2020

ANNUAL REPORT 2020

NORDEX acciona Windpower

KEY FIGURES AT A GLANCE

Nordex Group key figures

		2019	2020	Change
Earnings				
Sales	EUR million	3,284.6	4,650.7	41.6%
Gross revenue	EUR million	3,871.4	4,345.5	12.2%
EBITDA	EUR million	123.8	94.0	–24.1%
EBIT	EUR million	–19.6	–61.8	n/a
Free cash flow	EUR million	–126.0	–120.4	4.4%
Capital expenditure	EUR million	172.5	162.9	–5.6%
Consolidated net loss for the year	EUR million	–72.6	–129.7	n/a
Earnings per share [1]	EUR	–0.73	–1.21	n/a
EBITDA margin	%	3.8	2.0	–1.8 PP
Working capital ratio	%	–9.1	–6.3	2.8 PP
Statement of financial position				
Total assets as at 31 Dec.	EUR million	4,002.7	4,410.1	10.2%
Equity as at 31 Dec.	EUR million	745.4	773.5	3.8%
Equity ratio	%	18.6	17.5	–0.9 PP
Employees				
Employees as at 31 Dec.		6,880	8,527	23.9%
Staff costs	EUR million	360.7	434.0	20.3%
Staff cost ratio	%	11.0	9.3	–1.7 PP
Company-specific performance indicators				
Order intake segment projects	EUR million	4,415.0	4,217.2	–4.5%
Installed capacity	MW	3,090	5,461	76.7%

[1] Earnings per share = basic, based on average weighted shares for 2020: 107,584 million shares (2019: 99,241 million shares)

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LETTER TO THE SHAREHOLDERS

José Luis Blanco
Chief Executive Officer

Dear shareholders,
Business Partners and
Friends of the Company,

After a strong start, the Company's 35th anniversary in 2020 turned out very differently from anything we had imagined or wanted. From March onwards, the coronavirus pandemic dominated both our professional and personal lives. For us, there were two main priorities: protecting the health of our colleagues in production, installation, service and our offices as far as possible while at the same time processing the highest order book in the Company's history at the start of the year as effectively as possible. By taking rapid, pragmatic measures and showing a tremendous amount of commitment, we managed to install almost 1,500 wind turbines with a combined nominal output of 5.5 gigawatts in 23 countries in 2020. I would therefore like to thank all of our business partners, customers and suppliers, political decision-makers, and, most importantly, each and every one of the Nordex Group's 8,500 employees for making this possible.

With consolidated sales of EUR 4.65 billion, we achieved most of our originally planned growth even under challenging circumstances. However, we were forced to accept significant additional costs in order to rearrange supply chains for ongoing projects or switch subcontractors, which had a significant adverse impact on earnings. Although we met the guidance reissued in November with an EBITDA margin of 2.0 percent, this figure remains well below the expectations we had March 2020. The successful sale of our European project development portfolio played a major role in enabling us to generate clearly positive earnings before interest, taxes, depreciation and amortization despite the adverse impact of coronavirus and delays to a major project. We also met our guidance for the working capital ratio as a percentage of consolidated sales at minus 6.3 percent and capital expenditure at just under EUR 163 million.

Why was the implementation of projects such a high priority for us, even though the circumstances triggered by the pandemic would have enabled us to deviate from some of our contracts? Firstly, we strive to be a reliable partner to our customers even in challenging times, working with the authorities, suppliers and all stakeholders to implement our wind farm projects. Secondly, we wanted to process our existing order book rapidly to ensure that we have sufficient staffing and financial resources to deliver new projects promptly, as demand remains strong. With order intake once again above 6 gigawatts in the past year, our customers largely opted for turbines from the Delta4000 series, which accounted for 81 percent of order volume. These highly efficient turbines enable us to generate a significantly healthier profit margin and will play a major role in enhancing the future profitability of the entire Nordex Group.

We published our medium-term strategic goals in November 2020. We are planning to generate sales of around EUR 5 billion and an EBITDA margin of 8 percent in 2022. In addition to the highly competitive Delta4000 series of turbines, our wide-ranging corporate program – which encompasses a number of key initiatives to further enhance the operating business – will also make a particularly important contribution to achieving these goals. As part of this program, we will increase the Nordex Group's production capacity to 6+ gigawatts to benefit from economies of scale and serve projects outside Europe from India in particular. We firmly believe that the global shift towards carbon-free power generation and our leading onshore product portfolio will enable us to continue generating significant growth.

We expect to take a big step towards our medium-term goals during the current financial year. Our guidance for 2021 is for consolidated sales of EUR 4.7 to 5.2 billion and an EBITDA margin of 4.0 to 5.5 percent. We will continue to strengthen and expand our production capacity with capital expenditure of around EUR 180 million. We are aiming to keep the working capital ratio below minus 6 percent by the end of 2021. We expect the pandemic to have only a minor adverse impact overall in the current financial year given the measures we have taken to adapt to the conditions of the pandemic and stabilize our supply chain – and in the hope that the pandemic's impact on all economic activity will weaken considerably over the course of the year as a result of vaccinations in particular. Nevertheless, the coronavirus pandemic undoubtedly remains the greatest element of uncertainty for our company and the wider economy.

I am pleased that the capital markets are recognizing the progress our company has made in these challenging times. The sharp increase in our share price during 2020 is a vote of confidence in our business model, products and, above all, the expertise and commitment of our employees. As a result of the capital markets' growing interest in the Nordex stock, which is reflected in its significantly higher valuation and brisker trade, Deutsche Börse admitted our shares to the MDAX in March 2021. At this point I would like to extend most sincere thanks to Christoph Burkhard for his successful work for our company, which he left for personal reasons at the end of February. As Chief Financial Officer, he has played a major role in the Nordex Group's transformation since 2016, most recently by restructuring our financing and overseeing the capital increase in December 2020. We were able to appoint his successor, Dr. Ilya Hartmann, from within the Company. He already knows the Nordex Group very well from his previous management roles. I am looking forward to working very closely with Dr. Hartmann.

Based on our strong market position in the 4 and 5 MW wind turbine segment and our global positioning, we are systematically moving closer to our goal of becoming one of the top three companies in the onshore sector. By doing this, we want to further enhance the Nordex Group's value in the long term. I hope you will continue joining us on this journey as shareholders, business partners and friends of the Nordex Group. For that, I would like to express my heartfelt thanks.

Kind regards,

José Luis Blanco

Chief Executive Officer

Hamburg, March 2021

THE MANAGEMENT BOARD

Managers and wind power experts

The top management of the Nordex Group is characterized by many years of international experience in the power industry.
Their specialty: wind power know-how.

José Luis Blanco
Chairman of the Management Board (CEO)

Mr. Blanco was born in 1970. He began his professional career in 1993 at Industrias Ferri, later going on to join Gamesa, where he assumed various executive positions and roles within the Management Board from 1997 to 2002. Among these were the roles of Managing Director at Gamesa Eolica USA, COO at Gamesa USA, and Engineering Director, CEO and Gamesa Offshore Director at Gamesa Solar. In 2011, he was appointed to the position of Chief Customer Officer and member of the Management Board of Gamesa.

José Luis Blanco joined the Management Board of Acciona Windpower in 2012. He has been a member of the Management Board of Nordex SE since the Company took over Acciona Windpower in April 2016, initially responsible for operations (COO). José Luis Blanco was appointed Chairman of the Management Board on 17 March 2017.

- PADE Senior Management Program, IESE Business School, Madrid, Spain
- Management Program in Strategy & Operations Management, Caixavigo Business School, Vigo, Spain
- Degree in Industrial Engineering (and an MSc in Mechanical Engineering), Vigo University, Spain

Dr. Ilya Hartmann
Chief Financial Officer (CFO)

Mr. Hartmann was born in 1973. He began his career as a lawyer and worked for law firms in Frankfurt and Berlin. Before joining the OEM side of the wind energy sector, he worked for Acciona Energy for several years. As of 2007 he became responsible for the German market as Managing Director for Germany. In 2009 he became Director Europe and moved to Spain. In 2012, he left Europe to work for Acciona Energy as CEO North America until 2017. In 2017 he moved to Hamburg with his family in order to join the Nordex Group, where he first took over as Head of People and Culture. In March 2018 he was appointed CEO of Divison Europe. As of 1 March 2021, Ilya Hartmann succeeded Christoph Burkhard as Chief Financial Officer of the Nordex Group.

- Legal studies in Freiburg, Seville, Bonn and Berlin
- PhD in Law

Patxi Landa
Chief Sales Officer (CSO)

Patxi Landa was born in 1972. His career began with positions at engine manufacturer Guascor and technology group Azkoyen. In 2002, he joined the Acciona Group, where he served as Managing Director of Acciona Energy Australia and of Acciona Solar Power in the US. In 2007, he went on to become Business Development Director and member of the Management Board at Acciona Windpower. He has been a member of the Management Board of Nordex SE since April 2016, and in this capacity is responsible for sales.

- Degree in Economics and Business Sciences, University of Navarra, Spain
- Master of Business Administration (MBA), EOI Business School, Spain
- PDG, General Management Program, IESE Business School, Navarra University, Navarra, Spain

SUPERVISORY BOARD

Professor Dr. Wolfgang Ziebart, Starnberg/Germany

Chairman of the Supervisory Board, Chairman of the Executive Committee and member of the Strategy and Technology Committee

Professor Dr. Wolfgang Ziebart, born 30 January 1950, is a German citizen. He studied Mechanical Engineering, later completing a doctorate in the subject at the Technical University of Munich. He joined BMW AG in 1977, assuming numerous positions over the course of his career there, ultimately advancing to that of Management Board member responsible for development and procurement. In 2000, he was appointed to the Management Board of Continental AG, where he was initially responsible for the company's brake and electronics business and later advanced to become Deputy Chairman of the Management Board. Between 2004 and 2008, Professor Dr. Ziebart was Chief Executive Officer at Infineon AG, where his responsibilities included overseeing the spin-off of the company's memory chip business. He later moved to Jaguar Land Rover Automotive to assume the position of Director Group Engineering.

Professor Dr. Ziebart is Chairman of the Supervisory Board, Chairman of the Executive Committee and member of the Strategy and Technology Committee. He is also a member of the Supervisory Boards of Veoneer, Inc. in Sweden, and of Webasto SE in Germany.

Professor Dr. Ziebart was elected to the Supervisory Board of Nordex SE for the first time on 28 February 2009. His current mandate will end with the General Meeting ratifying the acts of the members of the Supervisory Board holding office in the financial year 2020.

- Self-employed consultant
- Member of the board of directors of Veoneer Inc. (publicly listed)
- Member of the board of directors of Webasto SE (not publicly listed)

Juan Muro-Lara, Madrid/Spain

Deputy Chairman of the Supervisory Board, member of the Executive Committee and member of the Audit Committee; Chief Strategy & Corporate Development Officer of Acciona S.A.

Juan Muro-Lara, born 4 September 1967, is a Spanish citizen. He holds a degree in Business Administration & Management from the Colegio Universitario de Estudios Financieros (CUNEF) in Madrid, Spain. He began his career working in accounting for Banco de España. Between 1990 and 1992, he served as Assistant to the CFO of Afisa S.A. He then went on to join the investment bank UBS, working at its London and Madrid offices before being appointed to the role of Executive Director. In 2005, he assumed his current position at the Acciona Group.

Mr. Muro-Lara is Deputy Chairman of the Supervisory Board and a member of both the Executive Committee and the Audit Committee. He is also Chairman of the board of directors of BESTINVER PENSIONES EGFP, S.A., and FIDENTIIS EQUITIES, SOCIEDAD DE VALORES, S.A., Vice Chairman of the board of directors of BESTINVER GESTIÓN, S.A. SGIIC, of BESTINVER, S.A. and of FIDENTIIS GESTIÓN, S.A. SGIIC, and member of the board of directors of ACCIONA ENERGÍA INTERNACIONAL, S.A., of ACCIONA GLOBAL RENEWABLES, S.A., of BESTINVER SOCIEDAD DE VALORES, S.A., and of GRUPO BODEGAS PALACIO 1984, S.A., all seated in Spain.

Mr. Muro-Lara was elected to the Supervisory Board of Nordex SE for the first time on 10 May 2016. His current mandate will end with the General Meeting ratifying the acts of the members of the Supervisory Board holding office in the financial year 2020.

- Chief Strategy & Corporate Development Officer of Acciona S.A. (publicly listed)
- Member of the board of directors of ACCIONA ENERGÍA INTERNACIONAL, S.A. (Acciona group)
- Member of the board of directors of ACCIONA GLOBAL RENEWABLES, S.A. (Acciona group)

- Vice Chairman of the board of directors of BESTINVER GESTIÓN, S.A. SGIIC
- Chairman of of the board of directors of BESTINVER PENSIONES EGFP, S.A.
- Member of the board of directors of BESTINVER SOCIEDAD DE VALORES, S.A.
- Vice Chairman of the board of directors of BESTINVER, S.A.
- Vice Chairman of the board of directors of FIDENTIIS GESTIÓN, S.A. SGIIC
- Chairman of the board of directors of FIDENTIIS EQUITIES, SOCIEDAD DE VALORES, S.A.
- Member of the board of directors of GRUPO BODEGAS PALACIO 1984, S.A.

Jan Klatten, Munich/Germany

Member of the Executive Committee, Chairman of the Strategy and Technology Committee; Managing Shareholder of momentum Beteiligungsgesellschaft mbH

Jan Klatten, born 14 January 1955, is a German citizen. He studied Naval Architecture at the University of Hamburg and Business Administration at the MIT Sloan School of Management. He held management positions in the automotive industry over a period of 15 years before setting up his own business in 1991. Mr. Klatten is Managing Director of momentum Beteiligungsgesellschaft mbH, momentum-capital Vermögensverwaltungsgesellschaft mbH, momentum infra2 GmbH, momentum infra 4 Verwaltungs GmbH and Ventus Fonds Verwaltungs GmbH.

