsector Auto Parts & Equipment as our benchmark index experienced a decline of -3.1%, indicating a significant relative underperformance.

Stock performance

On 2 April 2024, Novem commenced its financial year 2024/25 with a share price of €5.70. After moving sideways for several weeks, a steady downtrend emerged, driving the share to its all-time low of €3.91 on 20 August 2024. Shortly after, the share price began to rebound and peaked at €6.98 on 21 October 2024 before reversing course and concluding the year at €4.22 on 31 March 2025 after another downward movement.

Annual General Meeting

Novem's Annual General Meeting (AGM) took place on 22 August 2024, with 92.4% of the voting share capital represented. The AGM saw all agenda items approved by a large majority, including the Remuneration Report, changes in the Supervisory Board and the decision to suspend the dividend. Laurent Müller was appointed as a new member of the Supervisory Board and replaced Mark Wilhelms. The position of Deputy Chairwoman is now held by Natalie C. Hayday. Taking account of the unstable and weak market conditions, Novem, with the support of its shareholders, did not distribute a dividend for the financial year 2023/24.

Dividend

In agreement with the Supervisory Board, the Management Board will propose the suspension of the dividend payment for the financial year 2024/25 at the AGM on 21 August 2025. The proposal reflects the subdued market momentum, further weighed down by persistent uncertainties and inconsistencies in US tariff discussions. Suspending the dividend is expected to provide support amid this challenging landscape and bridge the gap to a more stable environment.

Investor Relations activities

Due to the ever-changing market environment, it was crucial for the Investor Relations (IR) team to maintain an ongoing, open conversation with capital market stakeholders. This included numerous individual meetings and conference calls, as well as regular quarterly investor and analyst conferences to ensure fair treatment, timely information disclosure and continued engagement. Novem attended two conferences in Munich and Frankfurt, allowing for one-on-one discussions with current shareholders and potential investors. Inviting investors and analysts to its central office is particularly important to Novem to offer a first-hand look at the products and production processes and thus make the business model and potential more feasible.

A subject of particular interest was the potential delisting acquisition offer by an entity linked to the main shareholder, as announced in an ad-hoc notification in October 2024. As of the editorial deadline at the end of May 2025, Novem has not been made aware of a decision on this matter.

> *" Following a year of headwinds, we are focused on establishing the best possible conditions for the upcoming refinancing process. "*
>
> — Benjamin Retzer (CFO)

SHARE DATA
as of 31 March 2025

- 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: €181,587,879
- Highest price FY 2024/25: €6.98
- Lowest price FY 2024/25: €3.91
- Closing price: €4.22

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2 Non-financial Report

ORGANISATION

Business model

Novem was founded in 1947 and can look back on a long history of success. Over the years, we have grown continuously, expanded into new markets and diversified our product and material offerings. Novem is the global market leader for high-quality trim parts such as instrument panels, centre consoles, door trims or beltlines as well as decorative functional elements in car interiors. This year, we have tapped into the premium exterior trim market, where we transfer our experience from interior to exterior design. In 2024/25, we delivered around 18.0 million trim elements for a wide range of vehicles, with a strong focus on the premium car segment. Our customer base includes the world's top-tier premium car manufacturers.

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

Novem locations worldwide

- Europe: 2,126 employees
  - Pilsen (Czech Republic)
  - Eschenbach, Vorbach (Germany)
  - Bergamo (Italy)
  - Contern (Luxembourg)
  - Žalec (Slovenia)
- Americas: 1,804 employees
  - Tegucigalpa (Honduras)
  - Querétaro (Mexico)
  - Atlanta, Cottondale, Detroit (USA)
- Asia: 579 employees
  - Langfang (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. With 12 locations across Europe, Americas and Asia, we have a workforce of 4,509 people worldwide. Our international presence allows us to be close to our customers and efficiently distribute our products on a global scale.

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 driven by electrification, the advancement of self-driving cars and digitalisation, which are profoundly changing the vehicle design, manufacturing and usage. This shift also influences the vehicle interior concept, with new surfaces and spaces emerging, presenting an opportunity to redesign the interior.

DEMONSTRATING FUNCTIONALITY AND SUSTAINABILITY

State-of-the-art interior relies largely on an interplay of innovation and high-quality materials. Promoting this fusion, our *mobile butler* unites wireless charging applications, heating and cooling devices as well as scent solutions with birch cork, woven linen and low-CO_2 aluminium. As an interactive island, it is designed to offer added value to premium mobility providers in the future. The on-demand holographic display allows passengers to make video calls and further experience vivid 3D-like content.

Mobile butler showing holographic logo

Furthermore, the rise of autonomous driving further enhances an experiential dimension to this space, leading consumers to expect higher levels of functionality and comfort.

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

Sustainability plays a central role here: with renewable and recycled raw materials as well as designing for circularity, we reduce our ecological footprint and create sustainable values for our customers. For instance, we are researching alternative materials such as bio-based synthetics, water-based lacquers and one-material concepts. We are also developing new designs that meet the increasing demands of our customers for functionality, sustainability and quality. Our strong emphasis on research is evident in the numerous 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 2024/25, the Novem Group achieved sales of €541.5 million (PY: €635.5 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 providing transparency in the capital market. The taxonomy regulation enables a unified definition of economic activities that are deemed environmentally sustainable. An economic activity contributes substantially to the achievement of one environmental objective (taxonomy alignment) if the 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 complied with. 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.

Since the initial reporting in financial year 2021/22, Novem's business activities have been reassessed annually on the basis of the applicable EU taxonomy regulations. In financial year 2024/25, the review of the EU taxonomy business activities determined four activities as eligible, which may result in potential material expenses for the reporting year:

- 6.5 Transport by motorbikes, passenger cars and light commercial vehicles
- 7.3 Installation, maintenance and repair of energy efficiency equipment
- 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)
- 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

Due to the fact that these activities are only minor for Novem, the expenses incurred in financial year 2024/25 do not represent 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 and 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 do not represent safety-relevant components in the vehicle. However, we are committed to high quality and safety standards across 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. A quality management system certified in conformity with IATF 16949 is in place at all Novem locations. This is how we continuously improve our processes and ensure that our products comply 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. In addition, each location has a dedicated Quality Manager responsible for implementing all central regulations.

In line with our commitment to quality, many of our products are crafted by hand to a relatively high degree, adding a unique exclusivity. By combining different materials such as wood, aluminium, carbon and premium synthetics as well as using renewable raw materials, highly individual, innovative products are created. Besides this, at our *Novem Interior World* design centre, we work on ideas for new and sustainable surfaces.

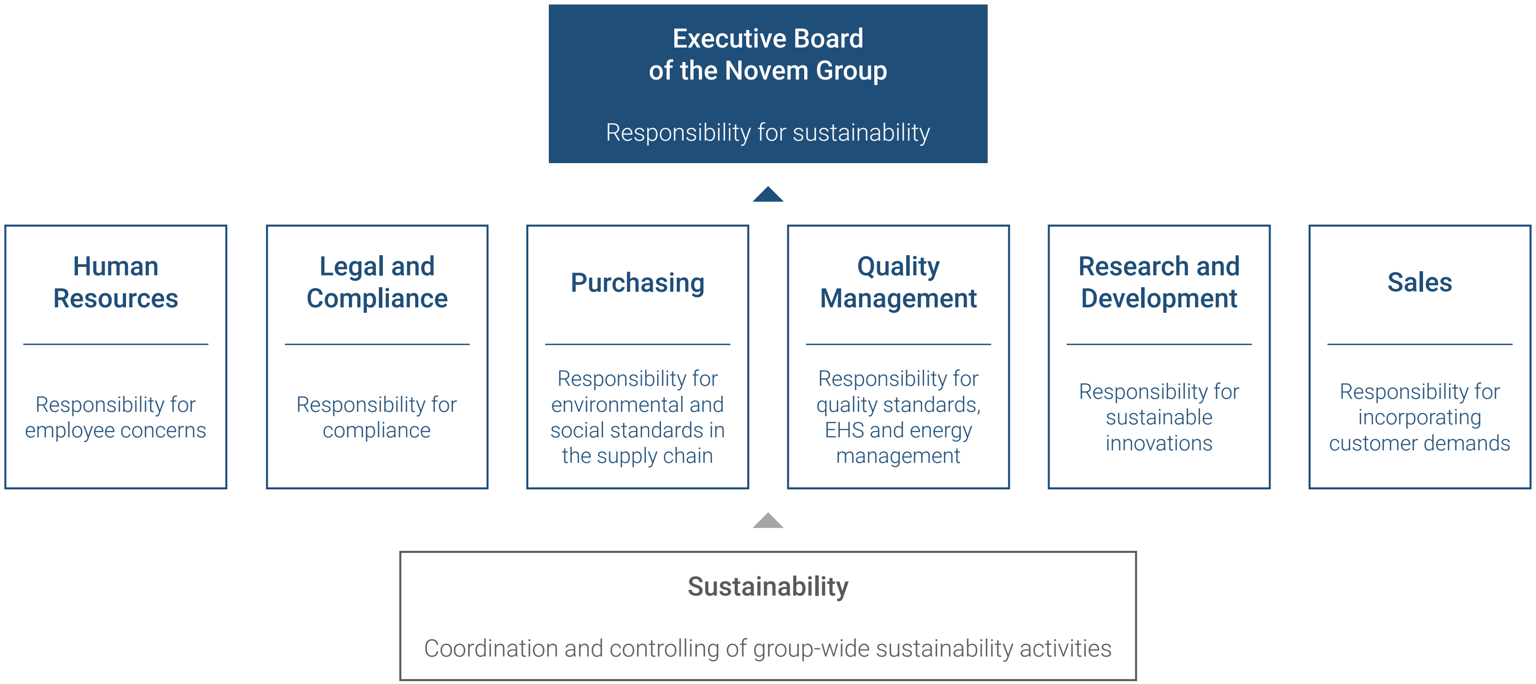
Sustainability management

Embracing social, environmental and sustainable economic responsibility will empower Novem and the entire automobile industry to move into the future. The benchmark for this at Novem is provided by regulatory requirements, customer targets and consumer aspirations, alongside major social developments.

As a core part of the Sustainability Board, the Sustainability team within Central Quality Management coordinates and controls global activities concerning sustainability topics. Together with representatives from the central functions Human Resources, Legal and Compliance, Purchasing, Quality Management, Research and Development as well as Sales, they manage the sustainability agenda of our operational activities.

The strategic responsibility lies with the Executive Board, which heads the Sustainability Board of the Novem Group. For this purpose, it maintains an ongoing exchange with the relevant specialist departments and receives updates from all departments regarding sustainability-relevant matters on a regular basis. The Sustainability Board, consisting of the aforementioned central divisions, determines the strategic direction in terms of sustainability.

Sustainability Board of the Novem Group



Integration of stakeholders

As a global company, we engage in constant communication with a wide range of stakeholders, including 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 strive to cooperate closely with customers, suppliers, partners and consumers. Utilising both digital and traditional communication channels, we also take the opportunity to meet stakeholders in person at events such as trade fairs, exhibitions and conferences. Furthermore, we maintain an ongoing discourse with politicians and business leaders through our memberships in various associations and initiatives while also promoting 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), 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)

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

Determination of material sustainability topics

In 2020, we carried out 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. In order to incorporate the outside-in perspective in terms of relevance to our business, a subsequent analysis was conducted with the input of managers who are involved in sustainability matters at Novem. Within the context of single materiality, eight topics were identified as material. These results were reviewed annually and updated to reflect respective developments. In line with this approach, the materiality analysis was revalidated by management again at the beginning of 2025.

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 operations. *Responsibility* represents one of our four core values. This implies 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

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

We have defined how we live up to our responsibility throughout the Group in our Code of Conduct. 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 who work 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 conformity with the principles defined therein. Internal or external persons can report any breach or violation of those principles 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, lead to corrective measures being taken in close coordination with the specialist units and the management under strict confidentiality. For the reporting year, we are not aware of any violations of the Code of Conduct principles.

The basis 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 principles 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. In addition, the Code of Conduct adopts the content of various national regulations on conflict minerals as its guideline for a responsible procurement policy. Protecting the environment is likewise integrated into our Code of Conduct and our Declaration of principles on the German Supply Chain Act. Following 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. We have clearly formulated the ground rules for this behaviour in our Code of Conduct. Novem upholds fair and undistorted competition involving compliance with the relevant competition and antitrust regulations. Each Novem employee is responsible for acting in conformity with these principles. They are supported and advised by the relevant supervisors.

At Novem, the Corporate Legal and Compliance department, which reports directly to the Management Board, manages the issue of compliance. Compliance management offers support for adherence to ethical conduct in accordance with statutory regulations in the course of routine day-to-day business and ensures integrity at an 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 worldwide. 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 linked on our website www.novem.com.

Our Compliance Policy offers our employees concrete guidelines for acting harmoniously with the rules and regulations. This document can be viewed at any time on the intranet. In the reporting year, we offered further training on the content of the Code of Conduct, the issue of anti-bribery, competition and antitrust law as well as on IT, information security and data privacy. All were attended with high participation rates of well beyond 90%. These trainings help 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 training on these topics on an annual basis. For the reporting year, we are not aware of any incidence of corruption. We conduct workshops with the specialised departments to provide ongoing training on selected compliance-relevant topics at regular intervals.

In principle, we record potential corruption risks as part of our compliance risk management and assess them based on probability and damage consequences. We also conducted compliance risk workshops and analyses at all locations worldwide in the reporting year. 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 occur from and for its business activities as part of its central risk management in the Controlling department. We endeavour to continuously improve this risk management in accordance with the growth of the Group, for instance, by integrating sustainability aspects. This involves analysing matters such as transitory risks as a result of 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 viewpoint, there are no specific ESG-related (Environmental, Social and Governance) risks or opportunities in association 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 work with the *EcoVadis IQ* application, which is integrated into our supplier quality management system. We also use this tool for the ESG risk assessment of our own business area and the downstream value chain, among other things, to fulfil the obligations of the German Supply Chain Act.

Taxes

Operating globally, we are confronted with a wide range of complex tax regulations in the countries we do business 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. In financial year 2024/25, we released a comprehensive tax compliance handbook as part of our ongoing commitment to responsible corporate governance and transparent tax practices. With this initiative, the Group strengthens its efforts to align tax practices with its corporate values and to contribute to the sustainable development of the communities in which we operate.

At Novem, the Management Board 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 interested in this matter. Novem is audited by the tax authorities in several jurisdictions on a regular basis. Information is continuously exchanged with the respective 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 and the Management Board report monthly to Supervisory Board committees on important tax issues and projects. If complex decisions must be made, expert reports and opinions are obtained from outside the company. The area of corporate taxes underlies a complex, fast-moving and highly regulated framework that requires constant review. 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

Protecting data and maintaining the confidentiality of information are integral parts of our corporate principles. We always adhere to the relevant laws and regulations on data protection whenever we collect, store, process or transfer personal data and information.

Protecting confidential and secret data is absolutely essential, particularly in cooperation with our business partners. When we exchange confidential information with our customers and suppliers, we conclude appropriate non-disclosure agreements to protect the secrecy of the shared information. To fulfil our responsibility, Novem has a dedicated IT and information security team that is composed 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 implemented a certified information security management system in accordance with the TISAX Standard (Trusted Information Security Assessment Exchange). This is based on the ISO 27001 standard. In this context, we have implemented and tested technical and organisational measures. These are reviewed, improved and renewed continuously. In financial year 2024/25, we successfully recertified our plant in Vorbach in conformity with TISAX. In addition, we also continue to internally assess all plants and locations regarding IT and information security.

Every employee has an obligation to handle personal data responsibly 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. In regular online training sessions, our employees are provided 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 and will be maintained globally to raise awareness for cybersecurity. Novem has completed a baseline hardening with external experts, which included a holistic evaluation of the security of its IT system and comprehensive measures for potential vulnerabilities. Beyond that, an external penetration test is scheduled for financial year 2025/26.

SUPPLY CHAIN

Supplier management and sustainable procurement

In light of the large variety of materials we use, our value chain is highly diverse. It is, consequently, essential 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 rapidly adapt to changing and more stringent requirements.

The supply chain at Novem

During the reporting year, we purchased goods valued at €289 million (PY: €284 million). With regard to production materials, we maintain a global network of around 380 suppliers that ranges from small family businesses to large corporations. In terms of sales, the largest product groups include untreated, galvanised and painted plastic parts, electrical components, surface materials, granules, speaker grilles, aluminium sheets and veneers. Altogether, these account for around 84% (PY: 85%) of the total procurement volume.

Purchasing at Novem is organised centrally based on product groups. Moreover, local Purchasing departments support the procurement of goods. At Novem, the procurement strategy provides for sourcing the necessary materials for series production from national suppliers wherever possible. With this approach, the risk of delivery bottlenecks is minimised, long transport routes are avoided and the local economy is supported. 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 totalled 72% (PY: 41%). For auxiliary and process materials, the figure improved by 17 percentage points to 89% (PY: 72%).

Guidelines for procurement

The Novem Code of Conduct as well as the Declaration of principles 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. We are not aware of any infringements of these requirements within the Novem supplier network in the reporting year. As part of the supplier management, we randomly review compliance with the Code of Conduct and our Declaration of principles on the German Supply Chain Act. Suspected breaches can be reported to our central compliance management by either internal personnel or 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 principles on the German Supply Chain Act are substantiated, Novem requests immediate compliance and reserves the right to impose sanctions as appropriate (e.g. new business on hold). This also includes the possibility of terminating the business relationship.

In our Supplier Manual, we describe concrete, group-wide standards for supplier relationships. These include quality, environmental and health protection as well as compliance with the principles laid down in our Code of Conduct and the Declaration of principles on the German Supply Chain Act. In this context, our suppliers are expected 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 covers several 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 principles on the German Supply Chain Act and the Code of Conduct. All Novem employees worldwide undergo annual training on the Code of Conduct, covering human rights within our value chain.

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

The certification is included in the annual supplier assessment. Presently, 76% (PY: 88%) of the largest suppliers of series materials in terms of purchasing volume comply with the ISO 14001 standard, and 44% (PY: 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 includes whether they have realised a certified occupational health and safety management system according to the ISO 45001 standard.

In the reporting year, we successfully continued the evaluation of our suppliers by *EcoVadis IQ* platform. Suppliers accounting for 97% (PY: 96%) of annual turnover were assessed in financial year 2024/25. We have, thus, outperformed our target of evaluating suppliers that account for at least 90% of revenue. The Corporate Social Responsibility (CSR) assessment is incorporated into the general supplier assessment.

As required by the German Supply Chain Act, we have integrated the *EcoVadis IQ* tool into our risk-based approach and prepare the corresponding report annually in accordance with the statutory obligations since 2024. We estimate 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. As outlined in our corporate policy, ensuring the health and safety of our employees is our top priority. We offer all our employees a working environment characterised by fairness and trust, irrespective of their location. Therefore, our overarching personnel strategy is 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 our locations. To safeguard the standards and principles for personnel work in the interests of the Group, human resources at Novem are managed both centrally and decentrally at the different locations to ensure that all employees can be offered the best possible support and development at a local level. Every employee has a dedicated local contact to whom they can turn with their issues and concerns. We promote international communication through our regular worldwide HR Conference, which took place in 2023 and is planned again for autumn 2025.

A total of 4,509 people were employed at our locations worldwide by the end of the financial year 2024/25. During this period, we were able to recruit a total of 705 new employees.

The undesired fluctuation rate among employees was around 3.3% for the central office in the reporting year (PY: 3.8%). To maintain 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 incorporated into 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 the respective 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 2022/23	FY 2023/24	FY 2024/25
Europe			
Total	**2,893**	**2,434**	**2,126**
Female	44%	43%	43%
Male	56%	57%	57%
Americas			
Total	**1,807**	**1,780**	**1,804**
Female	46%	47%	48%
Male	54%	53%	52%
Asia			
Total	**788**	**673**	**579**
Female	36%	37%	36%
Male	64%	63%	64%
Total worldwide	**5,488**	**4,887**	**4,509**

Dialogue and communication

Our commitment to collective freedom of association is also included in our common purpose. We therefore promote close cooperation with employee representatives at several levels. The consideration of employee interests is anchored in our Code of Conduct and is equally valid 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 work with the local works councils at each location based on mutual trust. The economic situation of the business is regularly discussed on the Economics Committee. Potential workforce changes are always discussed with the works council. We inform our employees in good time of any operational changes that may have an impact on 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 Langfang, Querétaro and Žalec. Our approach is built on mutual respect and trust, and we strive to find solutions to issues and challenges that take appropriate account of all parties' interests.

Attractive employer

We offer our employees a working environment that also recognises their performance through financial rewards. We provide performance-based compensation systems worldwide through 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 different departments.

Additional benefits complete our compensation package. In Germany, we offer to contribute to an additional pension plan for our employees. Besides this, we offer them capital-forming benefits under the collective bargaining agreement. We also provide a corporate benefits programme and fitness network membership for our employees in Germany. Beyond that, 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.

Number of employees on parental leave

	FY 2022/23	FY 2023/24	FY 2024/25
Employees in Germany	1,271	1,146	1,024
On parental leave			
Female	31	34	33
Male	36	29	30
Total	**67**	**63**	**63**

We likewise provide our employees with remuneration packages that frequently extend beyond the local statutory regulations at our international locations. 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.

With 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 becomes more and more challenging to find specialists, particularly in the fields of engineering and IT. For this reason, we have started implementing the *onboarding+* programme in our central office to ensure an even better onboarding of our valuable employees. During the programme, they not only get to know the company and its processes but also gain deep insights into how departments collaborate and familiarise themselves with their own future role as members of a successful team. Besides our *onboarding+* programme, we also want to attract new talents through alternative communication channels, such as Instagram. The account, successfully implemented in 2022, provides insights into working at Novem, the benefits we offer our employees and our understanding of teamwork. We also use this as a platform to show and remind our own employees of what Novem provides. At the same time, 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 2024/25, we created 295 posts and gained more than 930 followers.

Health and safety

We protect the health and safety of our employees through a comprehensive health and safety management system. The topics of workplace safety and health protection within the Novem Group are managed by the central EHS team within the Central Quality Management. Additionally, each site has an EHS Officer who is responsible for implementing the central objectives and goals.

Novem has defined multilocational processes in the guideline for health and safety to comply with statutory requirements for health and safety. We have a certified occupational health and safety system in conformity with ISO 45001 in place since financial year 2022/23. The German locations in Eschenbach and Vorbach as well as the production sites in Langfang, Pilsen, Querétaro and Žalec were successively certified.

Safety in the workplace

We are obliged to comply 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. Our emphasis lies on correctly handling hazardous substances such as paints, coatings and finishes.

Our risk assessment process forms 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 national, international and Novem-specific requirements are considered. 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 review and update risk assessments on a regular basis, for example, when new work resources are introduced, when new workplace conditions arise, in response to accidents or to evaluate existing protective measures.

All our employees are consistently involved in workplace safety topics. Employees must immediately inform their supervisors of work-related risks or hazardous situations. As part of the quarterly held occupational safety committee meetings at our German locations, we provide an opportunity for employee and employer representatives to address current issues relating to health and safety. Similar meetings are also organised at our locations abroad.

We regularly train our employees in occupational safety matters, using digital training methods and practical instruction sessions at relevant potential hazard points. The relevant EHS departments prepare and conduct the training sessions, partly in cooperation with the specialist departments. Our employees in administration at the Group's central office are provided with annual safety briefings.

Besides this, we ensure that all third-party subcontractors can operate with maximum safety at Novem sites. A leaflet informs them about 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 2022/23	FY 2023/24	FY 2024/25
Number of occupational accidents with a period of absence	77	76	55
LTIF (Lost Time Injury Frequency)	7.0	7.4	5.9
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 order to raise awareness about health, a health day was organised at our German locations in the reporting year. Our employees had the opportunity to attend presentations or to participate in health checks at various stations.

All Novem employees have access to an occupational health service. Every location 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 and Tegucigalpa have a medical service that also provides basic medical care. At the German sites and many locations abroad, the occupational healthcare service also offers vaccinations directly on-site.

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, identity, 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 confidently using the whistleblower reporting system on the company website or by email to Corporate Legal and Compliance. Besides this, any affected employee can consult the relevant works council. No cases of discrimination became known at Novem in the reporting year 2024/25.

At Novem, 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 2024/25, the proportion of women directly reporting to the Management Board was around 22% (PY: 25%). At the end of 2024/25, the share of women on both the Management Board and on the Supervisory Board was 20%.

We are also committed to encouraging young women for technical vocations and study courses, such as wood technology or mechanical engineering. As part of this initiative, Novem has already participated in *Girls' Day* several times and plans to do so again. We can also report a balanced gender ratio among the participants in our dual study degree programmes.

Inclusion also plays an essential role at Novem. We employ people with disabilities and thus promote their social participation. During the year under review, we exceeded the statutory quota in Germany for employing people with disabilities by around 60% (PY: 46%).

Commitment to society

Novem sees itself as a global corporate citizen and therefore as part of society. Consequently, we are committed to taking on responsibility beyond the boundaries of our Group and playing our part to ensure that the communities at our locations continue to develop sustainably in the future. We contribute to a sustainable society above all through cash and in-kind donations, while also actively engaging with the communities in which we operate. The volume of donations and sponsorships for the financial year 2024/25 amounted to approximately €20,000. The Management approved and supported all activities in line with our business principles.

We see it as our responsibility to strengthen social, cultural and community life. Our donations and sponsorships focus on promoting local and regional facilities, associations and organisations at the individual sites where the Group is located. We support hospitals and public organisations in the local communities, such as kindergartens, elementary schools and sports clubs.

ENERGY AND EMISSIONS

Climate protection

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

The central EHS team, as part of Central Quality Management, covers the group-wide responsibility for environmental concerns. Each location also has an EHS Officer responsible for enforcing 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 accordance with ISO 14001. This also applies to the identification of potential negative impacts. To record these throughout the individual stages, we have carried out a mandatory impact assessment at all our sites every year since 2009 to derive appropriate group-wide targets and measures. For each individual category of relevant environmental impact, including for instance waste, water and emissions, the severity and probability of occurrence are evaluated in conjunction with the applicable legal framework.

The EHS Officers at each plant report 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 all relevant regulatory environmental risks impacting our business. We monitor international and national environmental legislation as well as customer-specific requirements, for example, along with other regulations in order to exclude possible violations (Sustainability organisation of Novem).

Energy consumption

As a manufacturing company, the various stages in our production processes consume a considerable amount of energy. Most 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 Eschenbach and Vorbach as well as the production site in Žalec are certified in conformity with the energy management standard ISO 50001. At our site in Pilsen, Novem also has an energy audit system that complies with ISO 16247.

In cooperation with the EHS teams at the plants, our central Energy Manager constantly reviews our overall energy consumption and the associated savings potential. Since October 2024, energy tables have been introduced at all Novem locations to share both further knowledge and best practice projects to improve the Group's overall energy performance. For this purpose, we use an external energy data recording system at our sites in Eschenbach, Pilsen, Vorbach and Žalec. In addition, Novem has started implementing this system in Querétaro. This location also uses the Schneider metering system in accordance with federal regulations.

Modern and efficient technology is a top priority when implementing new infrastructure or upgrading the manufacturing process. This includes, for example, installing energy-efficient heating systems, air-heating pumps and LED lighting.

Energy consumption by energy source

in kWh	FY 2022/23	FY 2023/24	FY 2024/25
Consumption of non-renewable fuels (oil and gas)	29,226,510	25,485,119	22,546,908
Electricity, heat and cooling energy and steam purchased for consumption, individually (electricity and district heating)	116,770,473	110,412,711	97,256,148
Total energy consumption	**145,996,983**	**135,897,830**	**119,803,056**

Energy intensity

	FY 2022/23	FY 2023/24	FY 2024/25
Total consumption (in kWh)	145,996,983	135,897,830	119,803,056
Produced parts	29,037,179	24,326,075	19,658,760
Energy intensity ratio (kWh/component)	**5.0**	**5.6**	**6.1**

Greenhouse gas emissions

We generate greenhouse gas emissions as a result of energy consumption at our production facilities. Emissions also occur within our value chain in conjunction with 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 calculate 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 emerge, 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 using natural gas and heating oil. Our Scope 2 emissions are to be allocated 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. Novem is undertaking efforts to enhance the database for all scopes, aiming to formulate a comprehensive Corporate Carbon Footprint (CCF) calculation, which is based on the insights and knowledge already gained. In light of the results of the above-mentioned carbon footprint assessments, reduction potentials are to be identified and measures for reducing emissions are to be outlined. The calculations indicate that the materials procured by Novem constitute a substantial proportion of the total THG emissions. Novem engages in active dialogue with its suppliers to obtain primary emission data for the purchased materials to enhance both the database and the comprehension of the emissions sources. Additionally, an emissions balance is prepared for the German sites in Eschenbach and Vorbach. Based on this result, Novem will offset the remaining GHG emissions in the course of 2025 through recognised climate protection projects and thus meet its own targets. With this, the calculation basis and requirements for certification as *Climate Neutral Company* as part of the initiative *KLIMASCHUTZ HOLZINDUSTRIE* are also fulfilled.

In the reporting year, we recorded a significant reduction in our Scope 1 and Scope 2 emissions compared to the last 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 2024/25. The reduction in Scope 2 emissions reflects our efforts in decreasing electricity consumption and while improving the quality of the energy mix used. Since the beginning of 2024, our site in Langfang has covered its entire electricity demand from renewable sources. In addition, the German sites have been sourcing 100% of their electricity from renewable sources since 2025.

With our efforts, we intend to meet the increasing requirements of our customers that we expect in the future. In light of this, Novem is permanently reviewing several opportunities for reducing its emissions effectively.

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

Scope 1 – Direct GHG emissions

in tonnes of CO2 equivalent	FY 2022/23	FY 2023/24	FY 2024/25
Natural gas	5,652	4,972	4,319
Heating oil	2,162	1,831	1,741
LPG	272	221	237
Refrigerants	2,018	852	534
Fuels (company car fleet) incl. flights	1,456	1,347	1,464[1]
Total Scope 1 emissions	**11,559**	**9,224**	**8,295**

1 Methodology according to VDR standard

Scope 2 – Indirect GHG emissions

in tonnes of CO2 equivalent	FY 2022/23	FY 2023/24	FY 2024/25
Power[1]	67,269	56,305	33,434
Total Scope 2 emissions	**67,269**	**56,305**	**33,434**

1 The market-based method was applied for this calculation; value for FY 2024/25 by location-based method: 40,610 t CO2 equivalent.

Scope 1 & 2 – GHG emission intensity

	FY 2022/23	FY 2023/24	FY 2024/25
Total GHG emissions (in t CO2 equivalent)	78,828	65,529	41,728
Produced parts	29,037,179	24,326,075	19,658,760
GHG emission intensity (t CO2 equivalent/component)	**0.00271**	**0.00269**	**0.00212**

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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 to as "Novem" or the "Group"). To ensure and maintain proximity to customers, the Group has a global presence with 12 locations in China, the Czech Republic, Germany, Honduras, Italy, Luxembourg, Mexico, Slovenia and the 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 2025 and did not hold any own shares at that time.

As the global market leader in high-end vehicle interiors, the Group operates as a developer, supplier and system supplier for trim parts and decorative functional elements. This year, Novem made its entrance into the premium exterior trim market, transferring the expertise in car interiors to exterior components as well. 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 and 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 75 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 methods. This creates surfaces that convey a feeling of sporty elegance and modernity.

Carbon remains a key material for lightweight and high-performance automotive interiors, continuously redefining premium design with its strength and elegance. 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 that give 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.

Research and development (R&D) plays a pivotal role in reinforcing Novem's position as the global market leader. The Group continuously invests in advanced technologies, materials science and process optimisation to anticipate future trends and meet evolving customer expectations. R&D activities include the development of bespoke solutions that integrate functionalities, such as ambient lighting and smart surfaces, as well as sustainable material alternatives. The Group's commitment to innovation and research is further evidenced by the numerous patents held.

Due to expert knowledge in handling different materials, the Group is able to meet customer requirements at the desired level, as it has done in the past. In order to continuously advance, 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 financial year was marked by significant challenges and numerous upheavals. The Group faced, among other things, weak demand in the automotive sector, ongoing volatility in the call-offs and recently also trade policy turbulence. On top of this, global economic uncertainties, stricter regulatory requirements and advancing technological developments have created an environment with both opportunities and risks.

The lingering effect of the pandemic-related disruptions continues to impact the stability of global supply chains. Although there are signs of a gradual recovery, transport costs remain elevated, putting extra financial strain on companies. Declining production volumes, especially in Asia and Europe, are causing underutilisation of transport capacities and driving up costs. Regional conflicts and protectionist trade barriers further complicate global logistics processes, necessitating greater flexibility and adaptability. A key challenge remains the uncertainty surrounding the United States' customs policy, which could have lasting impacts on international trade relations and increase costs for companies. To ensure long-term stability and efficiency, companies must act strategically and make targeted investments in technology and process optimisation.

The increasing regulatory and logistical requirements will continue to gain importance in the coming years. In order to meet rising expectations and ensure long-term competitiveness, it is essential to implement innovative and sustainable solutions along the entire supply chain. Material availability was no longer an issue this business year, and important material prices have stabilised.

In the financial year 2024/25, both the ECB and FED lowered prime rates. The ECB initiated reductions in June 2024, with the last reduction announced in March 2025, bringing the prime rate down to 2.65%. On the other hand, the FED announced its first reduction in September 2024 and maintained the rate at 4.5% since December 2024, resulting in a total reduction of 1.0%. Due to the current tariff discussions, uncertainty regarding the future development of the prime rates remains high and will continuously impact the exchange rate market. Additionally, the US presidential elections in November 2024 and the resulting expectations led to high volatility in the development of the Euro to US Dollar currency pair. The elections in Mexico also had a significant influence on the exchange rates to the Mexican Peso. This impact was amplified by the close ties to the USA following the elections there, resulting in a three-year high for the US Dollar and a notable increase from the end of Novem's last financial year.

Buyer reluctance and a drop in demand resulted in lower call-offs for the financial year 2024/25. In addition, geopolitical tensions persist due to the still ongoing wars in Ukraine and the Middle East. The political landscape in the USA is also posing challenges following the recent presidential elections. After being re-elected and taking office for his second mandate in January 2025, President Donald Trump introduced a set of tariffs targeting numerous countries and sectors, potentially sparking far-reaching economic repercussions and the possibility of escalating international trade tensions towards a trade war. In this environment, the automotive market has been severely impacted during the business year, leading to a notable effect on the Group's annual revenue. Novem had to react by adjusting its growth plans and taking further cost-saving measures. As an effort to reduce capacities and fix costs, Novem reduced its workforce by approximately 380 employees worldwide, with the majority of the cuts taking place in Slovenia, followed by Germany. In order to counteract the decrease in call-offs and inefficiencies arising from their volatility, it was essential for Novem to demand price increases from customers.

Novem achieved a solid order intake due to the international collaboration of the specialised departments. Within this context, the first order featuring an integrated heating system in the decorative part was secured. Also, stone has been introduced in various variations as a new surface material in vehicles. Acquisitions included new platforms from Bentley, Genesis, Jaguar, Porsche and Volvo, among others. The general trend towards shorter development times is evident, especially in Asia, with some projects being reduced to one year. In order to cope with this, comprehensive digitalisation is necessary. In addition, introducing and working with virtual Design of Experiments (DoE) saves a significant amount of time and costs. To remain a market leader, a functional innovation process is essential. This year, Novem successfully completed all its innovation theses, with seven independent patents granted and many new innovative demonstrators introduced to the showroom in Vorbach. As a notable example, the mobile butler stands out, replacing the front passenger seat and offering numerous features. Demonstrating innovative capabilities, it combines functionality and aesthetics for luxury mobility providers. Apart from that, a new collaboration enables seamless sensing behind conductive authentic materials like aluminium or carbon fibre.

In the financial year 2024/25, all Novem Group plants successfully completed recertification for the IATF 16949 certificate (International Automotive Task Force). The IATF encompasses a range of quality management systems. Holding up-to-date certificates is imperative for securing contracts with customers in the automotive industry.

Being an automotive supplier, another important aggregation for Novem to obtain is the TISAX Certification, which ensures security standards. The successful recertification for Vorbach has been completed. For the financial year 2025/26, the recertification of Atlanta/Cottondale, Langfang and Querétaro is planned in Q4. Following a smooth and successful migration to SAP S/4HANA in January 2025 without any disruptions to the organisation, a new digitalisation project has recently been initiated to leverage technology for driving growth and innovation. This offers the opportunity to streamline workflows, enhance data management and boost overall efficiency.

Novem has obtained recertification for the FSC certificate (Forest Stewardship Council®) at its central office in Vorbach and plant Langfang, while Pilsen has achieved its initial certification. This process ensures that only exclusively certified veneers from controlled cultivation areas are used in the production process for specific customers. In addition, both German locations Eschenbach and Vorbach have been sourcing all of their electricity from renewable sources since the beginning of 2025. Moreover, the growing significance of environmental considerations in supply chains necessitates companies to adapt their processes and seamlessly incorporate them into existing workflows to comply with legal and customer requirements. To enhance sustainability and prepare for coming changes to REACH legislation, Novem is collaborating with the respective suppliers to explore alternative surface treatment materials. For example, three major production chemicals were re-developed as part of the effort to optimise the chemical footprint. Additionally, Novem is working with its supply base to make further sustainability improvements. The Ecovadis rating validity and re-evaluation process have been updated as part of this. The validity period of the sustainability rating now depends on the achieved rating and can be valid for up to three years, depending on the result. Suppliers with lower ratings must work on improvements and undergo assessment every year. By the end of the financial year 2024/25, 97% of suppliers had been rated and developed using the Ecovadis system. In general, the trend towards high-quality, sustainable materials continues.

BUSINESS AND GENERAL ENVIRONMENT

World economy

In 2024, significant political, economic and climatic events shaped developments in the global economy. Both last year and the start of 2025 were characterised by notable elections taking place in some of the world's largest economies. The elections in the United States and Germany were of particular interest.

Geopolitical tensions remain a major concern, particularly the ongoing conflicts in Ukraine or the Middle East, which could lead to disruptions in the supply of energy or to the blockade of important shipping routes. Furthermore, the global trade tensions included new tariffs and trade barriers announced by the United States, Europe and China. Global economic uncertainties are the result of the recent developments.

Unforeseen weather incidents such as hurricanes, floods and other natural disasters caused significantly above-average damage worldwide in 2024. Events of this nature often lead to interruptions in production or even temporary plant closures, which have an overall negative impact on business development. North America, in particular, is regularly affected by these events and was not exempt in 2024. The economic damage caused by hurricanes Milton and Helene reached into the high two-digit billion range.

During 2024, central banks continued their efforts to control inflation through adjustments in interest rates. In the United States, the Federal Reserve cut the federal funds rate by 25 basis points in December 2024, bringing it to a range of 4.25% to 4.50%. This followed an earlier rate cut in September 2024, the first in three years. Prior to these reductions, interest rates peaked at 5.5% in August 2023. Similarly, the European Central Bank implemented a moderate reduction in its key interest rate to support economic activity while remaining vigilant against inflationary pressures. These developments highlight the ongoing efforts of central banks to balance curbing inflation with fostering economic growth.