He is Chairman of the Strategy and Technology Committee and a member of the Supervisory Board's Executive Committee.

Mr. Klatten was elected to the Supervisory Board of Nordex SE for the first time on 10 June 2005. His current mandate will end with the General Meeting ratifying the acts of the members of the Supervisory Board holding office in the financial year 2020.

- Managing shareholder of momentum Beteiligungsgesellschaft mbH

Connie Hedegaard, Copenhagen/Denmark

Member of the Audit Committee; Chairperson of the OECD Round Table on Sustainable Development

Connie Hedegaard, born 15 September 1960, is a Danish citizen. She holds a Master of Science degree in History and Literature. She was a member of the Danish Parliament between 1984 and 1990 and between 2005 and 2010, and also served as Danish Minister for the Environment (2004–2007) and Minister of Climate and Energy (2007–2009). From 2010 to 2014 she was the European Commissioner for Climate Action. She is currently Chairperson of the OECD Round Table on Sustainable Development and, since 2015, has also chaired the KR Foundation, an international environmental organization. Since fall 2016, she has been a member of the Volkswagen AG Sustainability Advisory Board. Since February 2017, she has also chaired the Management Board of Aarhus University, the Board of Berlingske Media A/S and the Administrative Council of CONCITO, a Copenhagen-based think tank working in the field of greenhouse gas reduction.

Ms. Hedegaard is a member of the Supervisory Board's Audit Committee, a member of the Administrative Council of Danfoss A/S, Denmark, and a member of the board of directors of CADELER A/S, Denmark.

Ms. Hedegaard was elected to the Supervisory Board of Nordex SE for the first time on 10 May 2016. Her current mandate will end with the General Meeting ratifying the acts of the members of the Supervisory Board holding office in the financial year 2020.

- Member of the Audit Committee
- Chairwoman of the board of the KR Foundation
- Chairwoman of the board of the University of Aarhus
- Chairwoman of the Danish green think tank CONCITO
- Chairwoman of the OECD Round Table on Sustainable Development
- Chairwoman of the board of the Berlingske Media A/S (not publicly listed)
- Member of the board of directors of Danfoss A/S (not publicly listed)
- Member of the board of directors of CADELER A/S (publicly listed)

Rafael Mateo, Teruel/Spain

Member of the Strategy and Technology Committee; CEO Acciona Energía S.A.U.

Rafael Mateo, born 26 April 1959, is a Spanish citizen. He studied Industrial Engineering at the School of Industrial Engineering of the University of Zaragoza, Spain, gaining a degree with distinction in 1982. In 1987, he went on to additionally complete a General Management Program at the IESE Business School and, in 1995, a Management Program at the INSEAD Business School. He began his professional career in 1982 at the Spanish utility company Endesa, holding numerous management positions until his departure in 2009. Among these was the role of Managing Director of Endesa Chile, which he assumed in 2005, and that of CEO of Endesa Latinoamerica S.A, which he assumed subsequently and held until 2009. In 2010, he joined the Acciona Group and, in 2013, was appointed CEO of Acciona Energía S.A.U., a position he still holds today.

Mr. Mateo is a member of the Supervisory Board's Strategy and Technology Committee. He is also Chairman of the Supervisory Board of Acciona Energía International, Spain, and a member of several administrative bodies of other Acciona Group subsidiaries.

Mr. Mateo was elected to the Supervisory Board of Nordex SE for the first time on 10 May 2016. His current mandate will end with the General Meeting ratifying the acts of the members of the Supervisory Board holding office in the financial year 2020.

- Chairman of the board of directors of Acciona Energía Internacional, S.A.* (legal representative)
- Member of the board of directors of Acciona Energía, S.A.* (legal representative)
- Member of the board of directors of Acciona Energy Australia Global Pty Ltd*
- Member of the board of directors of Acciona Energy Oceania Construction Pty Ltd*
- Member of the board of directors of Acciona Energy Oceania Pty Ltd*
- Chairman of the board of directors of Acciona Global Renewables, S.A.* (legal representative)
- Chairman of the board of directors of AT Operadora Puerto Libertad, S.A.P.I. De C.V.*
- Chairman of the board of directors of AT Solar I, S.A.P.I. De C.V.*
- Chairman of the board of directors of AT Solar II, S.A.P.I. De C.V.*
- Chairman of the board of directors of AT Solar III, S.A.P.I. De C.V.*
- Chairman of the board of directors of AT Solar V, S. De R.L. De C.V.*
- Member of the board of directors of Corporación Acciona Energías Renovables, S.L.* (legal representative)
- Member of the board of directors of Desarrollo De Energías Renovables De Navarra, S.A.* (legal representative)
- Member of the board of directors of Energías Renovables Mediterráneas, S.A.* (legal representative)
- Member of the board of directors of Eólicas Mare Nostrum, S.L.* (legal representative)
- Chairman of the board of directors of Iniciativas Energéticas Renovables, S.L.* (legal representative)
- Member of the board of directors of Operador Del Mercado Ibérico De Energía-Polo Español, S.A.**
- Chairman of the board of directors of Tuto Energy I, S.A.P.I. De C.V.*
- Chairman of the board of directors of Tuto Energy II, S.A.P.I. De C.V.*

(*Acciona group & not publicly listed; **not publicly listed)

Martin Rey, Traunstein/Germany

Chairman of the Audit Committee; Lawyer and Managing Shareholder of Maroban GmbH and Babcock & Brown GmbH

Martin Rey, born 23 February 1957, is a German citizen. He studied Law in Bonn and Business Administration at the University of Hagen. He then joined Bayerische Vereinsbank AG, later Bayerische Hypo- und Vereinsbank AG, where he held numerous management positions, most recently that of member of the Group Executive Management Board. Thereafter, Mr. Rey was appointed member of the Board of Directors, responsible for the European, Middle East and Africa region at Sydney-based global investment and consulting company Babcock & Brown. He was also a member of the board at Knight Infrastructure B.V. and the Chairman of Sword Infrastructure I B.V., the Netherlands, a Board member of Brisa AutoEstradas de Portugal S.A., the Chairman of Renerco Renewable Energy Concepts AG, a Board member of debis AirFinance B.V. and Deputy Chairman of the export credit agency AKA Ausfuhrkredit-Gesellschaft mbH.

Mr. Rey works as an Industrial Advisor for the funds of EQT Partners, Sweden, and is a member of the Investment Committee at IST Investmentstiftung für Personalvorsorge, Switzerland.

Mr. Rey is Chairman of the Supervisory Board's Audit Committee. He is also a member of the Board of Directors of BayWa r.e. LLC, USA, a member of the Advisory Board of Groenleven B.V., the Netherlands, as well as Chairman of the Advisory Board of O2 Power Ltd. Singapore/Delhi, India. Finally, he is the Chairman of the Supervisory board of clearvise AG (former: ABO Invest AG), and a member of the Supervisory Board, member of the Audit Committee and Chairman of the Credit Committee of the Supervisory Board of Kommunalkredit Austria AG, Austria.

Mr. Rey was elected to the Supervisory Board of Nordex SE for the first time on 10 June 2005. His current mandate will end with the General Meeting ratifying the acts of the members of the Supervisory Board holding office in the financial year 2020.

- Attorney at law and managing shareholder of Maroban GmbH
- Managing shareholder of Babcock & Brown GmbH
- Member of the Board of directors of BayWa r.e. LLC
- Member of the Supervisory Board of Kommunalkredit Austria AG (not publicly listed)
- Member of the Advisory Board of Groenleven B.V.
- Chairman of the Supervisory Board of clearvise AG – former: ABO Invest AG – (publicly listed)
- Chairman of the Advisory Board of O2 Power Ltd.

THE NORDEX GROUP ON THE CAPITAL MARKET

Twenty-twenty was a rollercoaster ride on the capital markets. The positive market trend from 2019 initially continued at the start of the year. However, the rapid spread of the COVID-19 pandemic triggered a massive fall in prices on domestic and international stock markets in the space of just a few days in March. But the majority of these losses were recovered over the following months.

Germany's leading DAX index began the 2020 trading year at 13,234 points and reached a new all-time high of 13,789 points in February. Amid concerns about the spread of the COVID-19 pandemic and the near-paralysis of public life, the DAX tumbled below 8,500 points within just a few weeks. This unprecedented slump was followed by a period of rapid recovery driven by a generous monetary and fiscal policy that bolstered and stimulated the economy. At the end of the year, positive news such as the Democrat victory in the US presidential election triggered a recovery rally that helped the DAX to end the year up by around 3.5% at 13,719 points.

On the key SDAX and TecDAX benchmark indices where Nordex shares were listed in 2020, prices developed in a similar way to the DAX over the past trading year. However, both indices outperformed the DAX overall in 2020, with the TecDAX ending the year up 6.6% at 3,213 points and the SDAX finishing the period up by around 18% at 14,765 points.

Nordex shares rally strongly in fourth quarter of 2020

Nordex shares began the 2020 trading year with a price of EUR 12.08. The outbreak of the pandemic in Europe and related uncertainty regarding the Nordex Group's business placed the shares under tremendous pressure as a result of the negative trend in the equity market, pushing them to their annual low of EUR 5.66 on 23 March. Over the next few months, there was a restrained recovery period that mirrored the trend in the relevant TecDAX and SDAX indices.

Nordex shares began to rally from November onwards as the 2020 guidance withdrawn in May due to the pandemic was updated at the same time as the Company's strategic targets for 2022 were published. Fueled by the positive medium-term outlook issued by Nordex Group management and the corporate program launched to support the operating business, the Nordex stock ended the turbulent 2020 trading year with a significant gain of over 83% and a closing price of EUR 22.16.

Capital increase successfully implemented in 2020

At the end of November, management decided to implement a capital increase to provide further support for the growth plans adopted by the Nordex Group. This was subsequently completed in early December in the form of an accelerated bookbuild.

Issuing around 10.7 million new shares at a price of EUR 18.90 increased share capital to EUR 117,348,759.00 or a total of 117,348,759 shares. Nordex SE received gross proceeds of around EUR 201 million as a result.

The stake held by strategic anchor shareholder Acciona S.A. fell from 36.4% to 33.6% of capital as a result of this corporate action, as the capital increase was significantly oversubscribed. The remaining 66.4% of shares were in free float as defined by the Deutsche Börse Group, with SKion/Momentum, Norges Bank and DWS each holding a stake of over 3% at year-end 2020.

Additional financing measures during the year under review are outlined in more detail in the Group management report (page 20 ff.) and the notes to the consolidated financial statements (page 94 ff.).

Nordex Group dividend policy

The Nordex Group strives to enable its shareholders to participate in the Company's success. The free cash flows available to the Company are to be taken into account when distributing a dividend. As a result, the potential distribution of a dividend depends on the Group's strategic development, its positioning within the sector and its performance as a growing company. It is also important that the Nordex Group is able to make investments in research and development and offer a competitive and high-performance product portfolio.

The Nordex bond in the 2020 financial year

Despite a sharp decline in prices in March caused by the outbreak of the COVID-19 pandemic, the EUR 275 million bond successfully placed at the start of 2018 ended the year under review on a positive note with a price of 101.85%.

This green bond has been rated by both the Standard & Poor's and Moody's rating agencies. Standard & Poor's issued a B– rating with a "stable" outlook, while Moody's issued a B3 rating and a "negative" outlook.

Active dialog with capital markets throughout pandemic

The Nordex Group's Investor Relations team maintained an open, intensive and continuous dialog with the capital markets during the 2020 financial year, focusing on transparent communication with private shareholders, domestic and international investors and equity and credit analysts.

The Management Board and Investor Relations team presented the key financial figures, Group strategy and business performance as well as the sector environment in numerous meetings. These discussions also frequently reflected the capital markets' growing interest in sustainability issues. In addition to the financing measures carried out during the year under review and the Company's medium-term goals for 2022, discussions also focused on the COVID-19 crisis and its consequences for the ordinary course of business of the Nordex Group in particular.

In light of the COVID-19 pandemic, the overwhelming majority of all meetings and capital markets conferences were held virtually during the year under review.

All of the Company's annual and interim reports, presentations and audio recordings of conference calls are made permanently available on the Nordex Group's Investor Relations website (*ir.nordex-online.com*).

Analyst coverage expanded in 2020 financial year

The number of German and foreign institutions that regularly monitor and evaluate the Nordex stock increased to 14 and thus remains at a high level.

These research firms analyze Nordex shares and publish their own studies, reports, commentaries and recommendations at regular intervals. Seven institutions currently see the Nordex stock as a Buy, six are issuing a Hold recommendation and one research firm is currently issuing a Sell recommendation (as of 31 December 2020).

Based on relevant analyst valuations, the average target price across all 14 research firms is EUR 23.70 (as of 31 January 2021).

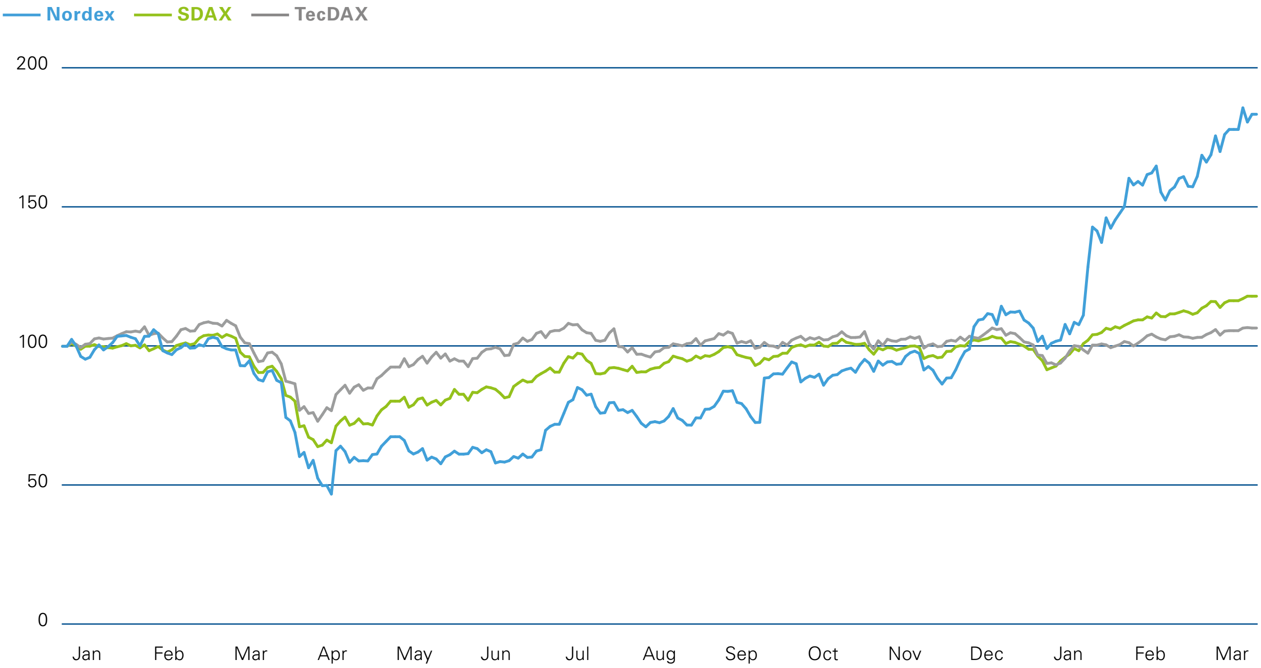
Nordex shares key data

Class of shares	No-par value ordinary bearer shares
Market segment	Prime Standard/ Regulated Market
Trading venue	Frankfurt Stock Exchange
Indices	TecDAX, SDAX (included in MDAX since 22 March 2021), ÖkoDAX, HASPAX, RENIX X
ISIN	DE000A0D6554
WKN (German securities identification number)	A0D655
Ticker symbol	NDX1

Nordex shares key figures

		2020	2019
Total number of shares as at 31 December	Units	117,348,759	106,680,691
Share capital as at 31 December	EUR	117,348,759.00	106,680,691.00
Opening price for the year	EUR	12.08	7.82
Year-end closing price	EUR	22.16	12.08
High	EUR	22.44	15.46
Low	EUR	5.66	7.56
Market capitalization as at 31 December	EUR million	2,600.4	1,288.7
Earnings per share	EUR	–1.21	–0.73

Nordex share price performance in % (indexed, 31.12.2019 = 100)



REPORT OF THE SUPERVISORY BOARD

THE SUPERVISORY BOARD

From left to right

Rafael Mateo, Jan Klatten, Martin Rey, Juan Muro-Lara,
Connie Hedegaard, Prof. Dr. Wolfgang Ziebart

The Nordex Group initially began the reporting year with growth as anticipated. However, measures to contain the COVID-19 pandemic began to impact the Company at the end of the first quarter. The challenges were immense, both in the operating business and on the financing side to secure liquidity for the Company. The most crucial short-term measure here was the agreement of a revolving credit facility under the German federal government's loan guarantee program with the participation of the states of Mecklenburg-West Pomerania and Hamburg. Thanks to the tremendous commitment and flexibility of everyone at the Company, we managed to sustain our operating business as effectively as possible under the difficult and volatile conditions of the pandemic. At the same time, we continued to consistently equip the Nordex Group for the future by pushing ahead with the expansion of India as a global production hub, for example. The Management Board formulated a strategic roadmap with specific targets for the Group for 2022. In addition, we also comprehensively realigned and strengthened our medium and long-term financing structure. All of these initiatives were successful under very challenging conditions, enabling us to close out 2020 with high installation output and encouragingly strong market penetration by the profitable Delta4000 platform that was reflected in the sharp rise in order intake. This has enabled the Nordex Group to emerge stronger and make a powerful start to the new year. The global transition to more environmentally-friendly sources of power generation will continue to contribute to our positive development.

The Supervisory Board of Nordex SE performed its duties in accordance with applicable law, the Articles of Incorporation and Rules of Procedure during the reporting period. As required by law, the Supervisory Board advised and monitored the Management Board in its management of the Company. The Supervisory Board was therefore directly involved in all decisions of fundamental importance for the Company and maintained an ongoing dialog with the Management Board. Supervisory Board members are provided with comprehensive written and oral reports about the condition, development and all significant business transactions of Nordex SE and its affiliated companies on a regular basis and in a timely manner.

CHANGES TO THE SUPERVISORY BOARD AND MANAGEMENT BOARD

The composition of the Supervisory Board remained unchanged during the reporting year. The following changes occurred on the Management Board after the reporting year: Effective 1 January 2021, the Supervisory Board appointed Dr. Ilya Hartmann to the Management Board. As of 1 March 2021, he took over the position of Chief Financial Officer from Mr. Christoph Burkhard, who left the Management Board effective 28 February 2021.

COMMITTEES

During the 2020 financial year, the Supervisory Board committees of Nordex SE continued to comprise the following members:

Executive Committee (Personnel and Nomination Committee):
Professor Dr. Ziebart (chairman), Mr. Klatten, Mr. Muro-Lara
Audit Committee:
Mr. Rey (chairman), Ms. Hedegaard, Mr. Muro-Lara
Strategy and Technology Committee:
Mr. Klatten (chairman), Mr. Mateo, Professor Dr. Ziebart

SUPERVISORY BOARD MEETINGS AND CONTENT

During the 2020 financial year, the Supervisory Board held a total of ten meetings. The Executive Committee, the Audit Committee and the Strategy and Technology Committee each met four times. All meetings of the Supervisory Board and its committees were held as conference calls. The ordinary Supervisory Board meetings were held on 19 and 20 March 2020, 25 May 2020, 8 and 9 September 2020, and 19 and 20 November 2020.

During the 2020 financial year, all Supervisory Board members attended more than half of the meetings of the Supervisory Board and the committees to which they belong.

Attendance of Supervisory Board members at Supervisory Board and committee meetings in 2020

Supervisory Board members	Supervisory Board	Attendance rate, Supervisory Board	Executive Committee	Audit Committee	Strategy and Technology Committee
Wolfgang Ziebart	10/10	100%	4/4		4/4
Juan Muro-Lara	10/10	100%	4/4	4/4	
Jan Klatten	10/10	100%	3/4		4/4
Connie Hedegaard	10/10	100%		3/4	
Rafael Mateo	10/10	100%			4/4
Martin Rey	9/10	90%		4/4	
Attendance rate		**98%**	**92%**	**92%**	**100%**

In addition to auditing the annual and consolidated financial statements of Nordex SE for the 2019 financial year, the non-financial report and the dependent company report at its financial statements approval meeting on 19 and 20 March 2020 and the budget and corporate planning for the 2021 financial year at the fourth ordinary Supervisory Board meeting on 19 and 20 November 2020, meetings focused on the following key issues during the year under review: (i) in a conference call held in March, resolutions were adopted regarding the 2020 budget, the Nordex Group's syndicated credit facility and its pending extension, and the financing agreement with the EIB; (ii) the impact of COVID-19 on the Nordex Group's operational situation was discussed regularly; (iii) Management Board matters, particularly remuneration and target setting and attainment for Management Board members were discussed regularly; (iv) internal audit and risk management reports were discussed regularly; (v) quality, health, safety and environment information was provided and discussed regularly; and (vi) compliance issues, key projects and important changes in personnel were discussed regularly.

Additional topics included proposed resolutions for the Annual General Meeting and the Extraordinary General Meeting and regular reports from each of the committees. In its conference call on 20 March 2020, the Supervisory Board discussed updating the Rules of Procedure for the Management Board due to ARUG 2 and establishing an employee participation program for a wind farm by issuing a bond. At an extraordinary meeting on 21 April 2020, the Supervisory Board decided to hold the upcoming General Meeting virtually, and discussed the impact of COVID-19 on the Group's operations at a further extraordinary meeting on 15 May 2020. At its ordinary meeting on 25 May 2020, the Supervisory Board subsequently agreed to update the Rules of Procedure for the Management Board and approved the aforementioned employee participation program, as well as discussing a planned restructuring of corporate structures in Europe due to the growth of the Group. At an extraordinary meeting on 18 June 2020, the Supervisory Board agreed to hold an Extraordinary General Meeting to address necessary capital authorizations. In an additional extraordinary meeting on 30 July 2020 as well as the ordinary meeting on 9 September 2020, the Supervisory Board discussed applying for loan guarantees from the states of Mecklenburg-West Pomerania and Hamburg due to the pandemic, a shareholder loan from Acciona S.A. and the sale of part of the Nordex Development unit to RWE.

At its ordinary meeting on 20 November 2020, the Supervisory Board agreed new targets for the proportion of women on the Management Board (25%) and Supervisory Board (16.67%). It also adopted new Rules of Procedure and a profile of requirements for the Supervisory Board due to ARUG 2 and the revised German Corporate Governance Code. Lastly, the Supervisory Board also approved the submission of the declaration of conformity with the German Corporate Governance Code at this meeting.

In an extraordinary meeting on 30 November 2020, the Supervisory Board addressed the utilization of authorized capital and gave its approval for this corporate action and the corresponding update to the Articles of Incorporation.

TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT ACTIVITIES OF SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board independently carry out the training and professional development activities required for their role, on subjects such as changes to the regulatory framework and new forward-looking technology, and receive support to do this from the Company as required. Where necessary, for example, changes to the regulatory framework are presented during Supervisory Board meetings to help provide targeted training.

New members of the Supervisory Board can meet members of the Management Board and heads of department to discuss fundamental and current issues, enabling them to obtain an overview of topics that are relevant to the Company ("onboarding").

CORPORATE GOVERNANCE

Potential conflicts of interest are also reported at this point in accordance with Recommendation E.1 sentence 2 of the German Corporate Governance Code as amended on 16 December 2019. Supervisory Board members of Nordex SE should disclose conflicts of interest to the Supervisory Board chairman, particularly those that may arise due to an advisory or board role for customers, suppliers or lenders of Nordex SE.

In this context, it should be noted that Supervisory Board members Rafael Mateo and Juan Muro-Lara during the conference call on 30 July 2020, as a precautionary measure, abstained from voting on the resolution to approve submitting an application for loan guarantees with the states of Mecklenburg-West Pomerania and Hamburg due to the pandemic and taking out a shareholder loan from Acciona S.A.

There were no other indications of conflicts of interest during the 2020 financial year.

In principle, the Supervisory Board follows the recommendations of the Government Commission on the German Corporate Governance Code as amended on 16 December 2019. The most recent declaration of conformity required in accordance with Section 161 of the German Stock Corporation Act (AktG) was submitted by the Supervisory Board and Management Board on 20 November 2020 (*http://ir.nordex-online.com/websites/Nordex/English/6100/declaration-of-conformity.html*). Further details on this topic can be found in the Corporate governance statement that is included in the management report.

ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AND AUDIT, DEPENDENT COMPANY REPORT AND CONSOLIDATED NON-FINANCIAL REPORT

The annual financial statements of Nordex SE and consolidated financial statements as at 31 December 2020, as well as the combined management report of Nordex SE and the Group for the 2020 financial year, together with the accounting system, were audited and issued with an unqualified audit report by the auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, appointed by the Annual General Meeting on 26 May 2020 and engaged by the Supervisory Board to audit the annual and consolidated financial statements.

The audit report to the annual financial statements confirmed that the executive directors took the measures to set up a suitable risk early detection system required in accordance with Section 91 (2) AktG and that the risk early detection system is suitable for detecting developments posing a going concern risk at an early stage.

In addition to the statutory audit, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, also performed a limited assurance engagement with regard to the separate (consolidated) non-financial report of Nordex Group on behalf of the Supervisory Board and, on this basis, did not raise any objections to the non-financial reporting and compliance with the imposed statutory requirements. PricewaterhouseCoopers GmbH's report on the limited assurance engagement for the (consolidated) non-financial report is included in the Sustainability Report.

The following unqualified audit report was issued by the statutory auditor for the report on relations with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (AktG) prepared by the Management Board and audited by the statutory auditor:

"In our opinion and in accordance with our statutory audit, we certify that

1. the factual disclosures provided in the report are correct,

2. the Company's consideration concerning legal transactions referred to in the report was not unduly high.

The annual financial statements, consolidated financial statements and combined management report for Nordex SE and the Group, the auditor's report, dependent company report, and the auditor's audit report on the dependent company report, the consolidated non-financial report including the report from PricewaterhouseCoopers GmbH on the limited assurance engagement for the consolidated non-financial report as well as the draft of the Supervisory Board's report were provided to all Supervisory Board members ahead of the financial statements approval meeting. The Audit Committee and Supervisory Board discussed these documents in detail; the Audit Committee prepared the examination by the full Supervisory Board and reported on this preparation in the financial statements approval meeting on 19 March 2021 in the presence of the auditor, who was also available to answer questions. following intensive discussions, the Supervisory Board and Audit Committee approved the conclusions of the audit conducted by the auditor.