Inflation started to gradually come down but remained elevated. The worldwide inflation rate was 5.7% in 2024, after 6.6% in 2023 compared to the previous year. Consumer prices in Germany increased by 2.5% in 2024 compared to 6.0% in 2023.

The world economy encountered significant obstacles yet again. Despite various factors working against it, the global gross domestic product (GDP) increased by 3.3% in the calendar year 2024, remaining stable at prior year's growth level. However, there were regional differences to be noted here, with GDP rise by 0.9% in the Eurozone, 0.1% in Japan, 2.8% in the USA and 5.0% in China. These regional differences highlight the diverse economic landscapes and challenges faced by different parts of the world in 2024.

In Germany, the GDP decreased by -0.2% compared to the previous year. Economic and structural burdens such as increasing competition in key export markets, elevated energy costs, persistently elevated interest rates and an uncertain economic outlook led to the German economy shrinking again in 2024.

Automotive markets

The overall global automotive production recorded a slight decline in 2024 compared to 2023. Factors such as high operational costs, sluggish demand and increased competition, particularly in Europe, have led automakers to reduce production and workforce. Therefore, the global light vehicle production in 2024 amounted to 90.1 million, which marked a decrease of -0.8% compared to the prior calendar year. However, there were regional differences in development, similar to GDP. Asia closed 2024 with a slight increase in the volume of produced units amounting to 52.2 million (PY: 51.9 million). Meanwhile, Americas' production volume, on the other hand, slightly decreased by -1.5% to 15.4 million (PY: 15.6 million) units. Europe reported a decline of -3.7% over the year, with a total of 17.3 million (PY: 18.0 million) produced vehicles.[1]

In 2024, key topics in the automotive industry included production developments at major German OEMs and the growing influence of Chinese manufacturers, particularly in the electric vehicle sector. German suppliers faced challenges such as high energy costs, bureaucracy and increasing competition from Asia, leading to job cuts and restructuring programs in several companies. Despite these difficulties, certain production sites in Germany managed to keep strong outputs by optimising manufacturing processes and integrating new technologies.

This trend is also reflected in the overall data. In Germany, perceptible fewer vehicles were registered than in the previous year, with a decline of -1.0%. In contrast, there was an increase of 7.3% in the last year. Looking at registrations in Europe, battery-electric vehicles (BEVs) remained the third most popular choice for buyers in 2024, holding a 13.6% (PY: 14.6%) market share. BEVs once again outperformed diesel cars, which declined to 11.9% (PY: 13.6%). Petrol vehicles retained their lead at 33.3% (PY: 35.3%), while hybrid-electric cars strengthened their second position, capturing a 30.9% (PY: 25.8%) market share.

1 According to GlobalData as per April 2025

Demand for cars remained subdued, particularly for battery-electric vehicles, which still appear to be unpopular with consumers in many countries. Due to the low popularity of electric cars, residual values are also under pressure, to an even greater extent in the upper vehicle segments. This raises concerns about possible adverse effects on the overall market, highlighting the need for measures to counteract this trend. The uncertain residual values of electric cars, along with other factors such as the limited range or insufficient infrastructure development, are reasons why consumers are reluctant to switch to e-mobility. While interest in BEVs was muted in most markets, demand for vehicles with combustion engines and hybrid vehicles increased.

Overall, the situation in the automotive market remains tense, especially in the European market, and is fraught with political and economic uncertainties. For the current calendar year 2025, the German Association of the Automotive Industry (VDA) forecasts a slight increase in sales of 1.0% for Germany, while sales in Europe are expected to rise by 2.0%, in the USA by 2.0% and in China by 1.0%.

Forecast for global economic development 2025/2026

The global economy is anticipated to remain stable, although regional disparities and uncertainties persist. As monetary policy is eased amid ongoing disinflation, fiscal policy must shift to ensure sustainability and rebuild buffers. Recognising the impact of monetary policy on global disinflation and the social acceptance of structural reforms will be essential in fostering steady and accelerated growth.

Increased trade tensions may hinder global growth while lingering inflation could delay the expected interest rate cuts. Despite these challenges, the global economy could also exceed expectations, particularly if major players like the United States and China manage to gain momentum. In the United States, robust household spending could result in stronger-than-expected growth, with beneficial effects for developing economies. In China, the implementation of further stimulus measures could boost demand.

The annual inflation rate in the US edged up to 3.0% in January 2025 and came in above market forecasts of 2.9%, indicating stalled progress in curbing inflation. The annual inflation rate in the US eased for a second consecutive month to 2.4% in March 2025, the lowest since September, down from 2.8% in February and below forecasts of 2.6%. The inflation trend is important for the US Federal Reserve's future interest rate decisions, which, in turn, has a major impact on the financial markets. Should inflation stabilise above 2.5%, the Fed may have to re-assess its plans for interest rate cuts. At present, the Fed is maintaining key interest rates in the range of 4.25% to 4.50%. Unexpected geopolitical events or new political actions could also influence the course of monetary policy. Higher interest rates tend to affect poorer countries disproportionately, and the resulting increase in borrowing costs can lead to a further weakening of these economies.

The overall inflation rate for the year 2024 was 5.7%. For 2025, the International Monetary Fund (IMF) experts forecast an overall inflation rate of 4.3% and 3.6% for 2026. The inflation rate in Germany for 2025 is expected to reach a rate of 2.1%, which is in line with the ECB's 2.0% target. In April 2025, the ECB lowered its key interest rate for the seventh time in a row to the current level of 2.25%. This decision was made in line with expectations and actual inflation developments. Further reductions are planned in the course of 2025 and the key interest rate is expected to reach a level of up to 1.5% until the end of 2025.

Germany experienced a second consecutive year of negative GDP growth due to structural issues such as labour and qualified worker shortages, excessive bureaucracy and weak investment in both the private and public sectors. As of April 2025, the German government expects a stagnant GDP growth of 0.0% for 2025, due to weak foreign demand, structural challenges and trade uncertainties linked to US tariff policies.

The IMF forecasts that German GDP will remain unchanged in 2025. Global trade is expected to grow by 2.8% this year and 3.0% in 2026, slightly below the historical average of 3.7%. For the Eurozone, the IMF projects a 0.8% rise in GDP for 2025 and a 1.2% increase in 2026.

The global economic outlook reflects growing headwinds, with 2025 growth projections downgraded to 2.8% from 3.3% last previous year. Rising trade barriers, particularly new US tariffs, along with ongoing geopolitical tensions and slowing momentum in key economies like China and Germany are weighing on global activity. In addition, reduced international financial coordination and structural weaknesses are hindering recovery. Although a modest rebound is expected in 2026, global policymakers must remain vigilant and proactive to support stability and sustainable growth.

In general, there are a variety of economic trends that are considered to be relevant in the coming year. Artificial intelligence, automation and data analytics will continue to shape the business world, with sustainability and cybersecurity remaining prominent challenges.

FINANCIAL PERFORMANCE

in € million	FY 2023/24	FY 2024/25	Change	% change
Revenue	635.5	541.5	-94.0	-14.8%
Increase or decrease in finished goods and work in process	-15.4	2.1	17.5	<-100.0%
Total operating performance	**620.1**	**543.5**	**-76.6**	**-12.3%**
Other operating income	18.9	17.3	-1.6	-8.7%
Cost of materials	-303.3	-272.1	31.2	-10.3%
Personnel expenses	-173.2	-150.1	23.1	-13.3%
Depreciation, amortisation and impairment	-33.7	-32.1	1.5	-4.6%
Other operating expenses	-69.5	-63.3	6.2	-8.9%
Operating result (EBIT)	**59.3**	**43.1**	**-16.2**	**-27.3%**
Finance income	7.4	4.7	-2.7	-36.4%
Finance costs	-19.9	-22.3	-2.4	12.0%
Financial result	**-12.6**	**-17.7**	**-5.1**	**40.4%**
Income taxes	-13.1	-9.3	3.8	-29.0%
Deferred taxes	1.1	-5.1	-6.2	<-100.0%
Income tax result	**-12.0**	**-14.3**	**-2.4**	**19.8%**
Profit for the period attributable to the shareholders	**34.8**	**11.1**	**-23.6**	**-68.0%**
Differences from currency translation	-1.6	-8.7	-7.1	>100.0%
Items that may subsequently be reclassified to consolidated profit or loss	**-1.6**	**-8.7**	**-7.1**	**>100.0%**
Actuarial gains and losses from pensions and similar obligations (before taxes)	-1.6	2.2	3.7	<-100.0%
Taxes on actuarial gains and losses from pensions and similar obligations	0.5	-0.6	-1.1	<-100.0%
Items that will not subsequently be reclassified to consolidated profit or loss	**-1.1**	**1.6**	**2.7**	**<-100.0%**
Other comprehensive income/loss, net of tax	**-2.7**	**-7.1**	**-4.4**	**>100.0%**
Total comprehensive income/loss for the period attributable to the shareholders	**32.1**	**4.1**	**-28.1**	**-87.4%**
Earnings per share attributable to the equity holders of the parent (in €)				
basic	0.81	0.26	-0.55	-68.0%
diluted	0.81	0.26	-0.55	-68.0%

Revenue

Total revenue of €541.5 million in financial year 2024/25 decreased by €-94.0 million or -14.8% compared to last year. Based on prior year (constant) exchange rates, revenue would have been higher by 0.1%. This currency impact was primarily influenced by the Mexican Peso. On a segmental basis, revenue in 2024/25 was generated in Americas (€280.8 million), followed by Europe (€206.0 million) and Asia (€54.8 million).

Revenue development

in € million	FY 2023/24	FY 2024/25	% change
Revenue Series	553.1	465.9	-15.8%
Revenue Tooling	82.5	75.6	-8.3%
Revenue	**635.5**	**541.5**	**-14.8%**

Revenue Series

Revenue Series dropped in the current financial year and recorded at €465.9 million, -15.8% below last year (PY: €553.1 million). Revenue Series accounted for 86.0% of total revenue and remained the key pillar of the business.

Revenue Tooling

Revenue Tooling contributed €75.6 million to total revenue in the financial year 2024/25 (PY: €82.5 million). This led to a year-on-year decrease of €-6.9 million (-8.3%), predominantly driven by a different project phasing.

Change in finished goods and work in process

Change of finished goods and work in process increased by €17.5 million (<-100%) from €-15.4 million in the financial year 2023/24 to €2.1 million in the current financial year 2024/25 driven by higher tooling inventories (€+12.8 million), higher finished goods (€+1.9 million) and unfinished goods (€+1.5 million) as well as higher intra-group profit elimination on stock (€+1.2 million).

Other operating income

Other income decreased by €-1.6 million from €18.9 million in the financial year 2023/24 to €17.3 million in the financial year 2024/25. This deviation was mainly attributable to lower income from others of €-1.7 million, predominantly as a result of lower VAT income.

Cost of materials

Cost of materials decreased from €-303.3 million last year to €-272.1 million in the current year, resulting in a year-on-year change of -10.3%. The cost of materials to output (total operating performance) ratio increased by 1.1 percentage points to 50.1% in the financial year 2024/25 (PY: 48.9%).

Personnel expenses

Personnel expenses amounted to €-150.1 million in financial year 2024/25, down by €23.1 million or -13.3% compared to previous financial year (PY: €-173.2 million). As a percentage of total operating performance, personnel expenses decreased by -0.3 percentage points year-on-year to 27.6%. Despite the decline in sales due to weak customer call-offs and the resulting inefficiencies, the personnel expense ratio slightly improved as a result of restructuring measures and tight cost management.

Depreciation, amortisation and impairment

Novem reported depreciation, amortisation and impairment of €-32.1 million in financial year 2024/25. The decrease of €1.5 million or -4.6% compared to last year (PY: €-33.7 million) was due to lower depreciation on buildings (€+1.2 million), other equipment (€+0.5 million) as well as intangible assets (€+0.1 million); on the other hand, higher depreciation on machinery (€-0.3 million).

Other operating expenses

Other operating expenses of €-69.5 million in financial year 2023/24 declined by €6.2 million to €-63.3 million in the financial year 2024/25. The decrease was mainly because of lower order-related expenses, maintenance expenses, legal and advisory fees as well as personnel-related expenses, negatively affected by higher allowances on receivables.

Finance income and costs

The financial result recorded at €-17.7 million in the financial year 2024/25 compared to €-12.6 million in the financial year 2023/24.

Novem reported finance income of €4.7 million in 2024/25 and thus came in €-2.7 million below last year. This deviation was driven by currency translation effects and lower interest income.

Finance costs for the financial year 2024/25 stood at €-22.3 million, marking an increase of €-2.4 million over last year (PY: €-19.9 million). This deviation primarily resulted from higher foreign currency translation effects compared to previous year.

Income tax result

Despite lower EBIT, the income tax result increased by 19.8% from €-12.0 million last year to €-14.3 million in the financial year 2024/25 as a result of an extraordinary depreciation of the DTA interest carryforward in Germany. Additionally, financial year 2024/25 was negatively impacted by a non-deductible business expense in Germany due to the interest barrier rule.

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 2024/25 recorded €-3.9 million below last year and included €4.3 million single impairment due to outstanding receivables against an insolvent Tier-1 client, €1.0 million restructuring costs for downsizing the plant Žalec and €0.3 million severance and early retirement payments as well as €0.2 million project costs.

The Adj. EBIT margin of 9.0% for the financial year 2024/25 was behind prior year's margin of 10.9% by -1.8 percentage points. Consequently, the Adj. EBITDA margin of 15.0% also fell short of last year's figure of 16.1%.

in € million	FY 2023/24	FY 2024/25	Change	% change
Revenue	**635.5**	**541.5**	**-94.0**	**-14.8%**
EBIT	**59.3**	**43.1**	**-16.2**	**-27.3%**
EBIT margin	9.3%	8.0%		
Restructuring	8.9	1.0	-7.9	-89.1%
Single impairments	-	4.3	4.3	-
Others	0.8	0.5	-0.3	-37.4%
Exceptional items	0.8	4.8	4.0	>100.0%
Discontinued operations	-	-	-	-
Adjustments	**9.7**	**5.8**	**-3.9**	**-40.5%**
Adj. EBIT	**69.1**	**48.9**	**-20.1**	**-29.1%**
Adj. EBIT margin	10.9%	9.0%		
Depreciation and amortisation	33.0	32.1	-0.8	-2.5%
Adj. EBITDA	**102.0**	**81.0**	**-21.0**	**-20.5%**
Adj. EBITDA margin	16.1%	15.0%		

FINANCIAL POSITION

Assets

in € million	31 Mar 24	31 Mar 25	Change	% change
Intangible assets	2.8	3.0	0.1	5.3%
Property, plant and equipment	193.9	171.4	-22.5	-11.6%
Trade receivables	49.8	45.1	-4.7	-9.4%
Other non-current assets	13.1	17.1	4.0	30.5%
Deferred tax assets	10.6	5.3	-5.3	-50.3%
Total non-current assets	**270.2**	**241.9**	**-28.3**	**-10.5%**
Inventories	99.4	95.3	-4.2	-4.2%
Trade receivables	41.3	37.2	-4.2	-10.1%
Other receivables	30.0	28.3	-1.7	-5.5%
Other current assets	19.6	15.3	-4.3	-22.1%
Cash and cash equivalents	141.5	150.1	8.6	6.1%
Total current assets	**331.9**	**326.2**	**-5.7**	**-1.7%**
Assets	**602.1**	**568.1**	**-34.0**	**-5.7%**

Equity and liabilities

in € million	31 Mar 24	31 Mar 25	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	-459.2	-446.5	12.7	-2.8%
Currency translation reserve	9.1	0.4	-8.7	-95.2%
Total equity	**89.9**	**93.9**	**4.1**	**4.5%**
Pensions and similar obligations	28.7	26.3	-2.4	-8.4%
Other provisions	2.3	2.3	-0.0	-0.5%
Financial liabilities	248.8	249.3	0.5	0.2%
Trade payables	0.0	-	-0.0	-100.0%
Other liabilities	55.6	46.4	-9.3	-16.7%
Deferred tax liabilities	1.4	1.7	0.4	26.8%
Total non-current liabilities	**336.8**	**326.0**	**-10.8**	**-3.2%**
Tax liabilities	7.6	1.1	-6.5	-86.1%
Other provisions	38.9	29.2	-9.7	-24.8%
Financial liabilities	1.2	1.0	-0.2	-15.5%
Trade payables	45.4	49.1	3.6	8.0%
Other liabilities	82.4	67.9	-14.5	-17.6%
Total current liabilities	**175.5**	**148.2**	**-27.3**	**-15.6%**
Equity and liabilities	**602.1**	**568.1**	**-34.0**	**-5.7%**

Total assets

Total assets amounted to €568.1 million as of 31 March 2025 and marked a decrease of €-34.0 million or -5.7% compared to the end of last financial year 2023/24 (31 March 2024: €602.1 million).

Non-current assets

Non-current assets decreased from €270.2 million as of 31 March 2024 by -10.5% to €241.9 million as of 31 March 2025. This movement resulted primarily from a decline in property, plant and equipment of €-22.5 million or -11.6%, which was attributable to depreciation and lower investments, followed by a decrease in deferred tax assets (€-5.3 million).

Current assets

Current assets decreased to €326.2 million compared to the previous balance sheet date (31 March 2024: €331.9 million), down €-5.7 million or -1.7%. This change was mainly driven by lower other current assets (€-4.3 million) resulting from a decrease in contract assets, lower inventories (€-4.2 million) and trade receivables (€-4.2 million). The increased cash position had an offsetting effect of €8.6 million. Through non-recourse factoring, Novem sold €41.2 million trade receivables as of 31 March 2025, falling below the volume of €44.3 million as of 31 March 2024 by €-3.1 million.

Working capital

in € million	31 Mar 24	31 Mar 25	% change
Inventories	56.2	53.2	-5.3%
Trade receivables	35.1	25.3	-28.0%
Trade payables	-40.2	-43.8	8.9%
Trade working capital	**51.1**	**34.7**	**-32.0%**
Tooling net	67.3	74.8	11.2%
Contract assets	14.9	14.3	-4.6%
Total working capital	**133.3**	**123.8**	**-7.1%**

Total working capital amounted to €123.8 million as of 31 March 2025, down -7.1% compared to 31 March 2024. The decrease can be explained by all items of the trade working capital (€-16.4 million y/y) developing unfavourably with the main effect coming from lower trade receivables and, contrarily, an offsetting effect in tooling net. The most significant changes in tooling net were related to a decrease in the tooling-related deferred income position of €7.9 million due to project closures and the switch to series production as well as a rise in tooling inventories of €1.3 million. Consequently, total working capital in % of LTM revenue increased by 1.9 percentage points to 22.9% (31 March 2024: 21.0%).

Equity

The equity position at €93.9 million showed a slight improvement compared to the end of the last financial year 2023/24 (€89.9 million) due to the profit generated in the last financial year 2024/25. Currency translation differences to Euro decreased by -95.2% to 0.4 million.

Non-current liabilities

Non-current liabilities totalled €326.0 million, reflecting a decline of €-10.8 million or -3.2% compared to the €336.8 million recorded at the end of last financial year 2023/24. The decrease was mainly the result of lower other liabilities of €-9.3 million or -16.7% due to the reduction in finance leases.

Net financial debt

in € million	31 Mar 24	31 Mar 25	% change
Liabilities to banks	249.9	250.3	0.2%
Lease liabilities	56.5	48.1	-15.0%
Gross financial debt	**306.4**	**298.3**	**-2.6%**
Cash and cash equivalents	-141.5	-150.1	6.1%
Net financial debt	**164.9**	**148.2**	**-10.1%**

As of 31 March 2025, gross financial debt amounted to €298.3 million and therefore recorded a decrease of €-8.1 million, fully attributable to the decline in lease liabilities. Cash and cash equivalents increased by €8.6 million compared to the previous financial year. Both effects are accountable for the decrease in the net financial debt position in the amount of €-16.6 million.