In accordance with the final conclusions of this audit by the Audit Committee and its own audit, the Supervisory Board determined that there were no grounds for objections and approved the annual and consolidated financial statements for the financial year ended 31 December 2020 prepared by the Management Board as well as the combined management report. The 2020 Annual Report of Nordex SE has therefore been adopted.

The Supervisory Board also noted and approved the auditor's report on the dependent company report and the auditor's audit report on the dependent company report. The Supervisory Board declares that, in accordance with the final conclusions of its review, there were no grounds for objections to the Management Board's declaration on this report in accordance with Section 312 of the German Stock Corporation Act (AktG).

The Audit Committee and Supervisory Board also addressed the separate consolidated non-financial report (integrated in the sustainability report) prepared by the Management Board as at 31 December 2020. The Management Board and the representatives of PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft explained the documents in detail in the meetings and answered additional questions from Supervisory Board members. The Supervisory Board had no objections after carrying out its audit.

Supervisory Board acknowledgments

On behalf of the Supervisory Board of Nordex SE, I would like to thank the Management Board in office, the departed member Christoph Burkhard and all of our employees around the world for their tremendous personal commitment and unwavering dedication.

Hamburg, March 2021

Professor Dr. Wolfgang Ziebart
Chairman of the Supervisory Board

COMBINED GROUP MANAGEMENT REPORT

of the Nordex Group and management report of Nordex SE

COMBINED GROUP MANAGEMENT REPORT

of the Nordex Group and management report of Nordex SE

FUNDAMENTAL INFORMATION ABOUT THE GROUP

- Global specialist in onshore wind turbines
- Focus on efficient turbines in the four- and five-megawatt segment
- Expansion of the global production and supplier network
- Steadily growing service business

OPERATING ACTIVITIES

Business model

The Nordex Group designs, builds and markets onshore wind turbine systems that are installed worldwide. The scope of services provided by Nordex ranges from the mere delivery of the wind turbines and installation to turnkey construction of a complete project. A network of service units in all of the Company's key markets ensures the provision of comprehensive support for wind turbines over their entire lifespan. In selected markets, the Company also operates as a project developer for wind farms. Since its foundation in 1985, the Nordex Group has installed turbines with a combined nominal output of around 32 GW in over 40 countries. Its service organization supports 8,383 wind turbines worldwide with a total nominal output of more than 21 GW on the basis of typically long-term maintenance agreements. This makes the Nordex Group's products and services an essential part of environmentally and climate-friendly power generation.

The Company operates in all major wind markets, the sole exception being China as its market is dominated by local suppliers. Based on this strategic focus, the Company serves around 90% of the global market for onshore wind energy outside China, making it one of the leading suppliers in the relevant market. By focusing on the onshore market, Nordex avoids the need to invest considerable sums in radically different offshore technology, with the associated risks this would entail.

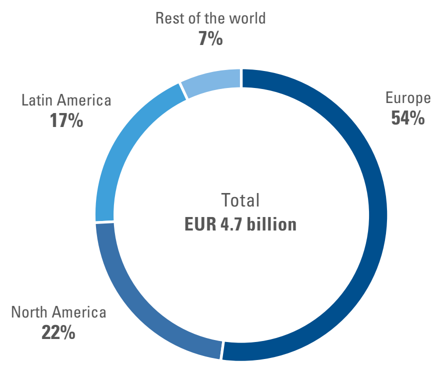
The Nordex Group's product portfolio comprises innovative and efficient wind turbines for high-, medium- and low-wind onshore locations. The various models in the Delta4000 series are adapted to meet specific market requirements and offer a variable output ranging from 4 to 5 MW, with rotor diameters of up to 163 meters. The Nordex Group designs wind turbines in their entirety and assembles the nacelles and hubs during production. Rotor blades are produced both by the Group itself and by contract manufacturers. From a technical perspective, the Nordex Group is focused on developing wind turbines for onshore sites that allow operators to produce environmentally friendly electricity at the lowest possible cost (Cost of Energy – COE) in their respective regions.

Legal and organizational structure

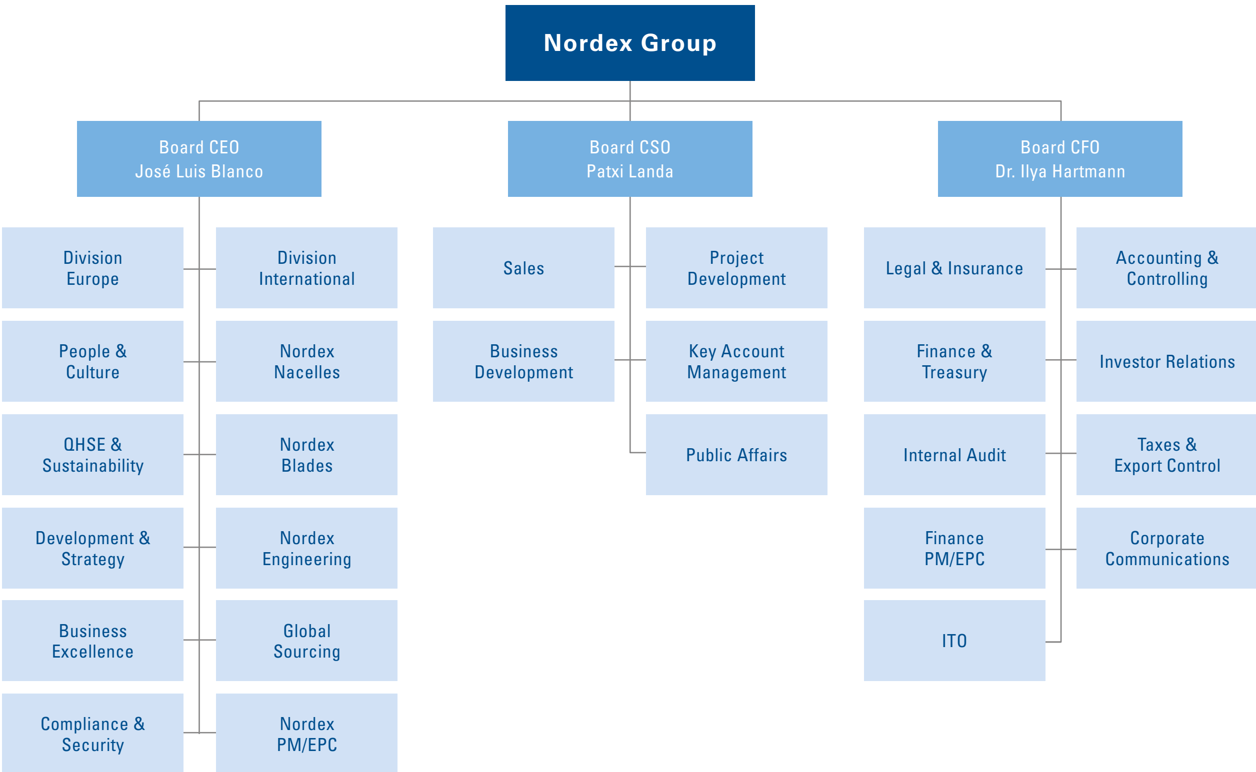
Nordex SE is a listed European stock corporation. Its shares are admitted for trading on the Regulated Market of the Frankfurt Stock Exchange, Prime Standard segment, and quoted on the TecDAX® and SDax®. Together with its German and foreign subsidiaries, it forms the Nordex Group. The governing bodies of the Company are the Management Board, composed of three individuals, and the Supervisory Board, comprising six individuals. Nordex SE has its registered office in Rostock; its headquarters are located in Hamburg.

The Management Board manages the Group via Nordex SE as the strategic management holding company. Additional administrative services in the areas of accounting & controlling, finance, IT, internal audit, investor relations, communications, human resources, legal matters and tax are also performed by Nordex SE. The Nordex Group's operating business comprises two divisions, International and Europe, as well as global lead functions.

Sales by region 2020 in %



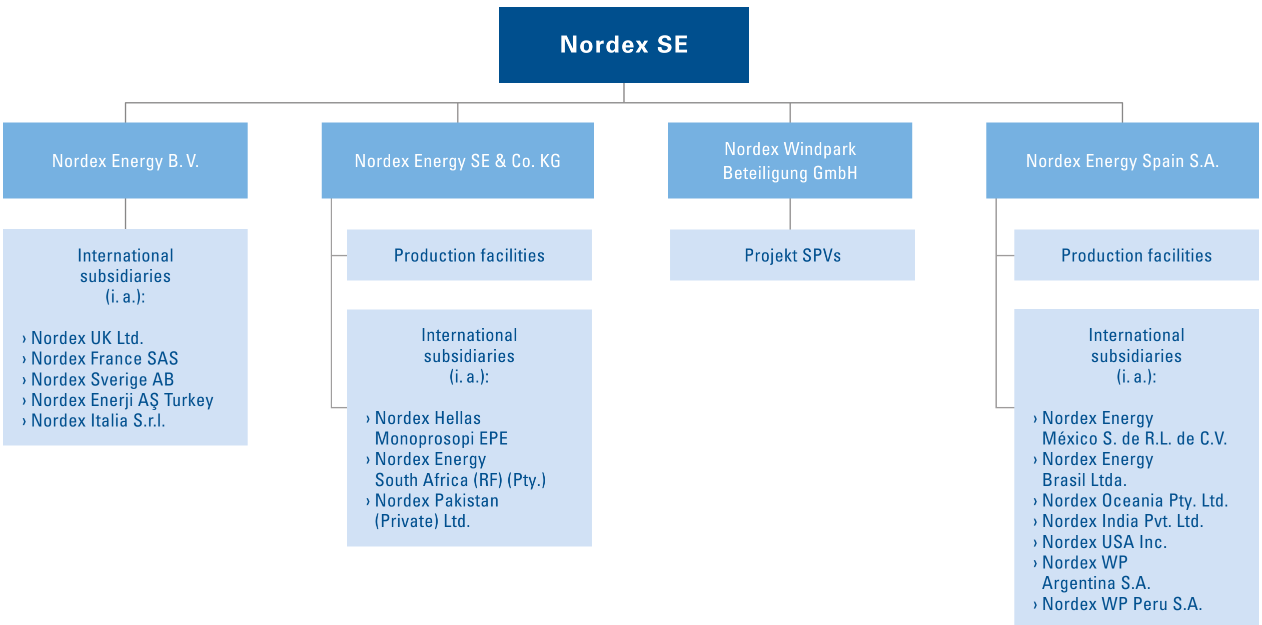
Organizational structure of the Nordex Group (simplified presentation)



The chairman of the Management Board (Chief Executive Officer – CEO), José Luis Blanco, is in charge of the two operating divisions and global lead functions including rotor blades, nacelles and engineering. He is also in charge of central departments such as Human Resources and Strategy. All customer-related functions are assigned to the Chief Sales Officer (CSO), Patxi Landa, as is project development. The Chief Financial Officer (CFO) is responsible for accounting & controlling, finance, internal audit, investor relations, communications, legal matters, tax, and the ITO and Finance PM/EPC global lead functions. Christoph Burkhard, who had been CFO of Nordex SE since 1 September 2016, resigned from his position on the Management Board as of 28 February 2021 for personal reasons. In the reporting year 2020, his main achievements included extensively restructuring the Nordex Group's financing structure and focusing it on the challenges of the future. Dr. Ilya Hartmann has been in charge of Finance since 1 March 2021. Previously, as CEO of Division Europe, he was responsible for the Nordex Group's entire European operations and has been a member of the Management Board since 1 January 2021.

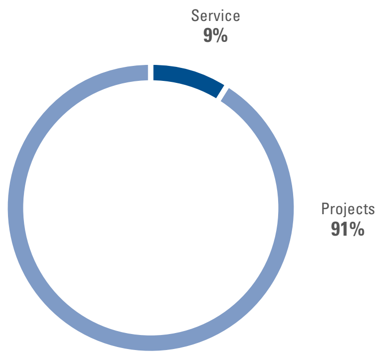
The operating divisions manage the legally independent national companies. Specifically, they are responsible for customer relationship management, sales, project management and services, as well as project development in selected markets. Significant consolidated companies and their respective subsidiaries are Nordex Energy SE & Co. KG (formerly: Nordex Energy GmbH) and Nordex Energy Spain, S.A.

Legal structure of the Nordex Group (simplified presentation)



The Group manages its activities via the Projects and Service segments (see also the explanations in the "Segment performance" section). Projects includes all activities associated with the development, production, assembly and commissioning of wind turbines, as well as the project development business. The Service segment encompasses services and products for existing turbines after their handover to customers. In particular, this includes technical services such as maintenance and remote monitoring of wind farms as well as repairs and technical enhancements for existing turbines.