Net leverage

in € million	31 Mar 24	31 Mar 25
Net financial debt	164.9	148.2
LTM Adj. EBITDA	102.0	81.0
Net leverage ratio	**1.6x**	**1.8x**

The net leverage ratio is defined as net financial debt divided by Adj. EBITDA for the last 12 months. The ratio increased from 1.6x Adj. EBITDA at the end of the financial year 2023/24 to 1.8x Adj. EBITDA as of 31 March 2025 due to the significant decrease in LTM Adj. EBITDA.

Current liabilities

Current liabilities amounted to €148.2 million on the reporting date of 31 March 2025, a decrease of -15.6% or €-27.3 million compared to the previous balance sheet date (31 March 2024: €175.5 million). The decline was mainly attributable to lower other liabilities of €-14.5 million or -17.6% due to tooling project closures resulting in revenue recognition of received advanced payments, followed by a lower other provision position of €-9.7 million and lower tax liabilities of €-6.5 million. The development was counterbalanced by an increase in trade payables of €3.6 million to €49.1 million as of 31 March 2025.

CASH FLOWS

in € million	FY 2023/24	FY 2024/25	Change	% change
Cash flow from operating activities	**63.8**	**41.3**	**-22.4**	**-35.2%**
Cash flow from investing activities	**-10.0**	**-12.8**	**-2.8**	**28.3%**
Cash flow from financing activities	**-77.8**	**-18.7**	**59.1**	**-76.0%**
Net increase (+)/decrease (-) in cash and cash equivalents	**-24.0**	**9.8**	**33.8**	**<-100.0%**
Effect of exchange rate fluctuations on cash and cash equivalents	0.0	-1.2	-1.3	<-100.0%
Cash and cash equivalents at the beginning of the reporting period	165.5	141.5	-24.0	-14.5%
Cash and cash equivalents at the end of the reporting period	**141.5**	**150.1**	**8.6**	**6.1%**

Cash flow from operating activities

Cash flow from operating activities declined by €-22.4 million from €63.8 million in the financial year 2023/24 to €41.3 million in the financial year 2024/25. The development is mainly explained by a decrease in profit of €-23.6 million and a reduced decrease in inventories of €-14.5 million compared to the last year. This was offset by a lower cash out-flow for trade payables of €13.9 million.

Cash flow from investing activities

Cash out-flow for investing activities reached €-12.8 million in the financial year 2024/25 (PY: €-10.0 million). The development can be mainly explained by greater cash paid for investments in property, plant and equipment in the amount of €-1.8 million and lower interest received of €-1.2 million.

Cash flow from financing activities

Cash out-flow for financing activities showed the largest deviation and decreased by €59.1 million to €-18.7 million in the financial year 2024/25 (PY: €-77.8 million). This deviation was primarily due to the suspension of the dividend payment for the financial year 2023/24 following the Annual General Meeting on 22 August 2024. The change in cash paid for lease liabilities stemmed from an adverse effect of a cash-effective reduction of €-7.7 million and an opposing currency effect of €5.7 million.

SEGMENT REPORTING

Europe

External revenue in Europe declined by -28.2% or €-81.1 million from €287.0 million in the financial year 2023/24 to €206.0 million in the financial year 2024/25.

Europe equalled 38.0% of total revenue in the financial year 2024/25 (PY: 45.2%).

Loss-making Adj. EBIT in Europe in financial year 2024/25 came in at €-10.3 million, representing a significant decline of €-16.1 million (PY: €5.8 million). As a result, the Adj. EBIT margin also decreased from 1.8% in prior year to -4.1%.

The region Europe was heavily impacted by the drop in revenue. This resulted in inefficiencies and an unfavourable cost coverage due to poor utilisation of operations. Additionally, bottom line suffered from a negative product mix. Conversely, customer compensation payments and the release of accruals mitigated the negative effects.

in € million	FY 2023/24	FY 2024/25	% change
External revenue	287.0	206.0	-28.2%
Revenue between segments	44.4	42.0	-5.5%
Total revenue	**331.5**	**247.9**	**-25.2%**
Adj. EBIT	5.8	-10.3	<-100.0%
Adj. EBIT margin	1.8%	-4.1%	

Americas

External revenue in Americas rose from €271.9 million in the financial year 2023/24 to €280.8 million in the same period of 2024/25 and exceeded prior year by 3.3% or €8.8 million. The effect of currency translation amounted to €-0.9 million.

In financial year 2024/25, Americas accounted for 51.9% of total revenue (PY: 42.8%).

Adj. EBIT in Americas amounted to €57.2 million in the current fiscal year 2024/25, which shows a slight increase of 1.9% (PY: €56.2 million). The Adj. EBIT margin decreased from 16.6% last year to 15.7%.

Contrary to the other two regions, Americas outperformed prior year. This positive development was built on buoyant revenue from SUV platforms as well as the release of accruals and continued improved input costs.

in € million	FY 2023/24	FY 2024/25	% change
External revenue	271.9	280.8	3.3%
Revenue between segments	66.5	84.6	27.2%
Total revenue	**338.4**	**365.3**	**8.0%**
Adj. EBIT	56.2	57.2	1.9%
Adj. EBIT margin	16.6%	15.7%	

Asia

External revenue in Asia decreased from €76.6 million in the financial year 2023/24 to €54.8 million in the financial year 2024/25, representing a decline of -28.5% or €-21.8 million compared to prior year. The impact of currency translation was €0.3 million.

Asia contributed 10.1% to total revenue in the financial year 2024/25 (PY: 12.0%).

Adj. EBIT generated in Asia reached €1.9 million in the financial year 2024/25 and was thus -72.6% lower compared to the same reporting period last year (PY: €7.1 million). Adj. EBIT margin fell from 7.7% last year to 2.7%.

The decline in Asia primarily resulted from the reduced top line in Series business caused by the phase-out of larger platforms as well as the slow ramp-up of new Chinese programs.

in € million	FY 2023/24	FY 2024/25	% change
External revenue	76.6	54.8	-28.5%
Revenue between segments	15.6	17.0	8.6%
Total revenue	**92.2**	**71.7**	**-22.2%**
Adj. EBIT	7.1	1.9	-72.6%
Adj. EBIT margin	7.7%	2.7%	

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 group management report and the management report on the annual accounts as one annual report only. For the annual accounts of Novem Group S.A., please refer to chapter Annual accounts.

The Company does not have any branches.

Results of operations

The Company's other income amounted to €2.3 million (PY: €2.6 million) and resulted predominantly from services provided to other Novem Group entities based on the service agreement.

The external charges of €-1.7 million (PY: €-1.1 million) included mainly advisory, insurance and audit fees and a minor amount of legal fees.

The income from participating interests amounted to €0 (PY: €40.0 million). The income from participating interests in prior financial year derived from the dividend distribution.

The interest income of €15.6 million (PY: €15.8 million) stemmed from an intercompany loan to another Novem Group entity. The total interest expenses of €-13.5 million (PY: €-13.3 million) occurred from interest expenses and fees to banks in loan-related terms.

The profit for the financial year 2024/25 amounted to €0.7 million (PY: €41.4 million).

Financial position

Total assets and total capital, reserves and liabilities amounted to €926.7 million each (31 March 2024: €928.6 million).

Fixed assets essentially comprised shares in affiliated undertakings, which remained unchanged at €674.2 million (31 March 2024: €674.2 million) and a shareholder loan with a principal amount of €250.0 million (31 March 2024: €250.0 million).

Current assets amounted to €1.2 million (31 March 2024: €2.3 million) and consisted of receivables from the service agreement, receivables from the tax authorities, receivables from cash pooling and the Company's cash position.

The Company's capital and reserves slightly increased to €674.5 million (31 March 2024: €673.7 million).

The amounts owed to credit institutions carried €250.1 million (31 March 2024: €250.2 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, internal audits 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, as well as 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, its 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, transparency and reporting obligations, 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 Czech Koruna 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, US Dollar to Mexican Peso and Euro to Czech Koruna, 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 programme with a limit of €65 million. In case of liquidity shortages, Novem possesses further facilities of €77.8 million. Thereof €12.8 million are linked to an unused uncommitted credit line for Novem Car Interiors (China) Co., Ltd.

As the term loan of €250.0 million matures in July 2026, negotiations for a renewal of the current financing will commence in mid-2025 to mitigate the risk of a potential funding gap.

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 programme 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 decrease by the European Central Bank in 2024 led to a material decrease 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 programme.

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.

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.

International trade in raw materials and finished parts will become more complex with regard to foreign policy developments. It is also not yet possible to predict what steps the United States will take in economic and trade agreements, how other countries will react and whether this will lead to trade conflicts. It is to be feared that customs duties will potentially increase.

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.

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 counters these risks by constantly monitoring the markets, focusing on the less affected market segments as well as adapting 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 evolving market trends or technology, growth opportunities could be lost or the Group could lose the chance to win new platforms from existing customers. Furthermore, suppose 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 in product design, development and manufacturing. 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 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 important future challenge 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 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. An 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.

Premium surfaces are expected to be a significant added value not only in the automotive industry but also in others. They are seen as a way to differentiate products in a competitive market and attract discerning consumers who value quality and craftsmanship. In the overall area of mobility, high-quality materials can elevate the aesthetic appeal and convey a feeling of luxury and sophistication, opening up opportunities beyond the automotive sector for Novem to explore.

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 holds a strong market position in the market for premium decorative interior trim elements, if consolidation continues in the automotive components sector, the Group may find itself competing against growing competitors who benefit from increased economies of scale or are part of large integrated groups and who may possess 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. However, in times of market downturn as recently observed, these circumstances may present an opportunity as Novem might be able to capitalise on shifts in the competitive landscape from players who previously pursued such aggressive pricing strategies during more favourable market conditions. 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 current low BEV demands and the Russia-Ukraine war. Recent political developments in North America are affecting the trade landscape, posing considerable risks of rising tariffs and potentially leading to heightened economic tensions. Significantly lower global production levels, tightened liquidity and increased cost of capital have in the past led to 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 2024/25, the three largest customers represented approximately 63% of revenue. The loss of all or a substantial portion of the revenue from 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 benefited from increasing content per vehicle in the past, there have also been platforms that have decreased 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.

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 and other interesting markets respond to developments in consumer confidence. The Group's product and service range put Novem in a good position to benefit from expected future trends. Leveraging this, Novem may explore opportunities to diversify its business base, with the possibility of expanding into the mobility sector. 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. However, most of the materials and components used in products have reached a stable price level again. 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 complicate and delay this exchange of goods.

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 a pandemic.

In recent years, Novem has expanded its supplier base to include new suppliers in local markets, particularly in the USA, Mexico, Canada and Asia, in order to strategically secure 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 compensation claims.

In addition, the Group faces the risk of lower order volumes from customers due to geopolitical unrest and customs barriers, which are leading to lower production volumes and temporary production suspensions at many original equipment manufacturers, including some of Novem's customers.

Personnel risks and opportunities

Novem's success depends on attracting and retaining managing directors, executive officers, senior management, key employees and other skilled personnel and potentials. The loss of such key employees 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 qualified executives and key employees through a trustful, individualised leadership relationship, open-minded, diverse and fault-tolerant 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 of Novem's regions, 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 4,509 employees (excluding leased workers, interns and students) as of 31 March 2025. 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 where the Group operates, such as China, the Czech Republic, 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 programmes 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 trim parts for the car interior and exterior, 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. Novem's customers could also 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 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 nonowned 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 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 harm 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.

Implementing and maintaining 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 for Novem to be recognised 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, including those related to digital transformation efforts, 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, fines and reputational damage, 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 annual accounts 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 26 June 2025. 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 18 July 2025. 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 2025, 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 for 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

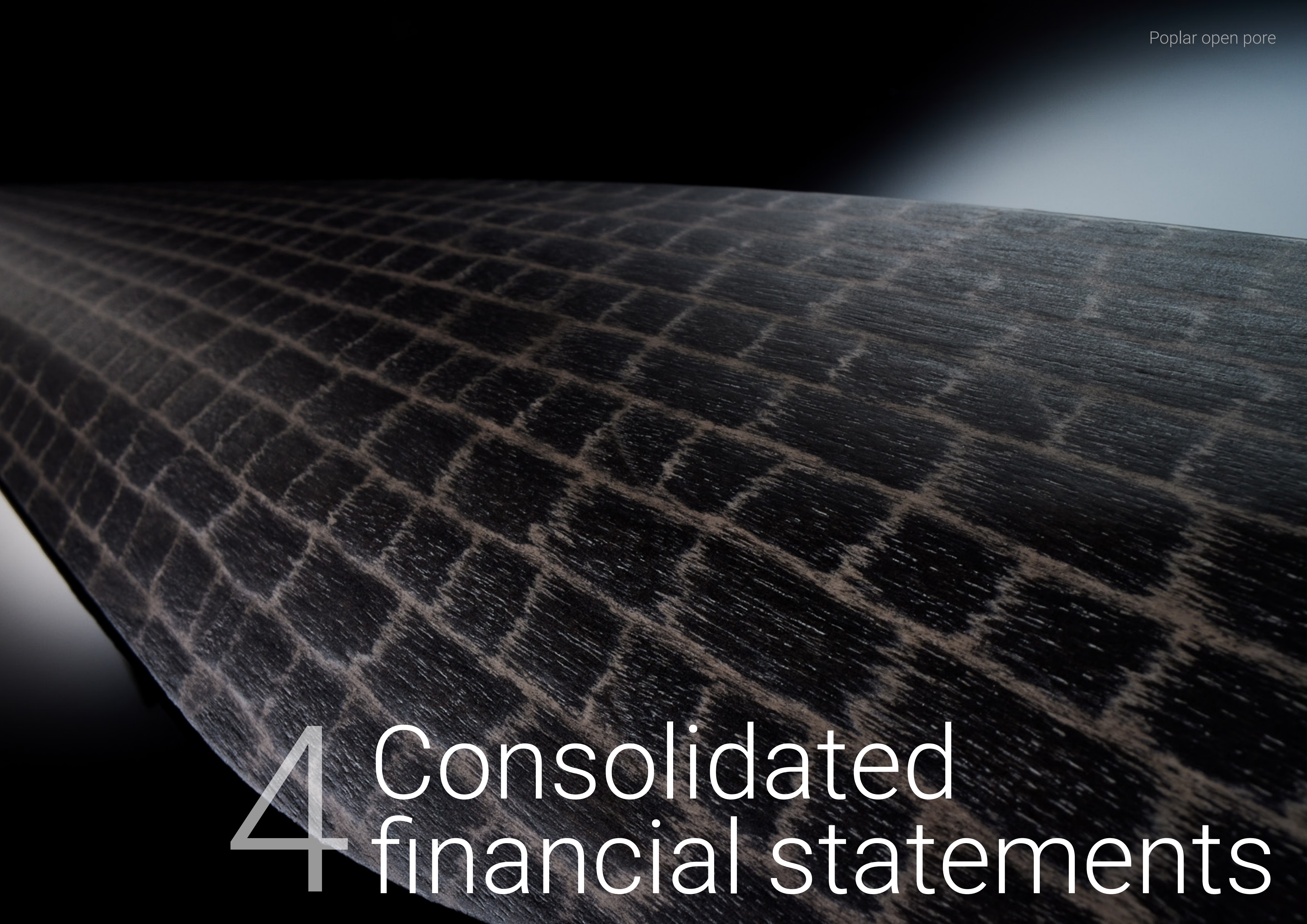
There were no events or developments that could have materially affected the measurement and presentation of the Group's assets and liabilities as of 31 March 2025 other than disclosed in note 5.15 of the Consolidated financial statements.

OUTLOOK

Ongoing geopolitical tensions and conflicts continued to disrupt global trade and economic stability during the financial year 2024/25. In addition, post-election shifts in US trade policy have amplified uncertainty everywhere, challenging global resilience, driving inflationary pressures and ultimately dampening overall growth.

The automotive sector remains in a period of profound transformation, driven by the technological shift towards electric mobility, connected vehicles and autonomous driving. The substantial investments and adjustments in production required for this transition keep the industry on the move. Accompanied by a flat development of light vehicle production in the financial year 2024/25, recent market data suggests a slight decline for 2025/26.

With the publication of Q3 results, Novem revised the medium-term guidance for the Adj. EBIT margin downwards to 11–12%, as short-term conditions failed to improve and the likelihood of the envisaged medium-term recovery diminished. In this setting, which continues to weigh on the Group's performance, providing a dependable economic outlook remains challenging. From a financial perspective, a key priority in the upcoming financial year will be the refinancing of the term loan maturing in July 2026, with initial talks set to start in mid-2025.



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4 Consolidated financial statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the financial year ended 31 March 2025

in € thousand	Note	FY 2023/24	FY 2024/25
Revenue	4.1	635,509	541,464
Increase or decrease in finished goods and work in process		-15,416	2,068
Total operating performance		**620,094**	**543,531**
Other operating income	4.2	18,902	17,255
Cost of materials	4.3	-303,282	-272,085
Personnel expenses	4.4	-173,246	-150,119
Depreciation, amortisation and impairment	4.5	-33,660	-32,122
Other operating expenses	4.6	-69,480	-63,327
Operating result (EBIT)		**59,327**	**43,133**
Finance income	4.7	7,376	4,688
Finance costs	4.7	-19,947	-22,342
Financial result		**-12,571**	**-17,654**
Income taxes	4.8	-13,053	-9,263
Deferred taxes	4.8	1,077	-5,085
Income tax result		**-11,975**	**-14,348**
Profit for the period attributable to the shareholders		**34,781**	**11,132**
Differences from currency translation	3.8	-1,562	-8,651
Items that may subsequently be reclassified to consolidated profit or loss		**-1,562**	**-8,651**
Actuarial gains and losses from pensions and similar obligations (before taxes)	3.9	-1,576	2,154
Taxes on actuarial gains and losses from pensions and similar obligations		472	-579
Items that will not subsequently be reclassified to consolidated profit or loss		**-1,103**	**1,576**
Other comprehensive income/loss, net of tax		**-2,665**	**-7,075**
Total comprehensive income/loss for the period attributable to the shareholders		**32,116**	**4,056**

Earnings per share attributable to the equity holders of the parent (in €)			
basic	4.9	0.81	0.26
diluted	4.9	0.81	0.26

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as of 31 March 2025

Assets

in € thousand	Note	31 Mar 24	31 Mar 25
Intangible assets	3.1	2,837	2,987
Property, plant and equipment	3.2	193,907	171,431
Trade receivables	3.4	49,789	45,121
Other non-current assets	3.7	13,109	17,108
Deferred tax assets	4.8	10,587	5,267
Total non-current assets		**270,230**	**241,914**
Inventories	3.3	99,436	95,285
Trade receivables	3.4	41,324	37,171
Other receivables	3.5	29,999	28,334
Other current assets	3.7	19,614	15,270
Cash and cash equivalents	3.6	141,514	150,097
Total current assets		**331,886**	**326,156**
Assets		**602,116**	**568,070**

Equity and liabilities

in € thousand	Note	31 Mar 24	31 Mar 25
Share capital	3.8	430	430
Capital reserves	3.8	539,594	539,594
Retained earnings/accumulated losses	3.8	-459,222	-446,514
Currency translation reserve	3.8	9,085	434
Total equity		**89,887**	**93,944**
Pensions and similar obligations	3.9	28,738	26,316
Other provisions	3.11	2,284	2,273
Financial liabilities	3.12	248,754	249,288
Trade payables	3.15	8	-
Other liabilities	3.13 3.14 3.16	55,631	46,366
Deferred tax liabilities	4.8	1,353	1,716
Total non-current liabilities		**336,768**	**325,959**
Tax liabilities	3.10	7,591	1,056
Other provisions	3.11	38,867	29,216
Financial liabilities	3.12	1,165	984
Trade payables	3.15	45,447	49,061
Other liabilities	3.13 3.14 3.16	82,390	67,851
Total current liabilities		**175,461**	**148,168**
Equity and liabilities		**602,116**	**568,070**