Sales by segment 2020 in %, before consolidation

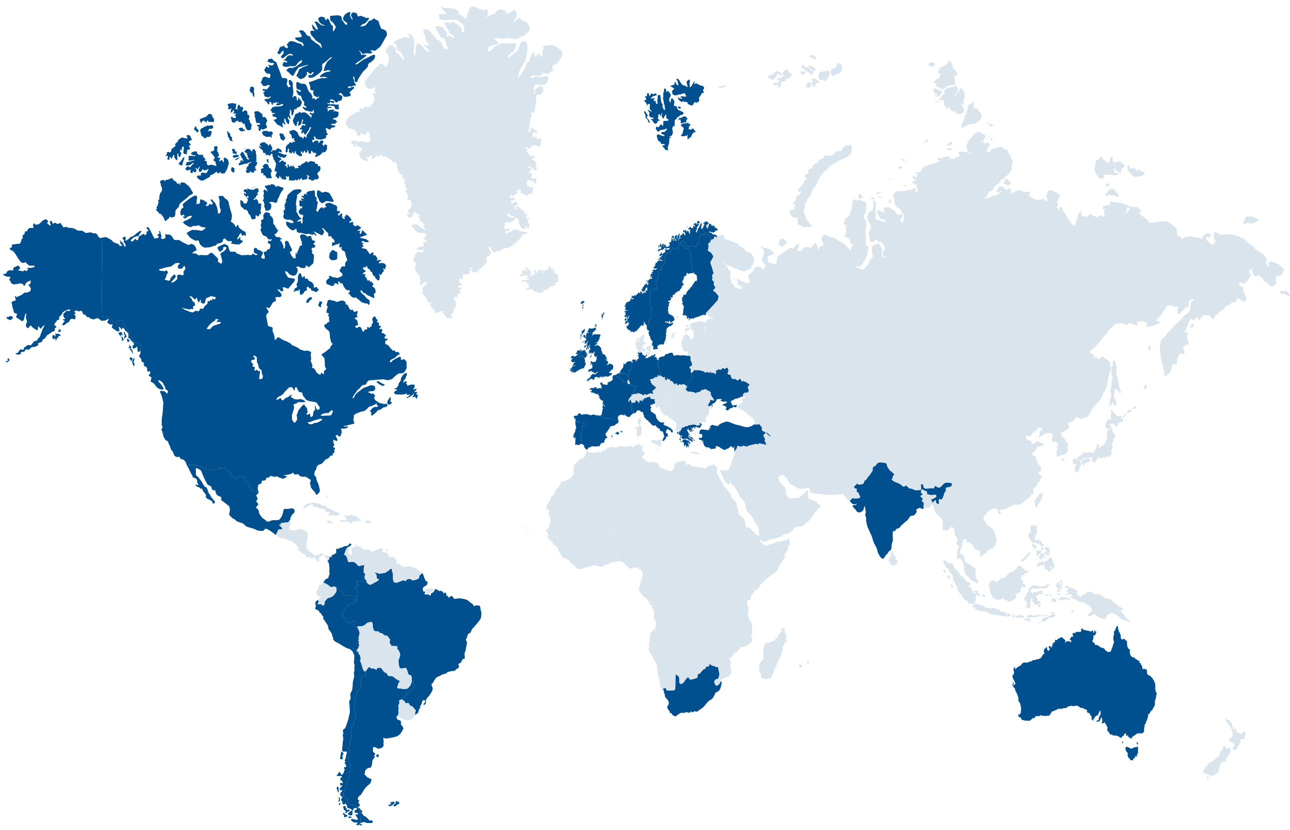


Sales markets and competition

One of the main drivers of the continually rising demand for wind turbines worldwide is wind power's lower cost of energy, which is well below the cost of new conventional energy production capacity, especially in windy regions. The climate-friendliness of wind energy due to its very low carbon emissions is another important environmental argument for this type of power generation and offers an economic incentive with regard to the taxation of carbon emissions. These factors play an important role both in industrialized nations as well as in emerging and developing countries. Growth in the wind energy sector is primarily driven by the construction of new wind turbines and farms. Legacy turbines that have already reached the end of their lifecycle are either dismantled or replaced by modern and more efficient turbines (repowering). As more and more wind farms are being replaced and updated to the latest technological and economic standards, starting with those in pioneering wind energy countries in Europe and North America.

The Nordex Group has installed wind turbine systems in more than 40 countries and considers itself to be well positioned on the internationally most attractive wind markets. It maintains its own sales and service organizations in all core markets. These countries are mainly located in Europe, and in North and South America. Markets such as India, Australia and South Africa were also developed. The central sales organization continually seeks to identify opportunities on new markets not yet served by the Nordex Group.

Significant markets of the Nordex Group



The Nordex Group's competitors are suppliers from Europe and the United States, many of whom have emerged by way of the consolidation process seen in the industry in recent years. In the Group's key markets (see chart), these are mainly Vestas, Siemens, Gamesa and General Electric. According to the Bloomberg New Energy Finance (BNEF) ranking, the Nordex Group in 2020 was the world's fourth largest manufacturer of wind power systems outside China. The Company had a double-digit market share in most of the core markets in which it consistently installs wind turbines.

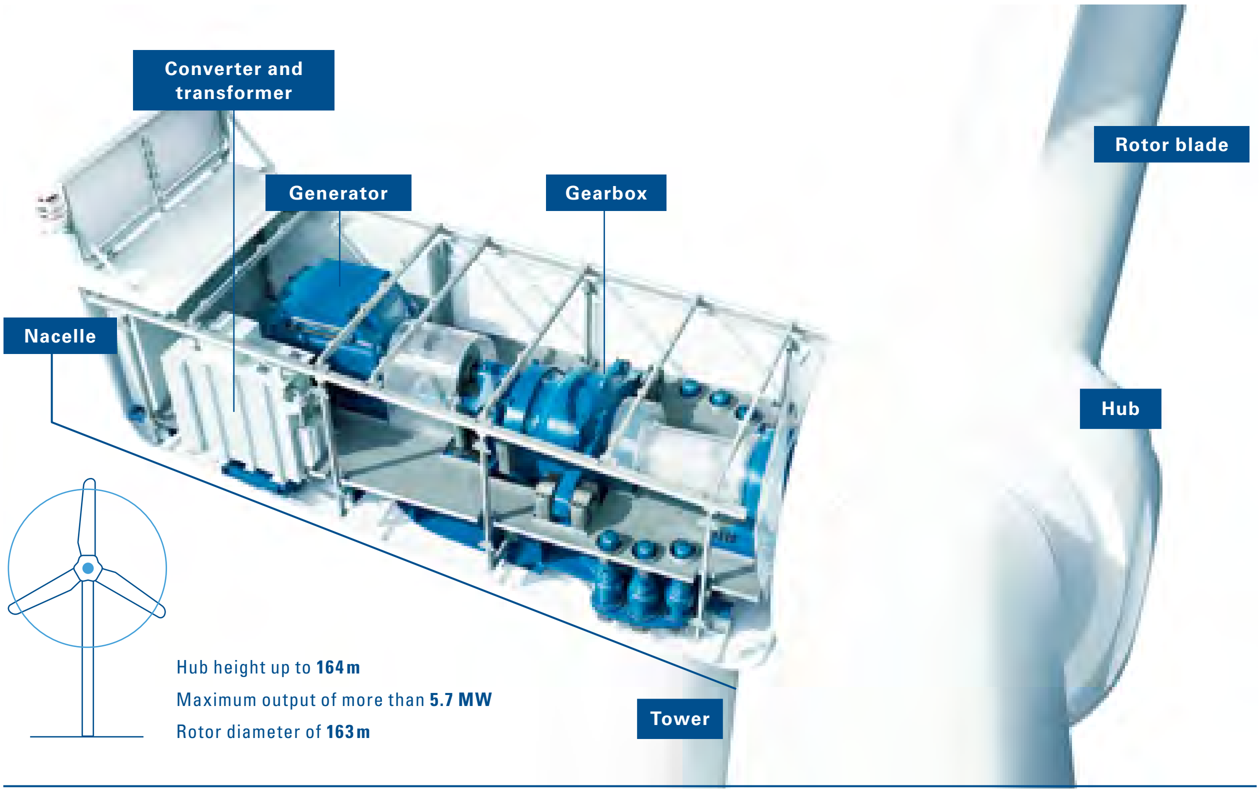
Locations, products and services

The Nordex Group's head office is located in Hamburg. The head office is home to the Group's core functions and parts of development, procurement, project management, services and sales. Nacelles and rotor blades are developed and produced at the Group's site in Rostock. In Spain, the Group operates two factories for the assembly of nacelles (Barásoain and La Vall d'Uixó) and one for the production of rotor blades (Lumbier). Additional administrative and development functions are also located at Barásoain. The Nordex Group also manufactures nacelles in Brazil (Simões Filho) and India (Chennai). The assembly plant in the USA (West Branch) is still inactive. Rotor blades are manufactured in Mexico (Matamoros) and India (Chennai). The Company also operated two wholly-owned concrete tower production sites in Brazil in 2020 and has been producing towers in Spain since the fourth quarter of 2020. Subcontractors are also producing concrete towers for Nordex in other countries.

These factories, together with an efficient supplier network and supply chain, form the basis for the Group's ability to offer competitive wind turbines in all of its target markets. The Nordex Group works to continuously improve this infrastructure and adapt it flexibly to meet changing markets. Nordex is currently pushing ahead with setting up an integrated supply chain in India. Its goal is to serve international markets outside Europe flexibly and cost-effectively from India in the future. This is a prerequisite for participating in the attractive expansion potential in new markets and achieving sustainable profitable growth.

The Nordex Group offers customers worldwide technically and financially suitable multi-megawatt onshore wind turbines on a modular basis for every wind strength and climate zone. Its product portfolio enables the Group to provide solutions for markets with both limited grid availability, such as Latin America, and limited land availability, such as Central Europe. Customers are offered a comprehensive project management service which can include everything from assembling turbines and wind farms to providing turnkey solutions. The Group's services comprise a full range of turbine support services that include remote monitoring, routine maintenance and the completion of standard or customer-specific turbine repowering projects. The Nordex Group is also involved in upstream project development in selected markets. Following the sale of the European project portfolio in 2020, this is particularly the case in some Latin American markets, South Africa and India. In support of the sales activities, the Nordex Group's finance department also advises customers in their efforts to raise project finance via national and international commercial banks. The Company is also positioned as an integrated full-service provider.

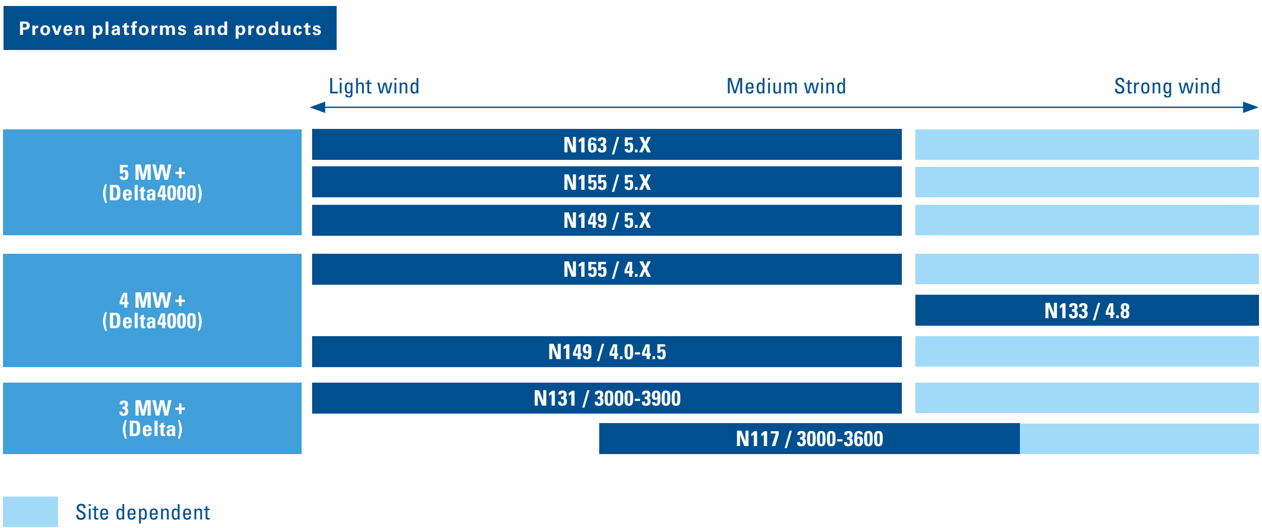
Nordex wind turbine (example: turbine of the Delta4000 series)



The Nordex Group's core product is the highly efficient Delta4000 series with its turbine variants in the 4 MW and 5 MW classes. The Delta4000 series, which is already being used for projects in Europe, North and South America and Australia, accounted for 81% of the order intake in 2020. The series currently comprises six different turbine types that cover all wind classes, with respective specifications that make them suitable for use all over the world. In addition to a low COE, the turbine versions of the Delta4000 series are primarily characterized by their ability to flexibly address location-specific requirements and their low acoustic power levels. Depending on customer requirements, the turbines can also be fitted with Nordex's proprietary anti-icing system or air traffic warning lights as appropriate. The remaining 19% of the order intake comprises turbines in the 2 MW and 3 MW classes. These orders concern turbines for which permits have already been applied for that can no longer be changed.

The Nordex Group develops and tests the rotor blades of its wind turbines, has them certified and also produces some of them in its own plants – or has them produced by production partners according to its specifications. The rotor blades are characterized by particularly low noise emissions across the entire range. Nordex offers several tower variants (steel tube towers, hybrid towers from steel and concrete, or concrete towers) with hub heights of up to 164 meters to achieve optimum energy yields in the global wind markets.

Product portfolio wind turbines



The Nordex Group's service unit ensures reliable and cost-effective operation of the powerful wind power systems for customers. Nordex operates around 300 service branches worldwide for this purpose. Services are rendered via this network of locations directly at the wind farms after they were installed and handed over to the customer. The corresponding service contracts secure and optimize the electricity production yields of Nordex customers by maximizing availability. Nordex offers customers a wide range of different services. These encompass all-in solutions containing services such as 24/7 remote monitoring, preventive maintenance and customer training, and full modernization of wind power systems.

The Nordex Group offers standardized service contracts with different levels of service which customers can enter into for a term that usually extends up to 25 years. Customers can essentially choose between three contract models. The Premium service contract includes maintenance and repair services, remote monitoring and a time-based availability warranty. The Premium Plus contract includes these service entitlements and adds a production based availability warranty, while repair services and the replacement of certain large wind turbine components are subject to a separate fee in the Premium Light contract.