CONSOLIDATED STATEMENT OF CASH FLOWS

for the financial year ended 31 March 2025

in € thousand	Note	FY 2023/24	FY 2024/25
Profit for the period		34,781	11,132
Income tax expense (+)/income (-)	4.8	13,053	9,263
Financial result (+)/(-) net	4.7	13,999	17,654
Depreciation, amortisation and impairment (+)	4.5	33,660	32,122
Other non-cash expenses (+)/income (-)		5,110	6,633
Increase (-)/decrease (+) in inventories	3.3	18,510	3,996
Increase (-)/decrease (+) in trade receivables	3.4 5.2	2,121	3,149
Increase (-)/decrease (+) in other assets	3.7	10,571	3,401
Increase (-)/decrease (+) in deferred taxes	4.8	-1,072	5,085
Increase (-)/decrease (+) in prepaid expenses/ deferred income	3.16	-2,019	42
Increase (+)/decrease (-) in provisions	3.11	-18,419	-15,767
Increase (+)/decrease (-) in trade payables	3.15	-14,147	-198
Increase (+)/decrease (-) in other liabilities	3.13 3.14	-7,962	-12,219
Gain (-)/loss (+) on disposals of non-current assets		75	9
Cash received (+) from/cash paid (-) for income taxes	5.6	-24,488	-22,950
Cash flow from operating activities		**63,773**	**41,348**
Cash received (+) from disposals of property, plant and equipment		200	3
Cash paid (-) for investments in intangible assets	3.1	-1,200	-838
Cash paid (-) for investments in property, plant and equipment	3.2	-14,887	-16,684
Interest received (+)	4.7	5,872	4,671
Cash flow from investing activities		**-10,015**	**-12,849**

in € thousand	Note	FY 2023/24	FY 2024/25
Cash paid (-) for subsidies/grants		-4	-
Cash paid (-) for lease liabilities	3.13 5.6 5.10	-11,370	-1,986
Interest paid (-)	4.7	-16,898	-16,714
Dividends paid (-)	3.8 5.6	-49,485	-
Cash flow from financing activities		**-77,757**	**-18,700**
Net increase (+)/decrease (-) in cash and cash equivalents		**-23,999**	**9,799**
Effect of exchange rate fluctuations on cash and cash equivalents		39	-1,216
Cash and cash equivalents at the beginning of the reporting period	3.6	165,474	141,514
Cash and cash equivalents at the end of the reporting period	3.6	**141,514**	**150,097**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the financial year ended 31 March 2025

in € thousand	Note	Share capital	Capital reserves	Retained earnings/ accumulated losses	Currency translation reserve	**Equity**
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**
Balance as of 01 Apr 24		**430**	**539,594**	**-459,222**	**9,085**	**89,887**
Profit or loss for the year		-	-	11,132	-	11,132
Other comprehensive income or loss	3.8 3.9 4.8	-	-	1,576	-8,651	-7,075
Comprehensive income or loss for the year		**-**	**-**	**12,707**	**-8,651**	**4,056**
Dividends	3.8 5.6	-	-	-	-	-
Balance as of 31 Mar 25		**430**	**539,594**	**-446,514**	**434**	**93,944**

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 as well as technology-matching exterior parts 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 16 June 2025.

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

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been prepared using the nature of the expense method. For the methods used in the consolidated statement of cash flows, please refer to section 5.6.

The consolidated financial statements as of 31 March 2025 have been prepared in accordance with the International Financial Reporting Standards (IFRS) Accounting Standards issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The term *IFRS Accounting Standards* 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 2025 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 IFRS Accounting Standards 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 2025	Amendments to IAS 21: The Effects of Changes in Foreign Exchange Rates: Lack of Exchangeability	Negligible
Annual periods beginning on or after 1 January 2026[1]	Amendment to IFRS 7 and IFRS 9: Classification and Measurement of Financial instruments	In review
Annual periods beginning on or after 1 January 2026[1]	Amendment to IFRS 7 and IFRS 9: Contracts Referencing Nature-dependent Electricity	In review
Annual periods beginning on or after 1 January 2026[1]	Annual Improvements to IFRS Accounting Standards – Volume 11	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

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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 2024. The following table shows the new or amended standards effective in 2024. Applying the new standards has not significantly impacted these consolidated financial statements.

Effective date	**New standards or amendments**	**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

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.	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 Accounting Standards that have exercised the exemption clauses under §264 (3) HGB.

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 Euro, the parent company's functional currency.

Transactions in foreign currencies are translated into Euro at the exchange rate applicable on the transaction date. In subsequent reporting periods, monetary assets and liabilities denominated in foreign currencies 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 Euro 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 Euro 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 Euro at the applicable average exchange rates for the period. The resulting foreign currency translation differences are presented in the *currency translation reserve* in *other comprehensive income or loss*.

The Group used the following major exchange rates for currency translation:

Currency	Closing rate		Average rate	
EUR 1 equals	31 Mar 24	31 Mar 25	2023/24	2024/25
CNY	0.13027	0.12827	0.12948	0.13020
CZK	0.03952	0.04006	0.04118	0.03978
HNL	0.03719	0.03604	0.03737	0.03721
MXN	0.05591	0.04522	0.05329	0.04882
USD	0.92498	0.92464	0.92237	0.93138

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2 Material accounting policies

2.1 Use of judgments and estimates

In preparing the consolidated financial statements in accordance with IFRS Accounting Standards, 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. 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 carryforwards

Deferred tax assets are recognised 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 judgment 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 consolidated 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 consolidated 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 includes an analysis of transitional risks arising from new statutory requirements and climate protection regulations, such as the potential introduction of a CO2 tax, restrictions on diesel or combustion engine vehicles in urban areas or cross-border mechanisms like the EU Carbon Border Adjustment Mechanism (CBAM). Furthermore, we assess risks and opportunities stemming from technological innovations and regulatory developments.

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, the conflict in Israel-Gaza/Middle East and tensions between China and Taiwan, requires continuous and close observation by the management. Major global elections had an impact on the political and economic direction of the affected countries. The Group was not immune to uncertainties regarding trade tariffs and weak economic growth, particularly in the automotive sector. The stabilisation of inflation at a low level and the decrease in key interest rates constitute a solid basis for future positive developments.

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

The management has regularly reviewed the implications of the changing geopolitical and macroeconomic 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

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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 the 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 the 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 manner, 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 *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.

The one-off payments to be paid by the Group grant the Group an exclusive position as supplier and can be recouped through sales from the related agreement.

In terms of the 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 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 2023/24 and 2024/25:

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 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**
As of 01 Apr 24	6,249	2,307	542	**9,099**
Currency differences	-16	-	-	**-16**
Additions	671	108	59	**838**
Disposals	-211	-	-	**-211**
Reclassifications	477	-	-477	**-**
As of 31 Mar 25	**7,170**	**2,415**	**123**	**9,709**
Accumulated amortisation				
As of 01 Apr 23	6,579	694	-	**7,272**
Currency differences	1	-	-	**1**
Amortisation expenses	516	274	-	**790**
Disposals	-1,801	-	-	**-1,801**
As of 31 Mar 24	5,295	968	-	**6,262**
As of 01 Apr 24	5,295	968	-	**6,262**
Currency differences	-14	-	-	**-14**
Amortisation expenses	458	227	-	**685**
Disposals	-211	-	-	**-211**
As of 31 Mar 25	**5,528**	**1,195**	**-**	**6,722**
Carrying amount				
As of 31 Mar 24	**955**	**1,339**	**542**	**2,837**
As of 31 Mar 25	**1,642**	**1,220**	**123**	**2,987**

Additions to intangible assets in the financial year 2024/25 amounted to €838 thousand compared to €1,144 thousand in the financial year 2023/24. The additions included €59 thousand (PY: €542 thousand) from advance payments and assets under construction. The reclassification of advance payments and assets under construction of €-477 thousand resulted from capitalisation of the SAP S/4HANA project, which was launched in financial year 2024/25.

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 2023/24 and 2024/25.

Internally generated intangible assets

Research costs and non-capitalisable development costs are expensed as incurred. Internally generated intangible assets amounted to €1,220 thousand as of 31 March 2025 (31 March 2024: €1,339 thousand). This largely involves the development of 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 2023/24 and 2024/25.

In the financial year 2024/25, the Group recognised research and development expenses of €1,123 thousand (PY: €1,098 thousand), which are included in *other operating expenses*. Amortisation expenses for capitalised internal development projects amounted to €227 thousand (PY: €274 thousand).

3.2 Property, plant and equipment

in € thousand	31 Mar 24	31 Mar 25
Land, leasehold rights and buildings, including buildings on third-party land	97,939	82,126
Thereof right-of-use assets from leases	52,338	38,278
Technical equipment and machinery	75,172	71,025
Thereof right-of-use assets from leases	26	18
Other equipment, operating and office equipment	13,289	11,523
Thereof right-of-use assets from leases	5,543	4,764
Advance payments and assets under construction	7,507	6,757
Property, plant and equipment	**193,907**	**171,431**

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 2024/25, the Group invested €20,351 thousand (31 March 2024: €43,431 thousand) in property, plant and equipment. The increased prior-year amount was mainly attributable to the extension of lease terms for buildings. The additions included €4,508 thousand (31 March 2024: €2,949 thousand) from advance payments and assets under construction.

No impairment losses were recognised in the financial year 2024/25 (PY: €707 thousand).

The development of the Group's carrying amounts of property, plant and equipment is shown in the following table for the financial years 2023/24 and 2024/25.

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 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**
As of 01 Apr 24	179,285	285,885	54,785	7,722	**527,678**
Currency differences	-6,770	-1,653	-591	-214	**-9,228**
Additions	2,704	8,964	4,175	4,508	**20,351**
Disposals	-4,054	-536	-3,258	-2	**-7,850**
Reclassifications	1,057	4,074	86	-5,217	**-**
As of 31 Mar 25	**172,221**	**296,734**	**55,198**	**6,797**	**530,950**
Accumulated depreciation					
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**
As of 01 Apr 24	81,346	210,714	41,497	214	**333,771**
Currency differences	-681	-1,077	-277	-1	**-2,036**
Depreciation expenses	9,535	16,426	5,476	-	**31,436**
Thereof impairment losses	-	-	-	-	**-**
Disposals	-104	-525	-3,021	-2	**-3,652**
Reclassifications	-	171	-	-171	**-**
As of 31 Mar 25	**90,095**	**225,709**	**43,675**	**40**	**359,519**
Carrying amount					
As of 31 Mar 24	**97,939**	**75,172**	**13,289**	**7,507**	**193,907**
As of 31 Mar 25	**82,126**	**71,025**	**11,523**	**6,757**	**171,431**

3.3 Inventories

in € thousand	31 Mar 24	31 Mar 25
Raw materials and consumables	34,320	31,124
Work in process	10,757	9,910
Finished goods and merchandise	11,069	12,135
Tools	39,471	40,837
Advance payments for tools	3,784	1,240
Advance payments for raw materials	35	39
Inventories	**99,436**	**95,285**

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 €95,285 thousand (31 March 2024: €99,436 thousand). As of 31 March 2025, the inventories included write-downs amounting to €4,931 thousand (31 March 2024: €5,272 thousand). The change is reflected in *increase or decrease in finished goods and work in process* and *cost of materials*. In the case of write-downs, marketability, age as well as all apparent storage and inventory risks are taken into account.

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 €8,665 thousand (31 March 2024: €11,078 thousand), which is reflected in *decrease in finished goods and work in process* based on recognition of revenue over time under IFRS 15, together with the recognition of contract assets amounting to €10,162 thousand (31 March 2024: €12,402 thousand), which is reflected in *revenue*.

3.4 Trade receivables

Trade accounts receivables included the following items:

in € thousand	31 Mar 24	31 Mar 25
Trade receivables	91,449	82,609
Expected credit losses on trade receivables	-336	-317
Trade receivables	**91,113**	**82,292**
Non-current	49,789	45,121
Current	41,324	37,171

Trade receivables are mainly receivables from contracts with customers.

The overall decrease in receivables was primarily driven by lower business volumes.

On 27 June 2024, a business partner declared insolvency, triggering a write-down of the related receivables in financial year 2024/25, which is also reflected in *other operating expenses* (refer to section 4.6).

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 €41,214 thousand as of 31 March 2025 (31 March 2024: €44,313 thousand), of which €900 thousand (31 March 2024: €911 thousand) represented 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 programme.

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 2025. 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 2023/24	FY 2024/25
	Loss allowance	Loss allowance
As of 01 Apr	1,609	336
Additions	75	16
Reversals	-1,350	-34
Used	-	-
Exchange rate effects	2	-1
As of 31 Mar	**336**	**317**

The reversal effect in the prior year 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.

3.5 Other receivables

The Group's other receivables comprise the following components:

in € thousand	31 Mar 24	31 Mar 25
From VAT	24,954	15,736
From employees	694	424
From payroll tax	21	17
From social security	64	111
From advance payment receivables	524	383
From financial assets	169	1,432
Others	3,573	10,231
Other receivables	**29,999**	**28,334**

The majority were receivables from tax authorities. This resulted from regular offsetting and notification of paid and received VAT. The increase in financial assets was mainly caused by derivatives. As of 31 March 2025, the amounts shown in the column *Others* included income tax receivables primarily resulting from advance tax payments in the amount of €9,527 thousand (31 March 2024: €2,618 thousand) and other operating receivables amounting to €704 thousand (31 March 2024: €955 thousand).

3.6 Cash and cash equivalents

in € thousand	31 Mar 24	31 Mar 25
Cash on hand	38	29
Cash at banks	141,476	150,068
Cash and cash equivalents	**141,514**	**150,097**

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 assets

in € thousand	31 Mar 24			31 Mar 25		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Prepaid expenses	758	12	**770**	1,206	8	**1,214**
Miscellaneous other assets	-	362	**362**	-	260	**260**
Contract assets	14,939	-	**14,939**	12,268	1,983	**14,251**
Contribution to develop for future supply contracts	3,917	12,735	**16,652**	1,796	14,857	**16,653**
Other assets	**19,614**	**13,109**	**32,723**	**15,270**	**17,108**	**32,378**

Other assets contain only non-financial assets.

Other non-financial non-current assets of €17,108 thousand (31 March 2024: €13,109 thousand) primarily comprised development contributions for future supply contracts and contract assets.

The presented other non-financial current assets amounting to €15,270 thousand (31 March 2024: €19,614 thousand) mainly included prepaid expenses as well as contract assets, i.e. acquired right to consideration for already satisfied performance obligations from contracts with customers as of the reporting date. Contract assets are reclassified as trade receivables as soon as there is an unconditional right to receive cash, which is obtained upon invoicing the customer for the quantities actually delivered. In this regard, €12,431 thousand were reclassified in 2024/25 (31 March 2024: €13,689 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 2023/24	FY 2024/25
As of 01 Apr	12	8
Additions	3	1
Reversals	-7	-4
Used	-	-
As of 31 Mar	**8**	**5**

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 €89,887 thousand at the end of the last financial year to €93,944 thousand, which mainly resulted from profit for the year and, on the contrary, from changes in other comprehensive income or loss.

Share capital

As of 31 March 2025, the share capital of the Company amounted to €430 thousand (31 March 2024: €430 thousand) and is divided into 43,030,303 ordinary shares (31 March 2024: 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 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.

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 following the according General Shareholders' Meeting on 30 June 2021.

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 2024/25, the Company did not buy any of its own shares.

Capital reserves

The capital reserves amounted to €539,594 thousand as of 31 March 2025 (31 March 2024: €539,594 thousand). Directly attributable transaction costs of €1,209 thousand (31 March 2024: €1,209 thousand) were recognised and thus diminished the capital reserves. In this context, deferred tax assets of €103 thousand (31 March 2024: €187 thousand) were recognised.

Retained earnings/accumulated losses

Retained earnings amounted to €-446,514 thousand as of 31 March 2025 (31 March 2024: €-459,222 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 resulted 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 €434 thousand as of 31 March 2025 (31 March 2024: €9,085 thousand). The change resulted from differences in currency translation of €-8,651 thousand (31 March 2024: €-1,562 thousand).

Dividend

The Management Board, in agreement with the Supervisory Board, will propose the suspension of the dividend payment for the financial year 2024/25 at the Annual General Meeting on 21 August 2025.

At the Annual General Meeting on 22 August 2024, the shareholders approved the Management Board's proposal not to distribute a dividend for the financial year 2023/24.

The total dividend payout 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 €24,830 thousand as of 31 March 2025 (31 March 2024: €26,398 thousand) and thus accounted for 91.5% of the total obligation (31 March 2024: 91.2%). The defined benefit obligations in Germany included €812 thousand as of 31 March 2025 (31 March 2024: €204 thousand) in respect of partial retirement (Altersteilzeit or ATZ) arrangements, which are treated as *other long-term benefits* for IAS 19 purposes. 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 €504 thousand (31 March 2024: €472 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 2023/24	FY 2024/25
Present value of the benefit obligations on 01 Apr	27,044	28,942
Current service cost	812	957
Past service cost (credit)	94	-297
Interest expense	1,131	1,089
Employer's direct benefit payments	-1,813	-1,176
Actuarial gains (-)/ losses (+)	1,576	-2,154
Thereof on account of changes to demographic assumptions	-129	-41
Thereof on account of changes to financial assumptions	1,710	-1,938
Thereof on account of experience-based adjustments	-5	-175
Effects of changes in foreign exchange rates	98	-233
Present value of the benefit obligations on 31 Mar	**28,942**	**27,128**

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

in € thousand	FY 2023/24	FY 2024/25
Current service cost	812	957
Past service cost (credit)	94	-297
Service cost	**906**	**660**
Interest expense	1,131	1,089
Pension and similar obligations expense for benefit plans	**2,037**	**1,749**

The past service credit reported in FY 2024/25 resulted from a material reduction in Slovenian employees terminated without any benefit payments being due.

The pensions and similar obligations provision was as follows:

in € thousand	FY 2023/24	FY 2024/25
Present value of benefit entitlements from benefit plans	28,942	27,128
Financing status	**28,942**	**27,128**
Pension and similar obligations provision on 31 Mar	**28,942**	**27,128**

The benefits paid out in the financial year 2024/25 amounted to €1,176 thousand (PY: €1,813 thousand). Payments amounting to €1,572 thousand are expected for 2025/26, which are directly rendered by the employer.

The pensions and similar obligations provision developed as follows:

in € thousand	FY 2023/24	FY 2024/25
Pension and similar obligations provision on 01 Apr	27,044	28,942
Pension expense	2,037	1,749
Actuarial gains (-)/losses (+) recognised in other comprehensive income	1,576	-2,154
Employer's direct benefit payments	-1,813	-1,176
Effects of changes in foreign exchange rates	98	-233
Pension and similar obligations provision on 31 Mar	**28,942**	**27,128**

Actuarial gains and losses are recognised directly in *other comprehensive income*. They are part of *retained earnings* and will never be reclassified to profit or loss.

The actuarial assumptions for calculating the Group's pension and similar obligations are shown below:

	31 Mar 24	31 Mar 25
Discount rate	3.9%	4.2%
Salary trend/growth of pension expectancies	2.8%	2.8%
Future pension growth	2.2%	2.0%
Life expectancy from age 65 (in years) – Obligations in Germany		
Retiring today (member age 65) – male/female	20.9 / 24.3	21.0 / 24.4
Retiring in 20 years (member age 45) – male/female	23.6 / 26.5	23.8 / 26.6

The financial assumptions shown above are rounded weighted averages.

The discount rate for liabilities relating to Germany was set to 3.97% (31 March 2024: 3.66%), including 4.01% for pension benefits and 2.82% for partial retirement benefits. For Italy and Slovenia, the discount rates used on 31 March 2025 were 3.07% and 3.81% respectively (31 March 2024: 3.65% and 3.55%). For Mexico, a discount rate of 10.50% was used on 31 March 2025 (31 March 2024: 9.50%).

Heubeck's 2018 G guideline tables were used as the demographic basis for calculations in Germany – the resulting life expectancy figures as of 31 March 2025 and 31 March 2024 are shown in the previous table 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 2025 as follows:

in € thousand	31 Mar 25
Change in present value of the benefit entitlements if the	
discount rate were to be 25 basis points higher	-892
discount rate were to be 25 basis points lower	944

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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 2025 as follows:

in € thousand	31 Mar 25
Change in present value of the benefit entitlements if the	
life expectancy were to be 1 year higher	948
life expectancy were to be 1 year lower	-965

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 2025 as follows:

in € thousand	31 Mar 25
Change in present value of the benefit entitlements if the	
pension progression were to be 25 basis points higher	713
pension progression were to be 25 basis points lower	-683

The weighted average duration of the defined benefit obligations on 31 March 2025 was 15 years (31 March 2024: 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 €8,822 thousand were reported in the financial year 2024/25 (PY: €9,956 thousand) in the Czech Republic, Germany, Italy, Luxembourg, Slovenia and the US, which are reflected in *personnel expenses*.

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.

3.10 Tax liabilities

in € thousand	Current	**Income tax liabilities**
Change in tax liabilities		
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**
As of 01 Apr 24	7,591	**7,591**
Used	-11,630	**-11,630**
Addition	5,156	**5,156**
Exchange rate difference	-61	**-61**
As of 31 Mar 25	**1,056**	**1,056**

The amount presented under *used* includes tax payments made during the period, some of which relate to advance payments for future tax periods. As a result, the amount shown in the *used* column may exceed the opening balance.

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 the business, financial condition and results of operations.

The Group recognises potential risks related to uncertain tax positions in accordance with IFRIC 23. Pillar 2 is not applicable as the conditions for its application are not met.

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 23	267	1,106	-	**1,373**
Used	-267	-20	-	**-287**
Reversal	-	-	-	**-**
Addition	-	243	955	**1,198**
Discounting of provision	-	-	-	**-**
Exchange rate difference	-	-	-	**-**
Reclassification to current provisions	-	-	-	**-**
As of 31 Mar 24	-	1,329	955	**2,284**
As of 01 Apr 24	-	1,329	955	**2,284**
Used	-	-131	-301	**-432**
Reversal	-	-	-103	**-103**
Addition	-	629	-	**629**
Discounting of provision	-	-	-	**-**
Exchange rate difference	-	-	-95	**-95**
Reclassification to current provisions	-	-10	-	**-10**
As of 31 Mar 25	**-**	**1,817**	**456**	**2,273**

The non-current provisions amounted to €2,273 thousand as of 31 March 2025 (31 March 2024: €2,284 thousand) and are expected to fall due between one and five years.

Of this amount, €1,817 thousand (31 March 2024: €1,329 thousand) were attributable to provisions in the personnel area. This amount is divided into jubilee provisions and partial retirement obligations that exist in Germany (refer to section 3.9). These personnel-related obligations relate to long-service awards, which are calculated using actuarial reports. A further amount of €456 thousand (31 March 2024: €955 thousand) was attributable to provisions for dismantling obligations of leased buildings. The decline of €-404 thousand was mainly due to the plant closure in Bergamo (Italy). Prior year's provisions attributable to the sales area primarily included risks arising from warranty claims.

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 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**
As of 01 Apr 24	33,592	2,498	2,777	**38,867**
Used	-1,735	-1,104	-66	**-2,905**
Reversal	-12,789	-170	-1,601	**-14,560**
Addition	6,826	873	378	**8,077**
Exchange rate difference	-110	-163	-	**-273**
Reclassification from non-current provisions	-	10	-	**10**
As of 31 Mar 25	**25,784**	**1,944**	**1,488**	**29,216**

Current provisions as of 31 March 2025, 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 €29,216 thousand (31 March 2024: €38,867 thousand).

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

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 previous experience with customers.

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

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 remaining risks primarily involved a number of discernible individual risks and uncertain liabilities that were accounted for at their probable settlement amounts. The largest part of the provisions that were reversed stemmed from uncertain liabilities that are no longer required.

In financial year 2023/24, the decision was made to close the production in Bergamo (Italy). After the restructuring was completed, an amount of €398 thousand was reversed from provisions in financial year 2024/25, which was divided into releases from provisions for dismantling obligations, provisions for severance payments and relocation costs.

In the last financial year 2023/2024, 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 the restructuring measures had been completed, the remaining provisions for employee benefits of €161 thousand were reversed through profit or loss.

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 24			31 Mar 25		
	Current	Non-current	**Total**	Current	Non-current	**Total**
Liabilities to banks	1,165	248,754	**249,919**	984	249,288	**250,272**
Financial liabilities	**1,165**	**248,754**	**249,919**	**984**	**249,288**	**250,272**

Total current and non-current financial liabilities amounted to €250,272 thousand as of 31 March 2025 (31 March 2024: €249,919 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, €249,288 thousand (31 March 2024: €248,754 thousand) of the liabilities to banks of €250,272 thousand (31 March 2024: €249,919 thousand) related to the utilised term loan. The remaining amount of €984 thousand (31 March 2024: €1,165 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 24	31 Mar 25
Other current financial liabilities		
Lease liabilities	7,295	6,503
Other non-current financial liabilities		
Lease liabilities	49,229	41,562
Other financial liabilities	**56,524**	**48,065**

The liabilities to leases contained changes due to cash out-flow of €1,986 thousand in the financial year 2024/25 (PY: €11,370 thousand), which resulted from an adverse effect of a cash-effective reduction of €-7,727 thousand and an opposing currency effect of €5,741 thousand. The reduction of the total lease liabilities resulted primarily from contract modifications to building contracts and other current leases as well as from a currency translation effect in the amount of €3,294 thousand (PY: €425 thousand).

The lease liabilities of €48,065 thousand as of 31 March 2025 (31 March 2024: €56,524 thousand) primarily arose 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 24	31 Mar 25
Other current liabilities		
Employee-related liabilities	8,753	5,551
VAT	4,739	2,987
Other liabilities	6,581	8,583
Contract liabilities	21,111	13,190
Other current liabilities	**41,184**	**30,311**
Other non-current liabilities		
Other liabilities	4,377	2,890
Other non-current liabilities	**4,377**	**2,890**

Current non-financial liabilities amounted to €30,311 thousand as of 31 March 2025 (31 March 2024: €41,184 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 €2,890 thousand as of the reporting date (31 March 2024: €4,377 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 2023/24	FY 2024/25
Revenue recognised in the financial year that was included in the carrying amount of the contract liabilities at the beginning of the financial year	23,454	15,958
Increase in the financial year on account of advance payments for tools	13,003	8,037

3.15 Trade payables

Trade payables comprise outstanding obligations from the exchange of the Group's goods and services. Outstanding invoices and liabilities for deliveries received are reported in accordance with their character under trade payables. Trade payables amounted to €49,061 thousand on the reporting date (31 March 2024: €45,455 thousand). The increase was mainly driven by the maturity of liabilities and partly by cash flow management.

3.16 Deferred liabilities/accruals

in € thousand	31 Mar 24	31 Mar 25
Personnel-related accruals	11,887	10,946
Outstanding invoices for trade payables	18,630	17,840
Costs related to the year-end audit and annual financial statements	3,280	2,254
Other deferred liabilities	2,140	1,910
Deferred liabilities/accruals	**35,937**	**32,950**
Non-current	2,025	1,913
Current	33,912	31,037

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 2024/25, Novem generated total revenue of €541,464 thousand (PY: €635,509 thousand), which marks a -14.8% 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 2023/24	FY 2024/25
Wood	512,467	432,590
Aluminium	87,579	79,599
Premium synthetics	35,463	29,275
Revenue	**635,509**	**541,464**

Revenue Series developed negatively in the financial year 2024/25 and recorded at €465,888 thousand, down by -15.8% compared to the same reporting period last year (PY: €553,053 thousand). Revenue Series generated 86.0% of total revenue (PY: 87.0%) 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 €75,576 thousand to total revenue for the financial year 2024/25 (PY: €82,456 thousand). This corresponds to a year-on-year decrease of -8.3% or €-6,880 thousand.

Revenue within the Group can be allocated to business areas as follows:

in € thousand	FY 2023/24	FY 2024/25
Revenue Series	553,053	465,888
Revenue Tooling	82,456	75,576
Revenue	**635,509**	**541,464**

The following breakdown determines the type of revenue recognition, as revenue from Series and revenue from Tooling relating to 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 2023/24	FY 2024/25
Goods and services transferred over time	557,662	467,669
Goods and services transferred at a point in time	77,847	73,795
Revenue	**635,509**	**541,464**

There was also a corresponding adjustment of revenue in the amount of €2,812 thousand (PY: €2,316 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 2023/24	FY 2024/25
Income from the disposal of property, plant and equipment and intangible assets	188	3
Foreign currency translation gains	5,034	4,777
Income from charging out to third parties	2,714	985
Other income	10,966	11,490
Other operating income	**18,902**	**17,255**

Other operating income decreased in the financial year 2024/25 by €-1,647 thousand from €18,902 thousand to €17,255 thousand year-on-year. Other operating income mainly included €4,777 thousand (PY: €5,034 thousand) currency translation effects as well as €985 thousand (PY: €2,714 thousand) income from charging out to third parties. Other income included €11,039 thousand (PY: €9,387 thousand) income from reversal of provisions, €156 thousand (PY: €415 thousand) income from other periods as well as €39 thousand (PY: €634 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 2023/24	FY 2024/25
Cost of raw materials and consumables and of purchased goods	281,731	255,476
Cost of purchased services	21,551	16,609
Cost of materials	**303,282**	**272,085**

The reported cost of materials decreased by -10.3% (PY: -14.5%) year-on-year. The decline contrasts with a contraction in sales of -14.8% (PY: -9.3%). Hence, the cost of materials to output (total operating performance) ratio increased slightly to 50.1% (PY: 48.9%). In conjunction with the lower turnover, the cost of materials also diminished, as inventories are at a reduced level in connection with the 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. In financial year 2024/25, personnel expenses decreased due to the closure of the production in Bergamo (Italy) and the restructuring of the German location in Vorbach.

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 2023/24	FY 2024/25
Wages and salaries	146,505	126,155
Social security	24,833	22,598
Pension expense	1,908	1,366
Personnel expenses	**173,246**	**150,119**

The personnel expenses ratio (personnel expenses to total operating performance) decreased slightly compared to the previous year and equalled 27.6% (PY: 27.9%).

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 operates:

	31 Mar 24	31 Mar 25
Europe	2,434	2,126
Americas	1,780	1,804
Asia	673	579
Number of employees	**4,887**	**4,509**

On average, the Group had 4,686 employees (PY: 5,236 employees) in the financial year 2024/25, excluding leased workers, interns and students. These can be divided into direct and indirect personnel. Direct personnel are employees who are directly involved in producing goods or production-related services. Indirect personnel are employees who support the production, service process and business operations but do not work directly on the product (e.g. administration, maintenance). In 2024/25, Novem had 2,865 direct personnel (PY: 3,268 direct personnel) and 1,821 indirect personnel (PY: 1,968 indirect personnel) on average.

4.5 Amortisation, depreciation and impairment losses

in € thousand	FY 2023/24	FY 2024/25
Intangible assets	790	685
Property, plant and equipment	32,870	31,436
Thereof impairment losses	707	-
Thereof right-of-use assets from leases	9,940	8,474
Amortisation, depreciation and impairment losses	**33,660**	**32,122**

Amortisation and depreciation of €32,122 thousand was recognised in the financial year 2024/25 (PY: €33,660 thousand). No impairment losses were recognised on right-of-use assets in the financial year 2024/25 (PY: €707 thousand).

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4.6 Other operating expenses

Other operating expenses included especially:

in € thousand	FY 2023/24	FY 2024/25
Order-related expenses	19,401	16,268
Legal and advisory fees	9,465	7,816
Maintenance expenses	9,574	7,506
Personnel-related expenses	7,500	5,981
Leasing and rent expenses	2,835	3,572
Expenses for insurance, feeds and contribution	3,377	3,260
Other services	5,165	3,872
Expenses for environmental protection	1,605	1,255
Expenses from foreign currency translation	4,975	4,850
Expenses relating to other periods	816	102
Loss allowance on receivables and contract assets	-	4,392
Other expenses	4,767	4,453
Other operating expenses	**69,480**	**63,327**

Other operating expenses decreased in the financial year 2024/25 by €-6,153 thousand from €69,480 thousand to €63,327 thousand. Other operating expenses mainly included order-related expenses, which mostly consisted of outgoing freight expenses totalling €11,063 thousand (PY: €13,281 thousand). Other services amounting to €3,872 thousand (PY: €5,165 thousand) mainly contained security and cleaning expenses. The remaining expenses amounting to €4,453 thousand (PY: €4,767 thousand) primarily included IT, vehicle and telephone costs. The loss allowance on receivables amounting to €4,392 thousand in financial year 2024/25 was primarily caused by the insolvency of a business partner (refer to section 3.4).

4.7 Finance income/costs

The financial result amounted to €-17,654 thousand in the financial year 2024/25 (PY: €-12,571 thousand).

Finance income

in € thousand	FY 2023/24	FY 2024/25
Interest income	5,872	4,671
Income from currency translation	1,504	17
Finance income	**7,376**	**4,688**

Finance income amounted to €4,688 thousand in the financial year 2024/25 (PY: €7,376 thousand) and was largely attributable to interest income from customer tooling of €2,025 thousand (PY: €3,080 thousand) as well as interest income from banks of €2,646 thousand (PY: €2,792 thousand). This item also included income from foreign currency translation of €17 thousand (PY: €1,504 thousand).

Finance costs

in € thousand	FY 2023/24	FY 2024/25
Interest paid to banks	13,619	13,777
Transaction costs directly attributable to the issue of a financial liability	595	535
Interest expense from discounting of provisions	1,175	1,128
Interest expense arising from leases	1,165	1,754
Other interest expenses	3,317	2,818
Expenses from currency translation	76	2,330
Finance costs	**19,947**	**22,342**

The finance costs of €22,342 thousand in the financial year 2024/25 (PY: €19,947 thousand) mainly resulted from interest paid to banks, other interest expenses and currency translation 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 2023/24 and 2024/25 can be broken down as follows:

in € thousand	FY 2023/24	FY 2024/25
Current taxes	12,688	8,208
Current taxes prior years	364	1,055
Deferred taxes	-1,077	5,085
Taxes on income	**11,975**	**14,348**

Deferred taxes totalling €5,085 thousand can be broken down into €5,402 thousand from interest carryforwards, loss carryforwards and tax credits with an offsetting effect of €-317 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 2023/24 and 2024/25 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 2023/24	FY 2024/25
Profit/loss before tax	46,756	25,479
Combined German tax rate (%)	26.9%	26.9%
Tax expense at combined German tax rate	12,591	6,857
Causes for additional amounts/shortfalls		
Non-deductible expenses	4,040	5,047
Tax-exempt income	-317	-39
Tax income/expense relating to other periods	728	1,055
Tax rate differential	-3,284	-3,774
Other effects	-1,783	5,202
Disclosed expense for income taxes	**11,975**	**14,348**

The disclosed income tax expense of €14,348 thousand was higher than the expected income tax expense of €6,857 thousand.

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 €5,202 thousand arose mainly from the depreciation of deferred tax assets in the amount of €4,451 thousand on the interest carryforward in Germany.

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 €920 thousand (PY: €1,103 thousand), on which deferred tax assets were capitalised. For the current financial year, deferred tax assets in Germany were not recognised for the interest carryforward (PY: €21,399 thousand). Tax losses carried forward, which can be applied indefinitely, in the amount of €9,286 thousand (PY: €8,980 thousand) existed in Italy and Slovenia. Deferred tax assets of €7,827 thousand (PY: €718 thousand) have not been recognised because it is not probable from a 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 2023/24	FY 2024/25
Property, plant and equipment and intangible assets	5,108	3,349
Receivables and other assets	240	1,417
Tax interest carryforward, loss carryforward, tax credits	6,765	1,356
Liabilities	6,898	5,653
Provisions	5,669	4,244
Deferred income tax assets (gross)	24,680	16,019
Offset	14,093	10,752
Deferred income tax assets	**10,587**	**5,267**
Property, plant and equipment and intangible assets	7,620	5,502
Receivables and other assets	7,032	3,739
Liabilities	316	2,784
Provisions	478	444
Deferred income tax liabilities (gross)	15,446	12,469
Offset	14,093	10,752
Deferred income tax liabilities	**1,353**	**1,716**
Deferred income tax asset (net)	**9,234**	**3,551**

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 €11,181 thousand (PY: €10,446 thousand). No income tax consequences arose from the distribution of dividends to the Company's shareholders.

In financial year 2024/25, deferred taxes of €579 thousand (PY: €-473 thousand) resulting from defined benefit plans were recognised in other comprehensive income and €0 (PY: €0) directly in equity.

Amounts recognised in other comprehensive income

in € thousand	FY 2023/24	FY 2024/25
Remeasurements of defined benefit liability (before taxes)	-1,576	2,154
Tax expense	473	-579
Net of tax	-1,103	1,576

4.9 Earnings per share

The earnings per share for the financial year ended 31 March 2025 amounted to €0.26 (PY: €0.81). 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 2023/24	FY 2024/25
Profit attributable to shareholders of the parent (in € thousand)	34,781	11,132
Number of weighted shares	43,030,303	43,030,303
Earnings per share basic (in €)	**0.81**	**0.26**
Earnings per share diluted (in €)	**0.81**	**0.26**

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 Accounting Standards as adopted by the EU. It is also not a measure of financial performance under IFRS Accounting Standards 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 Accounting Standards 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 24	31 Mar 25
Inventories non-tooling	56,180	53,209
Receivables from third parties	35,106	25,288
Payables to third parties (-)	40,173	43,756
Trade working capital	**51,113**	**34,741**
Tooling net	67,270	74,832
Contract assets	14,947	14,256
Working capital	**133,330**	**123,829**

The table shows the reconciliation of working capital:

in € thousand	31 Mar 24	31 Mar 25
Inventories	99,436	95,285
Tools	-39,471	-40,837
Advance payments for tools	-3,785	-1,239
Inventories non-tooling	**56,180**	**53,209**
Receivables from third parties	91,113	82,292
Trade receivables > 1 year	-49,789	-45,121
Trade receivables tooling	-6,218	-11,883
Receivables from third parties	**35,106**	**25,288**
Trade payables	45,455	49,061
Trade payables and services tooling	-5,282	-5,305
Payables to third parties (-)	**40,173**	**43,756**
Trade working capital	**51,113**	**34,741**
Inventories tooling	39,471	40,837
Current trade receivables tooling	6,218	11,883
Non-current trade receivables tooling	49,789	45,121
Tooling-related trade payables	-5,282	-5,305
Advance payments tooling	3,784	1,239
Current received advance payments tooling	-21,110	-13,190
Other provisions	-5,600	-5,753
Tooling net	**67,270**	**74,832**
Contract assets	14,939	14,251
ECL contract assets	8	5
Contract assets	**14,947**	**14,256**
Working capital	**133,330**	**123,829**

Total working capital amounted to €123,829 thousand as of 31 March 2025, representing a decrease of €-9,501 thousand compared to 31 March 2024 with €133,330 thousand. This decrease was mainly driven by a combination of lower receivables from third parties and inventories non-tooling, an increase in trade payables and contrary a lower amount of advance payments received for tooling.