Customers and value chain

The Nordex Group has a broad customer base that comprises large, international, utility companies and independent power producers (IPP) as well as medium-sized project developers, public utility companies and civic wind farms or energy cooperatives. The Group's customers also include an increasing number of captive producers from industry, trade the IT sector as well as financial investors such as insurance companies and pension funds. In 2020, the ten largest individual customers accounted for approximately 53% of order intake. These customers are some of the world's largest operators and project developers in the renewables sector, whose global importance has steadily increased in recent years. A key account manager is assigned to all major customers to ensure an optimum working relationship and the successful completion of these international projects. The remaining order volume is split among many of the customer segments mentioned above and underlines the global positioning of the Nordex Group.

The value chain starts with the development of efficient, competitive wind turbines, which the Nordex Group's sales unit markets to customers around the world. New wind farm projects worldwide are predominantly awarded through auctions. The Nordex Group provides its customers with support in the early stages of these auctions, developing individual solutions aimed at securing a successful bid for the customer.

Once the contract is awarded, the next step is in-house production, which generally consists of nacelle and hub assembly as well as the production of some of the rotor blades. Additional rotor blades are manufactured by independent blade producers according to Nordex designs and specifications. The Nordex Group produces concrete towers particularly for major projects in Spain and emerging countries. Offering logistical benefits, this system ensures high-quality, cost-effective towers and enables local added value and employment. Most turbine components, particularly gearboxes, converters and generators, are supplied and purchased via a global procurement network.

It usually takes approximately eight to 18 months, in exceptional cases even up to two years, to construct a wind farm, depending of the size of the farm, its specific location and a multitude of other factors. The Nordex Group ensures the project management of all activities from installation to turnkey handover and commissioning of wind farms and carries out the work with its own teams and third-party providers. As is customary in plant engineering due to the long period of time from the awarding of the contract to the handover of the turbine to the customer, the Nordex Group receives an advance payment when the contract is awarded. Additional payment flows are essentially based on milestones in the construction of the wind turbine system.

The final step in the value chain is the service for installed wind turbines. The Group provides extensive technical support services for the ongoing operation of the turbines. Service contracts are generally entered into as long-term agreements and therefore play an important part in customer retention. In comparison with the project business, which tends to be more susceptible to fluctuations, service revenue streams are characteristically very stable and regular.

This added value is also supplemented by upstream project development. In this area, Nordex is developing its own portfolio of wind farm projects, including some from the first stage of development onwards ("greenfield development"). Projects implemented exclusively with the Group's own turbines are sold to customers or investors and represent an additional sales channel. After the existing European project development portfolio with a volume of around 2.7 GW was sold to RWE AG in financial year 2020, the remaining project pipeline comprising around 800 MW is currently focused on non-European activities, particularly in Latin America, South Africa and India. Nordex plans to gradually expand its European project development business again.

CORPORATE STRATEGY AND MANAGEMENT

Mission and vision

Protecting the climate is one of the biggest and most important challenges facing humanity. Wind energy is a key technology for carbon neutral, climate-friendly power generation. The Nordex Group will make continuous technological innovations to continue driving the development of wind energy and play a major role in designing the sustainable energy generation of the future.

The Nordex Group is among the market and technology leaders in onshore wind turbines in its relevant markets, particularly in large turbines with output of four to five megawatts (MW). Rising demand for green energy around the world will create significant potential for medium and long-term growth. The Nordex Group is aiming to establish itself as a top three player in the global wind industry and achieve profitable growth. Sustainability is not only a core value for the Company in economic terms but also with regard to environmental and social action – and thus consists of much more than just a range of environmentally-friendly products and services.

Corporate strategy

Developing, manufacturing and servicing wind turbines has been the core business and passion of the Nordex Group for over 35 years. Nordex focuses entirely on the onshore wind segment. The Company has a global presence in production and procurement as well as distribution and servicing for projects of all sizes. Nordex focuses on technology-driven, profitable and open markets, which is why China is the only volume market not to be included within our sales territory. This clearly defined profile also forms the basis for the future strategic direction of our business.

However, these markets will also be significantly impacted by future political decisions that could temporarily cause demand to fluctuate noticeably, e.g. by creating, adjusting or phasing out funding programs or legal requirements. This represents a major challenge for all market participants with regard to the adaptability of corporate structures. With a corporate philosophy that is both international and cosmopolitan yet also contains aspects typical of a Mittelstand company, the Nordex Group is flexible enough to adjust quickly to new circumstances. This agility is a key strategic element of the Nordex Group. Its innovation capacity (R&D) and efficiency, and the high quality of the Group's products, installation activities and services are also among its core strengths. In addition to global positioning, a highly-efficient product portfolio tailored to the needs of our customers and a solid financial structure are critical success factors.

Despite the highly challenging external influences on the operating business in recent years, including the market upheaval caused by new funding and project awarding systems, the coronavirus pandemic and tariff-based trade barriers, the Nordex Group has made significant progress with its internal strategic development. It has successfully developed the Delta4000 platform – which now comprises six different versions of the product – and adjusted its supply chain to meet the requirements of a global company. The Group also succeeded in comprehensively restructuring and reinforcing its financing structure, particularly in 2020.

In doing so, the Company laid essential foundations that will enable it to better leverage attractive market opportunities and operational potential for consistently higher profitability in the future. Building on this foundation, the Management Board of the Nordex Group continued to develop the corporate strategy reflected in the previous progress outlined above during the reporting year and formulated specific medium-term targets for 2022. These are:

- Sales of approx. EUR 5 billion
- EBITDA margin of 8%
- Production and installation capacity of over 6 GW

These targets are based on various internal and external drivers that are relevant to the Nordex Group as well as a comprehensive implementation-focused corporate program that brings together key initiatives for further improving the Group's operating business. The Nordex Group consistently achieves its economic targets in accordance with and in relation to the goals set out in the sustainability strategy for 2019 to 2021. Sustained commercial success would be unthinkable without efficient implementation of the Group's sustainability targets. The Nordex Group's corporate responsibility is outlined in the following section, while a detailed presentation of the sustainability strategy is provided in the separate 2020 Sustainability Report.

The external drivers and long-term factors include the irreversible global trend towards renewable energy production. Even amid the coronavirus crisis, both individuals and key decision-makers have become increasingly aware of the significance of climate change in recent years. Many of the government stimulus packages currently being discussed and agreed are expected to speed up the digitalization process as well as the shift in mobility trends and the transformation of the energy supply. In addition, newly elected US President Joe Biden has signaled his commitment to the Paris Climate Agreement, which is expected to provide fresh momentum. Numerous countries around the world have set themselves ambitious climate goals and are investing in environmentally-friendly infrastructure centered around renewable sources of power generation.

Several of the European Union (EU)'s climate policy strategies and statutory requirements are of particular importance for the Nordex Group. These include the bloc's ambition to go climate neutral by 2050 as well as the European Green Deal, the aims of which include a zero-emission economy as well as a clean, reliable and affordable power supply. Politicians in Germany also continue to promote the expansion of wind energy, which has faltered of late, by agreeing reforms to the Renewable Energies Act (EEG) for 2021. We expect activity in this area to increase in 2021. Other national and regional measures such as the Investment Acceleration Act in Germany are also providing substantial momentum. Initiatives such as the "NEW 4.0 – Norddeutsche Energiewende" project, which has set a course for development by aiming to provide the model region of Hamburg and Schleswig-Holstein with 100% renewable energy by 2035, are also making important contributions to incorporating wind power into the energy supply in the medium and long term.

A further element that will stimulate and advance the onshore wind market that is relevant for the Nordex Group is what is known as 'repowering'. Around 10,000 onshore wind turbines in Germany alone will no longer qualify for funding and will largely reach the end of their technical useful life in the next three years. They will have to be fully dismantled before being replaced with modern, significantly more efficient turbines. This will enable the same plots to generate many times more power with a lower number of larger new turbines. The Delta4000 platform provides the Nordex Group with

Key drivers for achieving medium-term goals for 2022

attractive opportunities in this area. There is also considerable repowering potential in the USA, Denmark, Spain and India in the medium term.

In addition to these external macro and long-term drivers that will stimulate demand and present the Nordex Group with major market opportunities, the Company is placing particular reliance on its own strengths and potential for internal improvements in order to achieve its strategic goals. As a result, the Group's strategy and operations will focus on the following four themes until 2022 in order to deliver accelerated growth in the next few years:

› **Highly competitive portfolio driven by Delta4000 turbines:** One of this platform's models, the N149, is already one of the world's leading turbines in the 4 to 5 MW class. Although it was designed and adapted to satisfy European demand, the Delta4000 platform has evolved into a global platform and includes other types of turbine that are ideally suited for the Nordex Group's international markets. The Delta4000 platform's turbines are already proving their worth in the Australian and Latin American markets and are helping the US market to take the next step in its evolution towards the 5 MW class.

› **Strong market positioning and high momentum in order intake:** Nordex has moved up into second place in the EU market based on order intake in 2020. The Group has a strong position in the USA and is the market leader in Latin America. These strong market positions provide a basis for participating in upturns in demand and increasing business volumes. The majority of this lively increase in demand has already been secured in the form of firm orders for 2021, with the efficient, high-margin Delta4000 platform accounting for more than 80% of these orders.

› **Supply chain transformation:** Together with the expansion of its global business, the expansion and global optimization of the production footprint and the associated supply chain is another key issue for Nordex. The Group is currently focusing on expanding its capacity in India. This significant strategic step will permanently strengthen Nordex's global production network. Indian production is being ramped up to supply the global market outside Europe. The advantages of expanding production in India are substantial increases in volume and significant cost savings. This will enhance the competitiveness of the Nordex Group in the medium term and will markedly lift the Group's operating margin as early as 2022.

› **Group-wide improvement program:** The Management Board has launched a wide-ranging corporate program consisting of several different modules and key initiatives. Several of these initiatives had already begun by the end of 2020, while others have been recently launched. They all help to create and ensure cost savings while boosting efficiency and sales. The full effect of this program should be apparent by the end of 2022.

Consistently focusing on these four elements allows the Nordex Group to exploit market opportunities and record considerable and sustainable growth in sales and, above all, profitability. This also paves the way for reaching our medium-term goals for 2022 and for a more profitable organization in the long term.

Strategy control and implementation

The corporate strategy continues to focus on improving profitability. In order to achieve this goal, Nordex confirmed and continued several existing projects and defined and launched new ones. New and existing strategic initiatives were brought together under the umbrella of the Group-wide improvement program in 2020. All initiatives are the responsibility of members of the Nordex management team. An internal team of experienced managers leads the program, supports individual initiatives and ensures that progress is transparent. Steering committees meet with the Management Board weekly to ensure that the Group achieves its strategic goals.

All strategic initiatives are aimed at successfully developing the Nordex Group, i. e. further consolidating the Company's global competitive positioning and thus enhancing its value in the long term. The success of this development is measured using certain financial and non-financial key performance indicators, which in turn are taken into account when offering incentive-based remuneration to management. By doing this, the Company ensures that its strategy is successfully implemented over the long term.

Financial strategy

The aims of the Nordex Group's financial management are to secure liquidity and ensure access to necessary funding. Working capital is a key parameter in this regard. The Company aims to finance its ongoing investments in property, plant and equipment from its operating cash flow. At the end of 2020, the Nordex Group had cash and cash equivalents of EUR 778.4 million.

The Nordex Group placed its financing on a strong and broad footing during the 2020 reporting year. First, the Nordex Group extended its guarantee credit facilities of EUR 1.24 billion with an international consortium of 21 banks and insurance companies for at least three years initially until April 2023. There are two options to extend these facilities on a year-by-year basis. Secondly, the European project development portfolio was sold to energy group RWE, generating EUR 402.5 million in sales proceeds before costs and taxes. In addition, the Group obtained support from the coronavirus guarantee scheme provided by the German federal government and the states of Mecklenburg-West Pomerania and Hamburg in the form of a revolving credit line of EUR 350 million (of which EUR 100 million has already been repaid). In this context, the Nordex Group has also already reached a binding agreement to refinance the promissory note due in April 2021 by means of a shareholder loan granted by main shareholder Acciona S.A. This comprehensive package of measures enabled the Nordex Group to substantially improve its debt capital structure in 2020.

Finally, the Company also strengthened its equity base with a cash capital increase. In December 2020, 10.7 million new shares from authorized capital were placed exclusively with institutional investors in return for a cash contribution of EUR 18.90 per share. The Nordex Group received gross proceeds of EUR 201.6 million as a result.

The secured short, medium and long-term financing and continued strengthening of the capital structure, together with cash flow and available liquidity, ensure that the Nordex Group is in a position to operate in a challenging market environment while safeguarding its plans to accelerate growth and roll out efficiency and profitability improvement initiatives.

Internal management system

The Nordex Group manages the entire Group and its operating units based on financial and non-financial key performance indicators. All performance indicators jointly form the basis of reporting to management, the Management Board, the Supervisory Board and the shareholders. They are also used for incentive-based remuneration. At Group level, the most important key performance indicators are as follows:

- Sales
- EBITDA
- Working capital ratio
- Capital expenditure

Some of these performance indicators are only recorded for the Group as a whole and not for the segments because separate reporting is not appropriate or the comparability of the performance indicator is not relevant. Together, they enable a thorough assessment of the current and future performance of the Group and provide a comprehensive overview of its capital requirements.

The Company also uses specific financial key figures that evaluate its order development, net assets and results of operations. Specific non-financial key performance indicators are used in production (turbine and rotor blade production output), project management (installed capacity) and service (turbine availability). These performance indicators help the Management Board and other senior managers to manage the Company and provide information about its current performance. Although they do not form part of the externally published guidance, they are generally included in quarterly reporting.