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 24		31 Mar 25	
Financial assets by classification	Category	Carrying amount	Fair value	Carrying amount	Fair value
Trade receivables	FAAC	85,798	85,798	72,369	72,369
Trade receivables within the scope of factoring agreements	FAFVTPL	5,315	5,315	9,923	9,923
Seller Guarantee	FAFVTPL	911	911	900	900
Derivatives with positive market values	FAFVTPL	169	169	1,432	1,432
Cash and cash equivalents	FAAC	141,514	141,514	150,097	150,097
Financial liabilities by classification					
Trade payables	FLAC	45,455	45,455	49,061	49,061
Liabilities to banks (non-derivative)	FLAC	249,868[1]	252,470	250,272[2]	252,769
Liabilities to banks (derivative)	FLFVTPL	50	50	92	92
Lease liabilities	FLAC	56,524	56,524	48,065	48,065
Summary by category					
FAAC		227,312	227,312	222,466	222,466
FAFVTPL		6,395	6,395	12,255	12,255
FLAC		351,847	354,449	347,398	349,895
FLFVTPL		50	50	92	92

1 Including the Seller Guarantee in the amount of €911 thousand.
2 Including the Seller Guarantee in the amount of €900 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 within the fair value hierarchy:

in € thousand	31 Mar 24			31 Mar 25		
	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	-	5,315	-	-	9,923	-
Seller Guarantee	-	911	-	-	900	-
Derivatives with positive market values	-	169	-	-	1,432	-
Financial liabilities						
Derivative financial instruments	-	50	-	-	92	-

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 2024/25.

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.

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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 2023/24						
FAAC	5,872	-	59	-738	-	-
FLAC	14,214	-	-	-	-	-
FLFVTPL	-	50	-	-	-	-
FAFVTPL	-	-	-	-	169[1]	911
FY 2024/25						
FAAC	4,671	-	-74	4,392	-	-
FLAC	14,311	-	-	-	-	-
FLFVTPL	-	92	-	-	-	-
FAFVTPL	-	-	-	-	1,432[2]	900

1 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.
2 In addition to the €1,432 thousand derivatives with positive market values reported as of 31 March 2025, €947 thousand in realised losses were recognised during the financial year 2024/25.

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 first tranche (tranche 2021) started on the day of the listing of Novem Group S.A. (IPO) and ended 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 fourth tranche (tranche 2024) started at the beginning of financial year 2024/25 and will end on 31 March 2028.

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. The award was subject to a four-year vesting period ending in 2024/25. Since the performance conditions were not met by the end of the vesting period, the tranche was forfeited and no shares will be awarded. Consequently, the cumulative expense of €87 thousand previously recognised in connection with this award was reversed through profit or loss in 2024/25 under personnel expenses. The corresponding provision was derecognised accordingly. This accounting treatment is in line with IFRS 2.19, which requires the reversal of expenses when awards are forfeited due to non-fulfilment of vesting conditions.

The second tranche was awarded for the financial year 2022/23 comprising 60,384 conditionally granted virtual shares, resulting in a provision of €169 thousand as of 31 March 2025 (31 March 2024: €254 thousand).

The third tranche was awarded for the financial year 2023/24 with a total number of 83,288 conditionally granted virtual shares, corresponding to a provision of €240 thousand as of 31 March 2025 (31 March 2024: €268 thousand).

The fourth tranche was awarded for the financial year 2024/25 with a total number of 83,584 conditionally granted virtual shares, corresponding to a provision of €157 thousand as of 31 March 2025 (31 March 2024: €0).

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

In total, the expenses for financial year 2024/25 amounted to €25 thousand (PY: €319 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 2025 were as follows:

Valuation as of 31 March 2025	Tranche 2022	Tranche 2023	Tranche 2024
Performance period	1 Apr 22 – 31 Mar 26	1 Apr 23 – 31 Mar 27	1 Apr 24 – 31 Mar 28
Start share price Novem Group S.A.	€11.25	€9.06	€6.64
Remaining duration of performance period	1.0 year	2.0 years	3.0 years
Expected annual volatility	49.2%	45.4%	49.5%
Risk-free annual interest rate	2.0%	2.0%	2.1%
Expected target achievement for internal target EBIT margin	100%	100%	100%
Fair value per virtual share	**€2.80**	**€3.10**	**€3.07**

For comparative purposes, 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**

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 risks
- 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 2025, the Group had a total of €60,000 thousand (31 March 2024: €60,000 thousand) in unused revolving credit facility from the term loan agreement to ensure liquidity. Additionally, the Group possessed a €5,000 thousand credit line drawn in the amount of €3,102 thousand as a guarantee facility. This utilisation is related to two avals, commonly referred to as guarantees, since a bank guarantees the payment of a financial instrument. Furthermore, Novem Car Interiors (China) Co., Ltd. had a local unused uncommitted credit line of €12,827 thousand (¥100,000 thousand) as of 31 March 2025.

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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 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**
As of 31 Mar 25				
Liabilities to banks (non-derivative)	9,719	252,612	-	**262,331**
Liabilities to banks (derivative)	92	-	-	**92**
Trade payables	49,061	-	-	**49,061**
Lease liabilities	6,503	19,234	22,329	**48,066**

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 24	31 Mar 25
Trade receivables	91,113	82,609
Contract assets	14,947	14,256

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

in € thousand	FY 2023/24	FY 2024/25
Trade receivables	336	317
Contract assets	8	5
Impairment loss	**344**	**322**

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 2025 would be between €5,534 thousand and €11,249 thousand (31 March 2024: €3,934 thousand and €19,113 thousand).

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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 2023/24		FY 2024/25	
in € thousand	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default
	77,771[1]	< 1%	68,781[1]	< 1%
	5,682	1% < x < 2%	5,249	1% < x < 2%
	5,368	2% < x < 5%	6,951	2% < x < 5%
	2,628	> 5%	1,628	> 5%
Trade receivables	**91,449**		**82,609**	

1 Thereof trade receivables within the scope of factoring agreements amounting to €9,923 thousand (31 March 2024: €5,315 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 €900 thousand (31 March 2024: €911 thousand). No expected credit losses were recognised for this portion.

Contract assets

As of 31 March 2025, contract assets were recognised amounting to €14,256 thousand (31 March 2024: €14,947 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:

	FY 2023/24		FY 2024/25	
in € thousand	Gross carrying amount	Probability of default	Gross carrying amount	Probability of default
	13,416	< 1%	13,567	< 1%
	2	1% < x < 2%	46	1% < x < 2%
	1,341	2% < x < 5%	643	2% < x < 5%
Contract assets	**14,947**		**14,256**	

Cash and cash equivalents

As of 31 March 2025, the Group had cash and cash equivalents of €150,097 thousand (31 March 2024: €141,514 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 2025, derivatives in the form of forward exchange contracts had a positive market value totalling €1,432 thousand as well as negative market value totalling €92 thousand. In comparison to the prior financial year, the market value from derivatives had a positive market value totalling €169 thousand as well as a negative market value totalling €50 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 24		31 Mar 25	
Changes in foreign exchange rates (gain)	+10%	-10%	+10%	-10%
CNY	-106	176	-190	69
CZK	-4	188	-574	519
MXN	-769	500	-1,144	1,395
USD	3,757	-2,497	8,786	1,845

The sensitivity analysis of exchange rates shows overall higher impacts compared to the previous year, primarily driven by the development of the USD and MXN exchange rates in FY 2024/25. To further reduce foreign currency risk in USD, MXN and CZK, the Group concluded a number of forward exchange contracts with UniCredit, JP Morgan and Commerzbank. 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

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

As of 31 March 2025, the Group's interest-bearing financial instruments can be aggregated by the basic structure of the respective interest rate as follows:

in € thousand	31 Mar 24	31 Mar 25
Variable rate instruments *Financial liabilities*	250,000	250,000
Interest rate exposure	**250,000**	**250,000**

As of 31 March 2025, 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 stable inflation rate and the outlook by the European Central Bank (ECB), it is to be expected that the interest rate reductions will slow down in the next 12 months.

Further moderate interest rate risks exist for pension obligations and the factoring programme. The factoring programme 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 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.

To secure the financing arrangements, Novem entered into an intercreditor agreement under English Law with its subsidiaries and financial institutions. The Group also concluded an account pledge, a share pledge and a security assignment to strengthen its financial position and provide additional assurance to creditors.

The Group has a total of €60,000 thousand in an unused revolving credit facility and further possesses a €5,000 thousand credit line, of which €3,102 thousand was drawn as a guarantee facility. This utilisation relates to two avals, commonly referred to as guarantees, since a bank guarantees the payment of a financial instrument. Furthermore, Novem Car Interiors (China) Co., Ltd. had a local unused uncommitted credit line of €12,827 thousand (¥100,000 thousand) as of 31 March 2025.

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 €22,950 thousand (PY: €24,488 thousand) were 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, financial assets and interest received.

Financing activities include the cash paid for lease liabilities and dividends. Interest payments of €16,714 thousand (PY: €16,898 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 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
As of 01 Apr 24	249,919	56,524	-
Changes from financing cash flows	-119	-1,986	-
Effect of changes in foreign exchange rates	-	-3,294	-
Other changes	472	-3,179	-
As of 31 Mar 25	**250,272**	**48,065**	**-**

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. This indicator provides the most relevant information for assessing the earnings of specific segments in relation to other companies operating in these sectors.

Adj. EBIT is defined as 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 IFRS Accounting Standards 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 for vehicle interiors as well as technology-matching exterior components
Americas	Production, processing and sale of high-quality trims and decorative functional elements for vehicle interiors as well as technology-matching exterior components
Asia	Production, processing and sale of high-quality trims and decorative functional elements for vehicle interiors

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 2023/24			
Revenue generated from third parties	287,039	271,906	76,564
FY 2024/25			
Revenue generated from third parties	205,959	280,752	54,753

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

In the financial year 2024/25, the revenue share of the most significant customer ranged between 9.9% and 73.4% (PY: 17.4% and 59.1%) across the three regions.

Overall, Novem generated revenue of €148,474 thousand (PY: €203,820 thousand) and €141,536 thousand (PY: €190,242 thousand) with the two major customers in all segments.

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

in € thousand	Europe	Americas	Asia
FY 2023/24			
Wood	205,445	237,786	69,236
Aluminium	49,751	30,530	7,298
Premium synthetics	31,843	3,590	30
FY 2024/25			
Wood	136,393	245,885	50,313
Aluminium	44,318	30,839	4,440
Premium synthetics	25,248	4,028	-

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

in € thousand	Europe	Americas	Asia
FY 2023/24			
Revenue Series	226,884	260,304	65,865
Revenue Tooling	60,154	11,603	10,699
FY 2024/25			
Revenue Series	167,768	252,227	45,893
Revenue Tooling	38,191	28,525	8,860

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

in € thousand	Europe	Americas	Asia
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
FY 2024/25			
Goods and services transferred over time	168,360	253,228	46,081
Goods and services transferred at a point in time	37,599	27,523	8,673

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 2023/24	FY 2024/25	FY 2023/24	FY 2024/25	FY 2023/24	FY 2024/25
Restructuring	**8,888**	**970**	**-**	**-**	**-**	**-**
Single impairments	-	4,297	-	-	-	-
Others	647	523	189	-	-	-
Exceptional items	**647**	**4,820**	**189**	**-**	**-**	**-**
Discontinued operations	**-**	**-**	**-**	**-**	**-**	**-**
Adjustments	**9,535**	**5,790**	**189**	**-**	**-**	**-**

For both financial years 2023/24 and 2024/25, the most significant effects were related to Europe. The financial year 2024/25 contained €970 thousand restructuring costs (PY: €8,888 thousand), which included restructuring costs at the Slovenian plant, primarily attributable to personnel expenses. Single impairments of €4,297 thousand (PY: €0) were incurred during the financial year 2024/25 due to the insolvency of a business partner (refer to section 3.4). Additionally, other adjustments included €320 thousand related to severance payments (PY: €140 thousand) as well as €203 thousand resulting from project costs (PY: €455 thousand).

Segment reporting

	Europe		Americas		Asia		Total segments		Other/consolidation		**Group**	
in € thousand	FY 2023/24	FY 2024/25	FY 2023/24	FY 2024/25	FY 2023/24	FY 2024/25	FY 2023/24	FY 2024/25	FY 2023/24	FY 2024/25	FY 2023/24	FY 2024/25
External revenue	287,039	205,959	271,906	280,752	76,564	54,753	635,509	541,464	-	-	635,509	541,464
Revenue between segments	44,423	41,987	66,524	84,597	15,646	16,990	126,593	143,574	-126,593	-143,574	-	-
Total revenue	**331,462**	**247,946**	**338,430**	**365,349**	**92,210**	**71,743**	**762,102**	**685,038**	**-126,593**	**-143,574**	**635,509**	**541,464**
Adj. income/expenses from operations (except revenue and depreciation and amortisation)	-309,446	-243,126	-270,664	-296,839	-79,988	-64,028	-660,098	-603,993	126,593	143,574	-533,505	-460,419
Adj. EBITDA	**22,016**	**4,820**	**67,766**	**68,510**	**12,222**	**7,715**	**102,004**	**81,045**	**-**	**-**	**102,004**	**81,045**
Depreciation and amortisation	-16,192	-15,072	-11,608	-11,270	-5,153	-5,780	-32,953	-32,122	-	-	-32,953	-32,122
Adj. EBIT	**5,824**	**-10,252**	**56,158**	**57,240**	**7,069**	**1,935**	**69,051**	**48,923**	**-**	**-**	**69,051**	**48,923**
Adjustments	-9,535	-5,790	-189	-	-	-	-9,724	-5,790	-	-	-9,724	-5,790
Operating Result (EBIT)	**-3,711**	**-16,042**	**55,969**	**57,240**	**7,069**	**1,935**	**59,327**	**43,133**	**-**	**-**	**59,327**	**43,133**

The amounts shown 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, €1,635 thousand related to Europe, €8,092 thousand to the Americas region and €435 thousand to Asia (PY: €2,405 thousand to Europe, €8,965 thousand to Americas and €1,032 thousand to Asia).

Geographical information

Revenue was spread over the different locations as follows:

in € thousand	FY 2023/24	FY 2024/25
Czech Republic	303	209
Germany	276,086	199,934
Italy	10,178	5,490
Slovenia	472	326
Europe	**287,039**	**205,959**
Honduras	1	-
Mexico	368	265
USA	271,537	280,487
Americas	**271,906**	**280,752**
China	76,564	54,753
Asia	**76,564**	**54,753**
Revenue	**635,509**	**541,464**

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 2023/24	FY 2024/25
Czech Republic	21,993	22,537
Germany	38,866	35,425
Italy	1,041	376
Luxembourg	225	142
Slovenia	27,382	23,599
Europe	**89,507**	**82,079**
Honduras	7,764	5,995
Mexico	59,854	54,778
USA	6,273	4,406
Americas	**73,891**	**65,179**
China	33,346	27,160
Asia	**33,346**	**27,160**
Non-current assets	**196,744**	**174,418**

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 2023/24 and 2024/25:

in € thousand	FY 2023/24	FY 2024/25
Adj. EBITDA	**102,004**	**81,045**
Depreciation and amortisation	32,953	32,122
Adj. EBIT	**69,051**	**48,923**
Adjustments	9,724	5,790
EBIT	**59,327**	**43,133**
Finance income	7,376	4,688
Finance costs	19,947	22,342
Earnings before taxes	**46,756**	**25,479**

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

5.10 Leases

In its regular 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 14 years. Leases of technical equipment and machinery generally have a term of two years. Leases of operating and office equipment usually have a term of between one and 18 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

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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 €42,491 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 €1,404 thousand (31 March 2024: €3,010 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 2023/24	6,805	7	3,128	**9,940**
Additions to right-of-use assets	25,871	33	2,584	**28,488**
Disposals to right-of-use assets	3,722	-	1,472	**5,194**
Carrying amount as of 31 Mar 24	52,338	26	5,543	**57,907**
Depreciation FY 2024/25	5,547	8	2,918	**8,474**
Additions to right-of-use assets	1,204	-	2,463	**3,667**
Disposals to right-of-use assets	4,046	-	1,687	**5,732**
Carrying amount as of 31 Mar 25	**38,278**	**18**	**4,764**	**43,060**

The disposals as of 31 March 2025 in the amount of €5,732 thousand (31 March 2024: €5,194 thousand) mainly included revaluations of right-of-use assets in connection with changes to building contracts, which can be allocated to the regions Americas, amounting to €1,903 thousand, and Europe, amounting to €1,330 thousand.

Amounts recognised in profit and loss and cash flows

in € thousand	FY 2023/24	FY 2024/25
Interest expense for lease liabilities	1,165	1,754
Short-term lease expenses	1,362	1,536
Lease expenses for low value assets except short-term leases for low value assets	1,132	1,693
Expense for variable lease payments not included in the measurement of lease liabilities	341	343
Total expenses for leases	12,708	12,917

As of 31 March 2025, the lease liabilities amounted to €48,065 thousand (31 March 2024: €56,524 thousand). Thereof €6,503 thousand are due within the next financial year 2025/26.

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 €17,343 thousand on 31 March 2025. The total amount included tooling business costs of €13,856 thousand and €3,487 thousand for series business (PY: Tooling €26,183 thousand and Series €9,577 thousand). The decrease in purchase commitments is primarily attributable to the clearance of historical items no longer required.

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, decreased to €3,102 thousand on 31 March 2025 (PY: €3,416 thousand). This was mainly due to the guarantee against the Mexican tax office of about €3,086 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 2024/25, 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 2024/25, no transactions occurred with direct and indirect shareholders.

In general, a related party relationship existed with another company 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). There was no transaction volume in financial year 2024/25 (PY: €144 thousand). No outstanding balances were recorded in both financial years 2023/24 and 2024/25.

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 information on the remuneration of and other transactions with key management personnel, which 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 18 July 2025.

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 2023/24	FY 2024/25
Short-term employee benefits	2,055	1,618
Share-based payments	319	25
Remuneration	**2,374**	**1,643**

The present value of the pension entitlements of the Management Board amounted to €15 thousand (31 March 2024: €1,907 thousand). The current service costs amounted to €1 thousand (PY: €0). The defined benefit obligation of all pension commitments to former members of the Management Board amounted to €4,301 thousand (31 March 2024: €2,742 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 €270 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 2023/24	FY 2024/25
Audit fees	838	856
Thereof: KPMG Audit S.à r.l.	238	255
Other fees	61	151
Thereof: KPMG Audit S.à r.l.	-	-
Fees	**899**	**1,007**

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 2025.

RESPONSIBILITY STATEMENT

We, Markus Wittmann (Chief Executive Officer), Maria Eichinger (Manager Consolidation), Benjamin Retzer (Chief Financial Officer), Mathias Rieger (Director Internal Audit) and Florian Sandner (Chief Operating Officer), confirm, to the best of our knowledge, that the consolidated financial statements which have been prepared in accordance with the International Financial Reporting Standards Accounting 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, 16 June 2025

Novem Group S.A.
Management Board

Markus Wittmann Maria Eichinger

Benjamin Retzer Mathias Rieger

Florian Sandner

SETUP AND ORGANISATION OF THE MANAGEMENT BOARD

In the financial year ending 31 March 2025, 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 2025, the members of the Management Board were Markus Wittmann (Chairman and CEO), Dr. Johannes Burtscher (CFO, until 30 September 2024), Benjamin Retzer (CFO, since 1 October 2024), Florian Sandner (COO, function as new board member since 1 October 2024), Maria Eichinger (Manager Consolidation) and Mathias Rieger (Director Internal Audit).

The Management Board held in total 17 regular meetings during the financial year ending 31 March 2025. Of these, 13 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 2025, there were no conflicts of interest between the members of the Management Board and the Company.

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 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 2025, 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 2025, 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 from 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 2025*

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 €75.6 million in the financial year ended 31 March 2025.

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 exists and is recognised in the correct financial year, our audit procedures consisted mainly of:

- An assessment of 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.
- An assessment of 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.
- A reconciliation of a sample of Tooling transactions recorded in the general ledger with customer invoices, underlying orders, proof of transfer of control and payments received from customers.
- An assessment of 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 22 August 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 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 2025 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 2025, identified as *Novem-2025-03-31-0-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 2025, identified as *Novem-2025-03-31-0-en.zip*, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 16 June 2025

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

Yves Thorn
Partner

Aluminium cross-brushed

5 Annual accounts

BALANCE SHEET

as of 31 March 2025

Assets

in € thousand	Note	31 Mar 25	31 Mar 24
Formation expenses	3	**1,142**	**1,998**
Fixed assets		**924,232**	**924,258**
Tangible assets	4	73	98
Other fixtures and fittings, tools and equipment		73	98
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		**1,246**	**2,321**
Debtors	6	1,191	1,957
Amounts owed by affiliated undertakings	6.1	1,005	1,249
becoming due and payable within one year		1,005	1,249
Other debtors	6.2	186	708
becoming due and payable within one year		186	708
Cash at bank and in hand		55	364
Prepayments		**58**	**62**
Total assets		**926,678**	**928,638**

Capital, reserves and liabilities

in € thousand	Note	31 Mar 25	31 Mar 24
Capital and reserves	7	**674,452**	**673,738**
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		132,022	90,594
Profit or loss for the financial year		713	41,427
Provisions	8	**623**	**690**
Other provisions		623	690
Creditors	9	**251,603**	**254,210**
Amounts owed to credit institutions	9.1	250,084	250,203
becoming due and payable within one year		84	203
becoming due and payable after more than one year		250,000	250,000
Trade creditors	9.2	45	33
becoming due and payable within one year		45	33
Amounts owed to affiliated undertakings	9.3	206	2,995
becoming due and payable within one year		206	2,995
Other creditors	9.4	1,268	979
Tax authorities		527	245
Social security debts		12	12
Other creditors		729	722
becoming due and payable within one year		729	722
Total capital, reserves and liabilities		**926,678**	**928,638**

The accompanying notes form an integral part of these annual accounts.

PROFIT AND LOSS ACCOUNT

for the financial year ended 31 March 2025

in € thousand	Note	FY 2024/25	FY 2023/24
Other operating income	10	**2,285**	**2,589**
Raw materials and consumables and other external expenses		**-1,702**	**-1,158**
Raw materials and consumables		-18	-15
Other external expenses	11	-1,685	-1,143
Staff costs	12	**-535**	**-895**
Wages and salaries		-485	-834
Social security costs		-50	-61
Value adjustments		**-882**	**-942**
in respect of formation expenses and on tangible and intangible fixed assets		-882	-942
Other operating expenses		**-292**	**-403**
Income from participating interests	13	**-**	**40,000**
derived from affiliated undertakings		-	40,000
Income from other investments and loans forming part of the fixed assets	14	**15,609**	**15,784**
derived from affiliated undertakings		15,609	15,784
Interest payable and similar expenses	15	**-13,465**	**-13,340**
concerning affiliated undertakings		-49	-37
Other interest and similar expenses		-13,416	-13,303
Tax on profit	16	**-307**	**-222**
Other taxes		**1**	**14**
Profit for the financial year		**713**	**41,427**

The accompanying notes form an integral part of these annual accounts.

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 Management Board has considered 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, the conflict in Israel-Gaza/Middle East and tensions between China and Taiwan, requires continuous and close observation by the management. Major global elections had an impact on the political and economic direction of the affected countries. The Group was not immune to uncertainties regarding trade tariffs and weak economic growth, particularly in the automotive sector. The stabilisation of inflation at a low level and the decrease in key interest rates constitute a solid basis for future positive developments.

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

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. Furthermore, the recommendations of CNC 20/2021 were taken into account, particularly regarding the optional substance-over-form principle under Article 29 (3) of the Law on the Trade and Companies Register (RCS), which allows for an economic approach to be applied in the preparation of the annual accounts when it leads to a more faithful representation of the Company's financial position and performance. Refer to section 18.

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.

Presentation of comparative financial data

The figures for the year that ended on 31 March 2024 relating to *other interest receivable and similar income* and *income from other investments and loans forming part of the fixed assets* have been reclassified to ensure comparability with the figures for the year ended 31 March 2025.

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 durable. The impairment analysis is done individually for each investment. Impairment is expected to be durable if the fair value determined on the basis of Company planning (discounted cash flow method) as of the reporting date is below the carrying amount of the *shares in affiliated undertakings.*

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. A decrease in value is considered durable if recovery is unlikely and the impairment is not expected to reverse in the foreseeable future.

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 Luxembourg Law. It applies the optional substance principle under Article 29 (3) of the amended Luxembourg Law of 19 December 2002, in line with CNC 20/2021, to ensure that the economic reality of transactions is accurately reflected in the annual accounts.

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 are depreciated on a straight-line basis over a period of five years.

in € thousand	Total
Gross value	
Balance as of 01 Apr 23	4,247
Additions	-
Disposals	-
Balance as of 31 Mar 24	4,247
Additions	-
Disposals	-
Balance as of 31 Mar 25	**4,247**
Accumulated value adjustments	
Balance as of 01 Apr 23	1,393
Additions	856
Disposals	-
Balance as of 31 Mar 24	2,249
Additions	856
Disposals	-
Balance as of 31 Mar 25	**3,105**
Net book value	
Balance as of 31 Mar 24	**1,998**
Balance as of 31 Mar 25	**1,142**

4 Fixed assets

Tangible assets

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

in € thousand	Total
Gross value	
Balance as of 01 Apr 23	147
Additions	-
Disposals	-
Balance as of 31 Mar 24	147
Additions	-
Disposals	-
Balance as of 31 Mar 25	**147**
Accumulated value adjustments	
Balance as of 01 Apr 23	24
Additions	25
Disposals	-
Balance as of 31 Mar 24	49
Additions	25
Disposals	-
Balance as of 31 Mar 25	**74**
Net book value	
Balance as of 31 Mar 24	**98**
Balance as of 31 Mar 25	**73**

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 2025.

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
Novem Group GmbH	Weiden i.d. Oberpfalz (Germany)	100%

in € thousand	Shareholder's equity at 31 Mar 25	Result of the financial year ended 31 Mar 25	Book value at 31 Mar 24	Book value at 31 Mar 25
Novem Group GmbH	674,156	-6,678	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 2025.

5.2 Loans to affiliated undertakings

As of 31 March 2025, Loans to affiliated undertakings existed with Novem Group GmbH. The stated principal amount is €250,000 thousand (31 March 2024: €250,000 thousand) and matures on 20 July 2026. The accrued interest as of 31 March 2025 amounting to €0 (31 March 2024: €185 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 €1,005 thousand (31 March 2024: €1,249 thousand) resulted largely from recharge of costs to affiliated undertakings as well as receivables from cash pooling and accrued interests (refer to section 5.2).

6.2 Other debtors

The amount of €186 thousand (31 March 2024: €708 thousand) mainly related to receivables from the tax authorities.

7 Capital and reserves

Equity developed as follows in the financial years 2023/24 and 2024/25:

in € thousand	Subscribed capital	Share premium account	Legal reserve	Other reserves, including the fair value reserve	Profit brought forward	Profit for the financial year	**Capital and reserves**
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**
Balance as of 01 Apr 24	430	540,803	43	441	90,594	41,427	**673,738**
Allocation of previous year's profit	-	-	-	-	41,427	-41,427	**-**
Dividend distributions	-	-	-	-	-	-	**-**
Profit for the financial year	-	-	-	-	-	713	**713**
Balance as of 31 Mar 25	**430**	**540,803**	**43**	**441**	**132,022**	**713**	**674,452**

Subscribed capital

As of 31 March 2025, the share capital of the Company amounted to €430 thousand (31 March 2024: €430 thousand) and is divided into 43,030,303 ordinary shares (31 March 2024: 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 account

As of 31 March 2025, the share premium and similar premiums account of the Company amounted to €540,803 thousand (31 March 2024: €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 following the according General Shareholders' Meeting on 30 June 2021.

Other reserves, including the fair value reserve

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 (NWT) 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 22 August 2024, the shareholders approved the Management Board's proposal not to distribute a dividend for the financial year 2023/24.

The total dividend payout 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.

8 Provisions

Provisions comprised primarily share-based payments of €567 thousand (31 March 2024: €629 thousand) (refer to section 18) and provisions for bonuses of €56 thousand (31 March 2024: €61 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 1.0% and 2.0% 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 range for the commitment fee on the unused revolving credit facility is 30% of the actual margin, which is between 0.75% and 1.75%. Interest and commitment fees are paid on a quarterly basis.

The expected future out-flows are allocated to the following maturities. An amount of €9,719 thousand (31 March 2024: €13,461 thousand) is due within one year, and €252,612 thousand (31 March 2024: €263,936 thousand) is due between one and five years. There are no amounts owed to credit institutions with maturities exceeding five years.

The accrued interest and accrued commitment fees as of 31 March 2025 amounting to €84 thousand (31 March 2024: €203 thousand) was calculated on the basis of a 360-day year with months of actual days. The main portion was attributable to accrued interest.

9.2 Trade creditors

Trade accounts payable amounted to €45 thousand (31 March 2024: €33 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 €206 thousand (31 March 2024: €2,995 thousand) mainly comprised recharge of costs.

9.4 Other creditors

The position of other creditors amounting to €1,268 thousand (31 March 2024: €979 thousand) contained mainly accruals for outstanding audit fees and Supervisory Board compensation not yet paid. In addition, it included tax liabilities amounting to €527 thousand (31 March 2024: €245 thousand) relating to the current and prior financial year.

10 Other operating income

The other operating income mainly included reimbursements for management services provided by Novem Group S.A. to other Novem Group companies as well as recharge of costs amounting to €2,285 thousand (PY: €2,589 thousand).

11 Other external expenses

The amount of €1,685 thousand (PY: €1,143 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 2025 (31 March 2024: four employees). The average number of employees in the financial year 2024/25 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 amounted to €0 (PY: €40,000 thousand). The income from participating interests in the prior financial year derived from the dividend distribution.

14 Income from other investments and loans forming part of the fixed assets

The income from other investments and loans forming part of fixed assets derived from affiliated undertakings of €15,609 thousand (PY: €15,784 thousand) comprised the interest from an intercompany loan.

15 Interest payable and similar expenses

The position amounting to €13,465 thousand (PY: €13,340 thousand) mainly carried interest payables to banks for the incorporated term loan.

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 2024/25 and 2023/24, no transactions occurred with direct and indirect shareholders.

18 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 a cash-settled share-based payment. In line with the general accounting principles applicable under Luxembourg GAAP and the guidance provided by CNC 20/2021, the Company has applied the substance-over-form principle to ensure a faithful representation of the economic obligations arising from this arrangement.

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 first tranche (tranche 2021) started on the day of the listing of Novem Group S.A. and ended 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 fourth tranche (tranche 2024) started at the beginning of financial year 2024/25 and will end on 31 March 2028.

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. The award was subject to a four-year vesting period ending in 2024/25. As the performance conditions were not met by the end of the vesting period, the tranche was forfeited and no shares will be awarded. Consequently, the cumulative expense previously recognised in connection with this award, amounting to €108 thousand, was reversed through profit or loss in 2024/25. After deducting the utilisation during the financial year due to quarterly valuation, the remaining portion in the amount of €87 thousand was released under *other operating income*. The corresponding provision was derecognised accordingly. This accounting treatment is in line with IFRS 2.19, which requires the reversal of expenses when awards are forfeited due to non-fulfilment of vesting conditions.

The second tranche was awarded for the financial year 2022/23 comprising 60,384 conditionally granted virtual shares, resulting in a provision of €169 thousand as of 31 March 2025 (31 March 2024: €254 thousand).

The third tranche was awarded for the financial year 2023/24 with a total number of 83,288 conditionally granted virtual shares, corresponding to a provision of €240 thousand as of 31 March 2025 (31 March 2024: €268 thousand).

The fourth tranche was awarded for the financial year 2024/25 with a total number of 83,584 conditionally granted virtual shares, corresponding to a provision of €157 thousand as of 31 March 2025 (31 March 2024: €0).

These provisions have been included in *other provisions* (refer to section 8).

The expenses for financial year 2024/25 amounted to €25 thousand (PY: €319 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 2025 were as follows:

Valuation as of 31 March 2025	Tranche 2022	Tranche 2023	Tranche 2024
Performance period	1 Apr 22 – 31 Mar 26	1 Apr 23 – 31 Mar 27	1 Apr 24 – 31 Mar 28
Start share price Novem Group S.A.	€11.25	€9.06	€6.64
Remaining duration of performance period	1.0 year	2.0 years	3.0 years
Expected annual volatility	49.2%	45.4%	49.5%
Risk-free annual interest rate	2.0%	2.0%	2.1%
Expected target achievement for internal target EBIT margin	100%	100%	100%
Fair value per virtual share	**€2.80**	**€3.10**	**€3.07**

For comparative purposes, 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**

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 valuation as of the reporting date. The Company is jointly liable together with three other group entities under a shared guarantee facility. The Novem Group S.A. possessed a €5,000 thousand credit line drawn in the amount of €3,102 thousand (31 March 2024: €17 thousand) as a guarantee facility by the Company. This utilisation is related to two avals, commonly referred to as guarantees, since a bank guarantees the payment of a financial instrument. The probability of claims on this guarantee was assessed as low based on past experience.

Commitments regarding the rents not yet paid amounted to €60 thousand due within one year and €15 thousand due between one and five years, resulting in total commitments of €75 thousand (31 March 2024: €75 thousand) at the end of the financial year. They related to the leasing contract for office space.

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 2025.

RESPONSIBILITY STATEMENT

We, Markus Wittmann (Chief Executive Officer), Maria Eichinger (Manager Consolidation), Benjamin Retzer (Chief Financial Officer), Mathias Rieger (Director Internal Audit) and Florian Sandner (Chief Operating Officer), 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, 16 June 2025

Novem Group S.A.
Management Board

Markus Wittmann Maria Eichinger

Benjamin Retzer Mathias Rieger

Florian Sandner

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 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 2025, 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 2025, 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 2025*

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 2025, a direct investment in Novem Group GmbH and has granted to it an intercompany loan. As at 31 March 2025, 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 99.73% 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 2025, 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 mainly of:

- 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) and the assessment of the design & implementation of key controls identified.
- 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 2025.
- Performing a retrospective review of the budgets used in the prior years' DCF models in order to assess the accuracy of the budgeting process and the historical inputs used in these DCF models.
- 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 2025.
- 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 22 August 2024 and the duration of our uninterrupted engagement, including previous renewals and reappointments, is 3 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 2025 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.

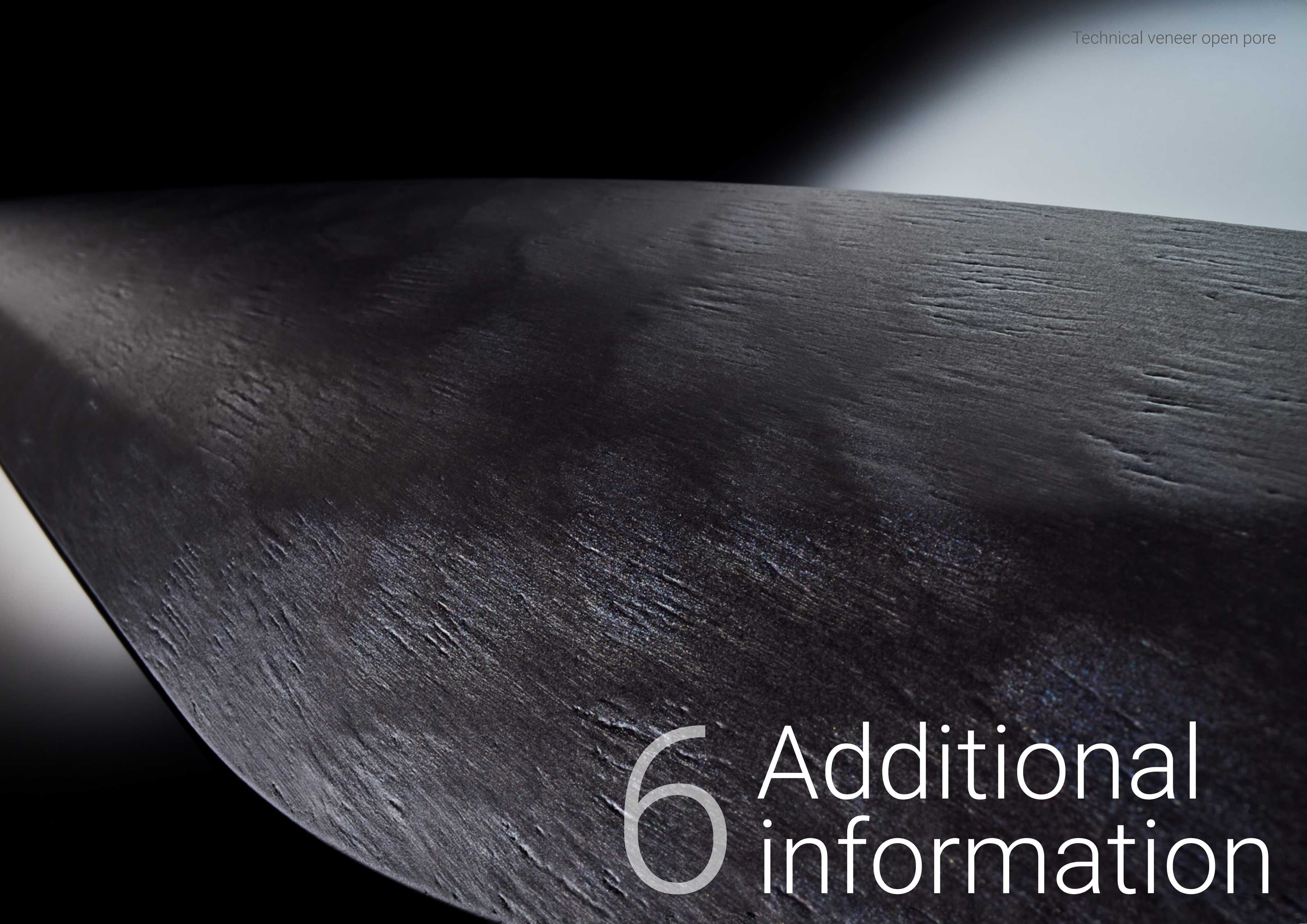
In our opinion, the annual accounts of Novem Group S.A. as at 31 March 2025, identified as *Novem-2025-03-31-0-en.zip*, have been prepared, in all material respects, in compliance with the requirements laid down in the ESEF Regulation.

Our audit report only refers to the annual accounts of Novem Group S.A. as at 31 March 2025, identified as *Novem-2025-03-31-0-en.zip*, prepared and presented in accordance with the requirements laid down in the ESEF Regulation, which is the only authoritative version.

Luxembourg, 16 June 2025

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

Yves Thorn
Partner



6 Additional information

FINANCIAL CALENDAR

07 August 2025	Q1 2025/26 Results
21 August 2025	Annual General Meeting 2025
13 November 2025	HY 2025/26 Results
05 February 2026	Q3 2025/26 Results
28 May 2026	FY 2025/26 Preliminary Results
25 June 2026	Annual Report 2025/26

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 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 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.

CNC stands for Commission des Normes Comptables.

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 receivables (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.

Tooling net is defined as all costs and revenue related to tools, tool development and prototypes as well as pre-series business.

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 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.

VDR stands for German Business Travel Association.

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 2024/25