Additional financial and non-financial key performance indicators

Group	Transaction
Cost of materials ratio	Production output (turbines)
Consolidated net profit	Production output (rotor blades)
Free cash flow	Installed capacity
Net debt/liquidity	Turbine availability
Equity ratio	Order intake/ order book, projects
	Order intake/ order book, service

The management of the Nordex Group in terms of ensuring sustained business performance summarized in the following section entitled "Corporate responsibility". Reference is made there to the Company's sustainability report for more comprehensive information.

CORPORATE RESPONSIBILITY

The management of the Nordex Group has aligned the management and development of the Company in line with the principles of sustainability. The relevant targets and key performance indicators are set out in the Sustainability Strategy 2019–2021. The Nordex Group reports on its economic, environmental and social performance in an independent sustainability report, which was prepared in compliance with the core option of the guidelines issued by the Global Reporting Initiative (GRI) and published at the same time as this Annual Report. The separate consolidated non-financial report integrated in the 2020 Sustainability Report was again reviewed as part of a limited assurance engagement conducted by auditing firm PricewaterhouseCoopers (PwC). This "Corporate responsibility" section supplements the Group management report on selected aspects of the Group's corporate culture, sustainability strategy and employee structure.

The separate consolidated non-financial report pursuant to Section 315b (3) of the German Commercial Code (HGB), which is not part of the management report, can be downloaded as part of the 2020 sustainability report from Nordex SE's website at *ir.nordex-online.com*.

Corporate culture and rules

The Nordex Group is committed to the ecologically and economically responsible use of resources and respectful treatment of all people employed by Nordex or with whom the Company works as customers, suppliers, service providers or shareholders, as well as with its neighbors and local communities. The Nordex Group set up its Sustainability Management unit back in 2015 to coordinate and manage sustainability measures and meet our stakeholders' growing information requirements. The unit is responsible for the strategic development of sustainability issues and communicates regularly with all of the other company departments. The first sustainability strategy adopted by the Management Board in 2015 defined specific fields of action, targets for the period up to 2018 and key performance indicators. The 2018 Sustainability Report provides details of the achievement of these targets. In 2018, the Nordex Group drafted the new 2019–2021 Sustainability Strategy for subsequent years, which forms the framework of reference for responsible business throughout the Group. The development of the current strategy was based on an extensive materiality analysis involving both internal and external stakeholders. This strategy embodies the systematic, Group-wide continuation of the pursuit of sustainability topics and targets, and is explained in the 2019 and 2020 Sustainability Reports.

The Nordex Group's corporate culture is based on the values, principles and standards of conduct set out in the general Nordex guidelines, sector and subject-specific company guidelines and, in particular, the Nordex Group Code of Conduct. This is binding for the entire Nordex Group and must be signed by every employee in the form of a declaration of consent. In accordance with the Code of Conduct, the ethical guidelines of the UN Global Compact and the OECD guide all of the Company's activities. Furthermore, all decisions at the Nordex Group are subject to respect for international human rights. Global compliance, measures for tackling corruption and discrimination and promoting diversity are firmly enshrined within the Company.

Aspects of responsibility

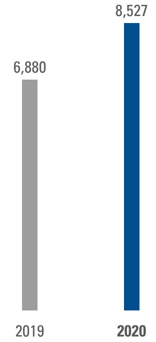
With its current 2019–2021 Sustainability Strategy, the Nordex Group has applied a materiality analysis to prioritize the following five action areas for sustainability management:

› Product responsibility (cost of energy, customer satisfaction)
› Employee responsibility (occupational safety, leadership culture)
› Responsibility along the value chain (collaboration standards)
› Environmental management & resource efficiency (waste, hazardous materials, energy and greenhouse gas emissions, lifecycle assessment)
› Social responsibility (educational support)

Employee structure

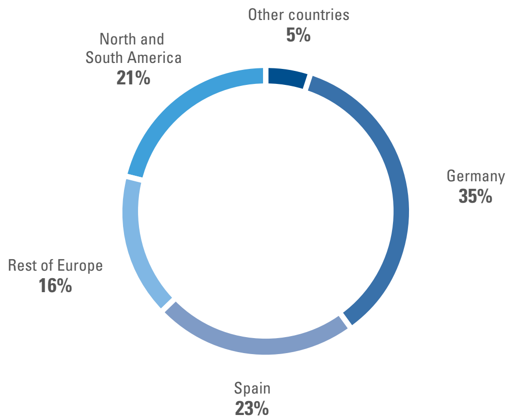
Despite the coronavirus pandemic, the Nordex Group 2020 significantly increased production and installation volumes year-on-year. The headcount increased significantly, with 8,527 people employed across the Group as of 31 December 2020 (31 December 2019: 6,880). A total of 461 temporary and leased staff were also employed as at the reporting date (2019: 618). The average number of permanent employees during the year under review was 7,907 (2019: 6,362). This job growth primarily focused on nacelle and tower production, project management and the service business, The regional focus was on Europe, especially Spain and Germany. The workforce in North and South America and in Asia was also expanded.

Employee figures



At the end of 2020, 35% of the Group's staff were employed in Germany (2019: 36%). Due to the extensive staff growth in Spain, the country's share of employees of the Nordex Group rose to 23% in the reporting year (2019: 17%). The rest of Europe accounted for a further 16% (2019: 17%) of the workforce. At the end of the reporting period, 21% of employees were based in North and South America (2019: 24%). 4% of staff worked in Asia, Africa and Australia (2019: 5%).

Distribution of employees by region in 2020 in %



A total of 40% of employees worked in the production and purchasing units for blades, nacelles and towers in 2020 (2019: 39%), and 32% in the service and sales units combined (2019: 33%). Engineering and project management accounted for a total of 18% of employees in 2020 (2019: 16%). 10% of employees worked in administration (2019: 12%). This distribution across functions demonstrates the Company's strong focus on technology and close customer relationships, particularly in the service business.

As in the previous year, women accounted for 16% of the total workforce at the end of 2020; their share in administration was 48% (2019: 43%). A total of 95% of permanent employees were employed on a full-time basis in 2020 (2019: 94%). 81% of employees had an unlimited employment contract (2019: 89%).

Employee structure (selected figures)

	31.12.2020	31.12.2019
Total workforce	**8,527**	**6,880**
By gender		
Male	84%	84%
Female	16%	16%
By age		
Under 30 years of age	22%	22%
Between 30 and 50 years of age	66%	67%
Over 50 years of age	12%	10%
By working hour model		
Full-time	95%	94%
Part-time	5%	6%
By type of contract		
Permanent staff	81%	89%
Temporary staff	19%	11%

RESEARCH AND DEVELOPMENT

Efficient wind turbines that enable cost-effective power production for their entire operational lifecycle allow the Nordex Group to maintain its competitive strength. The systematic and comprehensive reduction of the cost of energy of wind turbines for all wind classes and target markets therefore plays a key role in product development. Development activities also play an important part in continuously monitoring and ensuring the market viability of the products in terms of their eligibility for operating permits and grid connections in the Group's target markets. While the focus is on series production, project specific solutions and adjustments are developed in individual cases. The Group's R&D activities also include innovations in the production, logistics and service processes. The Nordex Group is also involved in projects concerning the grid integration of renewable energies.

ORGANIZATION AND KEY R&D INDICATORS

At the end of 2020, the Nordex Group had a global headcount of 613 employees in engineering (2019: 588 employees). Research and development activities are located at the sites in Rostock and Hamburg (Germany) as well as in Pamplona (Spain). In addition, the Nordex Blade Technology Centre in Kirkeby (Denmark) is concerned with innovations in the field of rotor blades and related manufacturing technologies. As Nordex is focusing its product range on a global platform, the Delta4000 series, the Company also merged the development teams that had originally worked separately on the different platforms. In this way, the Nordex Group is efficiently pooling all its capacities and experience for enhancing its turbine platform.

The development expenses recognized in the balance sheet amounted to EUR 166.7 million as at 31 December 2020 (31 December 2019: EUR 188.5 million). In financial year 2020, development expenses of EUR 24.7 million were capitalized (2019: EUR 27.8 million). The additions include in particular the enhancement of the Delta4000 series and also the AW3000 platform. They comprise borrowing costs of EUR 1.4 million (2019: EUR 1.0 million) at a funding rate of 4.52% (2019: 4.48%). Other development expenses incurred during the reporting year amounting to EUR 23.0 million (2019: EUR 21.7 million) do not meet the criteria for capitalization and were therefore expensed. The capitalization ratio therefore amounts to 51.84% (2019: 56.22%). Amortization of capitalized development expenses amounted to EUR 46.4 million in the 2020 financial year (2019: EUR 45.8 million).

PRODUCT DEVELOPMENT

The Group's development activities in financial year 2020 focused on enhancing the Delta4000 to include additional turbine versions in the future. This involved activities such as developing and testing new rotor blade types, using new materials in blade production and developing new turbine variants with a higher nominal output. Nordex also continually implements measures aimed at reducing the cost of energy of existing turbine types. Launched in 2019, the Nordex OS™ SCADA EDGE control system, is also being enhanced continuously and supplemented with new applications. Nordex OS™ SCADA EDGE is based on an IIoT (Industrial Internet of Things) platform developed together with Software AG and its Cumulocity IoT solution. The control and visualization software (SCADA) controls and regulates individual wind turbines and the entire wind farm to ensure that the maximum yield is obtained. The new ART (Availability Reporting Tool) application, for example, enables wind farm availability to be calculated based on standardized real-time access to a wide range of wind turbine data.

REPORT ON ECONOMIC POSITION

- **Financial year dominated by the impact of the coronavirus pandemic**
- **Increase in production and sales coupled with high pandemic-related exceptional costs**
- **European project development portfolio successfully sold with significantly positive impact on results of operations**

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Macroeconomic environment: coronavirus pandemic sends global economy into deep recession in 2020

After the novel coronavirus (SARS-CoV-2) appeared for the first time in China at the end of 2019 and could not be contained, infections spread around the world very rapidly from the start of 2020 onwards. The massive restrictions introduced by almost every nation to contain the pandemic initially caused public life and the economy to grind to a halt in spring 2020. Although significant restrictions remained in place by the summer despite a degree of easing, the global economy managed to recover from its low point. This trend weakened again at the end of 2020 as a second wave of infections prompted governments to introduce tough new lockdowns. As a result, the global economy slid into a deep recession in 2020. According to the International Monetary Fund (IMF), global economic output contracted by 3.5% (2019: +2.8%). However, this slump was less pronounced than had been feared during the year.

Due to large-scale government measures to control infections and stimulate the economy, China was the only major economy to successfully stave off recession (GDP: +2.3%). Other emerging markets and industrialized nations in the region also benefited from robust exports. Most governments took on higher levels of debt and introduced record financial stability packages to cushion any serious consequences for their population and the economy. Monetary policy also remains highly expansive with a few exceptions (Argentina, Turkey). Economic output in industrialized countries contracted by 4.9% in 2020 (2019: +1.6%) and by 2.4% in emerging and developing countries (2019: +3.6%).

This environment adversely impacted the economy in the Nordex Group's core markets, in some cases severely. For example, domestic demand in Germany came under noticeable pressure with the exception of the construction industry. Private consumption was heavily impacted by the lockdowns, while companies refrained from making investments and exports fell sharply. According to the Federal Statistical Office, this caused the German economy to shrink by 5.0% in 2020 (2019: +0.6%). Preliminary official data suggests that eurozone gross domestic product (GDP) declined by 6.8% (2019: +1.3%). According to IMF estimates, Spain (–11.1%), France (–9.0%) and Italy (–9.2%) came under particularly strong pressure.

The USA was severely impacted by high infection rates. Private consumption and investment activity collapsed, particularly in the area of equipment, while US economic output fell by 3.5%. Canada also slipped into recession, and Mexico recorded a sharp contraction in this environment. Despite avoiding state bankruptcy, Argentina's economy still experienced a double-digit decline. Economic losses in Brazil remained relatively moderate (–4.5%) despite the explosion in infection rates. By contrast, India's economy suffered considerably as a result of lockdown restrictions (–8.0%).

In March 2020, the US Federal Reserve (Fed) lowered key interest rates in two steps to between 0.00% and 0.25%. The European Central Bank (ECB) also pursued a highly expansive policy, introducing a Pandemic Emergency Purchase Programme (PEPP) for government bonds and securities totalling EUR 1.85 trillion in addition to its continuing zero interest rate policy. The euro appreciated in value in relation to the US dollar during 2020. Compared to the 2020 year-end exchange rate of USD 1.2225, the euro gained 8.8% during the reporting year.

Despite the weak economic environment, some key commodities became more expensive in 2020. According to the IMF, non-oil commodity prices rose by an average of 6.7% compared to the previous year (2019: +0.8%). Prices of key commodities required for wind turbine construction saw a significant increase, particularly in the second half of the year. On a US dollar basis, steel prices (hot rolled coils) increased significantly from August to increase by 70.9% by the end of the year, while copper prices rose by 25.8% after reaching a low in March. In each case, Nordex secures the price for the necessary commodities immediately following the signing of a contract, meaning that fluctuations in commodity prices have a minor impact on its profit margins overall.

The prices of fossil fuels and the electricity prices specific to each country may, in general, have an impact on investment decisions regarding new wind farms or on the shape that any national framework conditions might take. Despite reduced output, oil prices fell further in 2020 due to the significant global economic slump triggered by the pandemic. According to the IMF, oil lost approximately a third of its value in 2020 to reach an average of EUR 41.29 (UK Brent, Dubai Fateh, WTI). Amid typically drastic short-term volatility, wholesale prices for base load electricity in Germany remained relatively stable over the year as a whole. At the end of 2020, the Epex Spot Germany index (formerly Phelix-Baseload) was at 48.40 EUR/MWh, with an annual average price of 30.52 EUR/MWh (2019: 37.66 EUR/MWh).

Political, legal and regulatory environment: auction process pivotal in most markets

The Nordex Group's business is largely determined by the political environment, which varies from region to region and country to country based on climate protection targets, specific national regulations and expansion plans. These conditions provide the framework for the expansion of renewable energy power stations. Government stimulus, whether in the form of subsidies, tax breaks or legal specifications for the use of renewable energy production and the reduction of harmful emissions caused by the use of fossil fuels, has substantially promoted the use of wind energy in the past. From a global perspective, the agreements signed at UN climate summits provide the framework for achieving the targets set for reduction of greenhouse gas emissions – with the Kyoto Protocol of 1997, the 2015 Paris Agreement and the COP25 follow-up conferences, held most recently in Madrid in December 2019, leading the way.

Auction processes dominated the awarding of feed-in tariffs by governments in most markets. The structure of these auctions differs significantly from country to country. In principle, however, project developers can always apply for an award with their wind farm projects and the lowest feasible electricity supply prices. The BNEF database shows that 20 GW of new onshore wind capacity was allocated worldwide via auction processes in 2020, up from 15 GW in 2019. As in the previous year, the onshore wind energy auctions carried out in Germany by the German Federal Network Agency in

2020 suffered from a lack of approved projects, which meant that six of the seven rounds of auctions were considerably undersubscribed. Only the final auction in December was oversubscribed. However, it remains to be seen whether this marks a turning point.

There are still other systems for promoting renewable energy and onshore wind power in particular, such as the system of tax credits (PTC) in the USA. In many cases, major projects are also realized without any state-guaranteed feed-in tariffs via power purchase agreements (PPA) or private auctions in particular. For example, these kinds of projects are regularly implemented in North and South America as well as in Scandinavia.

Industry-specific environment: wind energy, including onshore, grows in 2020 despite pandemic but with contrasting regional trends

Wind energy is a major driver in generating electricity from renewable sources and plays a key role in the global transition to renewable energy. With the help of subsidies, China and the USA are the dominant individual markets and are even experiencing an exceptional boom at present. Numerous projects were expedited in these markets in 2020 in order to connect them to the grid before subsidy programs expire. As a result, new onshore installations increased by more than 30% to around 12 GW during the year under review.

Irrespective of this, wind energy has become increasingly competitive thanks to significant technological progress in recent years and can now rival other power generation technologies in windy regions, even without subsidies. This is why many markets already operate without subsidies. The competitiveness of wind energy is fueling considerable demand. The global market is on a clear growth trajectory, even during the pandemic in 2020.

As a result, the market only fell slightly short of original expectations (76.1 GW in new installations) in 2020 even though lockdowns and strict contact rules temporarily caused major disruption to supply chains and wind turbine assembly, thus severely impacting the onshore market. According to the Global Wind Energy Council's (GWEC) forecast updated in November 2020 to take account of the pandemic, global new installations (onshore and offshore) are likely to have increased significantly by 18% to 71.3 GW in 2020 (2019: 60.3 GW). GWEC therefore continues to regard the wind energy sector's positive medium-term growth trend as intact. Global new installations in the onshore market grew even more strongly, rising by 19.6% to 64.8 GW.

Contrary to this trend, however, there was a decline in some major wind markets, including India. Land acquisition, grid connectivity and permits all pose challenges here, while the pandemic and market disruptions in connection with auctions have also placed noticeable pressure on the Indian market. New onshore installations in India fell by a third to 1.6 GW. Development in Europe was also hampered by lockdowns in 2020, with new onshore installations declining by 5% to 11.1 GW (2019: 11.7 GW). Although the markets in France (–23% to 1.0 GW) and Spain (–17% to 1.9 GW) recorded sharp contractions, installation activity in Germany rose year-on-year to 1.2 GW (2019: 1.1 GW). The wind markets in Latin America posted very strong growth. According to GWEC estimates, new onshore installations in this region rose by more than half to 5.7 GW in 2020. Brazil, Mexico, Chile, Argentina and Colombia are the most important markets here. Capacity in Brazil more than doubled from 0.7 GW in the previous year to 2.0 GW in 2020, not least thanks to the rising number of projects with private power purchase agreements (PPAs).

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

The global spread of the coronavirus pandemic as well as the associated lockdowns and resulting negative impact for individuals and the economy as a whole were also the dominant external factors influencing the Nordex Group in 2020. Among other things, they hindered the implementation and completion of ongoing projects in many ways.

At the same time, however, two issues have proven vital for substantially strengthening the Nordex Group in this environment. The first is our consistently strong intake of new orders, and the second is a comprehensive package of successful financing measures. Both have been major successes as well as catalysts for achieving our strategic goals for sales and profitability in 2022 (see Strategy section, page 30). Specifically, these are:

BRISK DEMAND – DELTA4000 PLATFORM DOMINATES ORDER INTAKE

In 2020, the Nordex Group received numerous significant orders for new wind farm projects in Europe, Latin America and the USA. We experienced particularly strong demand for the Delta4000 range, which is of paramount importance for the future profitability of the Nordex Group. This series accounted for the overwhelming majority of all new orders. The volume of incoming orders rose considerably, with momentum remaining high until the end of the year. Further information on these key orders is available online in the Corporate News section of our Investor Relations website (*http://ir.nordex-online.com/websites/Nordex/German/4000/finanzmitteilungen.html*).

GUARANTEE CREDIT FACILITY EXTENDED BY THREE YEARS – INSTRUMENT CERTIFIED AS SUSTAINABLE

In April, the Nordex Group successfully extended its EUR 1.24 billion guarantee credit facility for three years until April 2023. There are two options to extend these facilities for one year each time. The guarantee facility provided by consortium of 21 banks and insurers allows Nordex to secure its project business with customers with customary bank guarantees in the relevant key currencies. This guarantee facility has been certified as sustainable after having received a “B” rating under ESG criteria (ISS Oekom). This means that the Nordex Group now has a further sustainable financing instrument in place in addition to the “green” promissory note and the Green Bond.

PROTECTION PROVIDED BY CORONAVIRUS GUARANTEE SCHEME

In August, Nordex secured a revolving credit facility of EUR 350 million. This was provided by the German federal government and the states of Mecklenburg-West Pomerania and Hamburg under the coronavirus guarantee scheme. The revolving credit facility runs until 30 April 2022. Nordex had already repaid EUR 100 million from this credit facility by the end of 2020.

REFINANCING OF 2021 PROMISSORY NOTE AGREED AHEAD OF SCHEDULE

Supported by a loan from its main shareholder, the Nordex Group also reached binding agreements in August to refinance the promissory note due in April 2021 in connection with the state-secured coronavirus guarantee scheme.

SUBSTANTIAL CASH INFLOW FROM SALE OF EUROPEAN DEVELOPMENT PORTFOLIO

In November, the Nordex Group agreed to sell the European project development portfolio to RWE. This transaction, which was announced during the year, marked a consistent strategic step towards strengthening the Group’s capital structure and thus financing the profitable growth of the core business while at the same time providing a flexible response to the negative impact of the coronavirus pandemic on the Group’s operations.

CAPITAL INCREASE SUCCESSFULLY PLACED

In December, Nordex SE issued around 10.7 million new shares while disapplying pre-emption rights as part of an accelerated bookbuild. The capital increase took the form of an international private placement exclusively for institutional investors and was significantly oversubscribed. The cash inflow of around EUR 200 million (gross proceeds) will primarily support the Nordex Group’s future growth plans and strategic goals for 2022 while also strengthening its balance sheet.

OVERVIEW OF THE FINANCIAL YEAR

NORDEX GROUP EXPANDS PRODUCTION

The Nordex Group also remained on its growth trajectory in production during 2020 due to the strong order book at the end of 2019 and sustained high demand for turbines from the Delta4000 platform in particular. However, the coronavirus pandemic caused several production interruptions during the year under review, especially in India, Mexico and Spain. The expansion of rotor blade production in Mexico suffered particular delays. Rotor blade production in Spain also switched to new types of rotor blades, temporarily lowering production output. In addition, the Company also suspended production of nacelles during the year as part of a project-related partnership in Argentina. The expansion in production was primarily focused on India, where the Nordex Group is aiming to increase its capacity to up to 4 GW in order to satisfy demand in international markets.

The Nordex Group increased the number of assembled turbines by 7.2% from 1,388 in the previous year to 1,488 in the year under review. This produced a nominal output of 5,786 MW, up 23.7% on the previous year's figure of 4,677 MW due to the greater average capacity of the wind turbines. Production consisted of 602 turbines from the Delta4000 platform, 484 from the AW platform and 402 in the Gamma and Delta3000 series.

In 2020, Nordex Group manufactured a total of 1,545 rotor blades in its own plants (2019: 1,366 blades). The Company sourced 2,816 blades from external suppliers who produce rotor blades according to Nordex's designs and specifications (2019: 2,556 blades).

	Turbines (MW)		Rotor blades (units)	
Production	**2020**	**2019**	**2020**	**2019**
Germany	3,264.8	1,981.3	724	465
Spain	1,695.8	1,677.5	163	600
Brazil	273.7	147.0	–	–
India	517.1	726.3	289	234
Mexico	–	–	369	67
Argentina	34.7	145.0	–	–
Total	**5,786.0**	**4,677.2**	**1,545**	**1,366**

SUBSTANTIAL INCREASE IN INSTALLATIONS

In 2020, the Nordex Group erected a total of 1,492 wind turbines in 23 countries and increased its installation output by 59.1% (2019: 938 turbines in 21 countries), even though the COVID-19 pandemic caused repeated disruption to project management. Total nominal output therefore amounted to 5,461.4 MW (2019: 3,089.7 MW), distributed as follows on a MW basis: Europe accounted for 46% of installations (2019: 44%), followed by the USA with 30% (North America reporting region, 2019: 23%) and Latin America with 19% (2019: 29%). The Nordex Group also installed 5% of its turbines in India, South Africa and Australia ("Rest of the world" region, 2019: 4%).

The USA once again proved to be the Nordex Group's most important individual market worldwide. The Company installed 423 turbines, almost doubling its installed capacity in this market during the year under review (2019: 216 turbines). Other important markets included Brazil with 208 turbines (2019: 88 turbines), Turkey with 107 turbines (2019: 27 turbines), and the European markets of the Netherlands with 89 turbines (2019: 41 turbines) and Spain with 86 turbines (2019: 50 turbines). Although the number of installations in Germany rose to 59 turbines (2019: 31 turbines), this figure remained at a relatively low level. As a result, the Nordex Group significantly increased its installation numbers in most of its core markets during the year under review.

	Installed capacity (MW)	
Country	**2020**	**2019**
USA	1,616.1	700.0
Brazil	665.6	267.0
Turkey	478.8	100.4
Netherlands	326.7	147.9
Spain	283.1	162.0
Argentina	271.5	208.2
Germany	233.1	108.1
Sweden	194.4	94.8
Ukraine	180.0	50.7
India	156.0	75.0
France	147.0	222.8
Poland	142.8	7.2
Finland	135.0	127.0
Croatia	119.4	130.2
South Africa	111.5	45.0
Mexico	108.9	303.6
Greece	101.4	27.6
Ireland	87.5	152.6
Italy	40.8	0.0
United Kingdom	24.0	0.0
Australia	18.0	0.0
Belgium	13.2	32.1
Luxembourg	6.6	16.5
Chile	0.0	111.0
Total	**5,461.4**	**3,089.7**

STRONG ORDER INTAKE AND ORDER BOOK

Demand for the Nordex Group's wind turbines, particularly those on the Delta4000 platform, remained high in 2020. In addition to the USA and Brazil, demand developed very well in several European markets. Overall, the Company received orders from 20 countries totaling EUR 4,218.1 million in the Projects segment, remaining at a similar level to the previous year, when the Nordex Group received orders from 22 countries totaling EUR 4,415.0 million. Geographically speaking, the majority of orders – 62% – originated in Europe (2019: 52%), followed by 19% in North America (2019: 26%) and 19% in Latin America (2019: 19%). There were no incoming orders from the "Rest of the world" region in 2020 (2019: 3%). The most important individual markets were the USA, Brazil and Germany, followed by other European markets in Finland, France, the United Kingdom and Norway.

Despite the restrictions introduced in response to the COVID-19 pandemic, the Nordex Group generated order intake with a nominal output of 6,019.8 MW during the year under review (2019: 6,207.5 MW), once again exceeding the 6 GW mark. The average turbine price per megawatt of output remained virtually unchanged from the previous year at EUR 0.70 million/MW (2019: EUR 0.71 million/MW). This average turbine selling price was determined by a number of factors. For example, the large share of projects in the United States with a typically lower scope of services provided (no own construction) and the high number of turbines with high nominal output and lower value had an impact, although no conclusions about project profitability can be drawn from this.

In the Projects segment, the book-to-bill ratio (order intake to sales ratio excluding the service business) amounted to 1.0 for the 2020 financial year (previous year: 1.53), indicating stable business performance.

At the end of 2020, the Nordex Group had a book of confirmed orders in the Projects segment totaling EUR 5,298.4 million, down 4.3% on the previous year's figure as of 31 December 2019 (EUR 5,533.9 million). There was a geographical shift in the distribution of orders, with Europe accounting for 62% after 52% in the previous year, North America and Latin America each making up 16% of orders (previous year: 19% and 18% respectively) and 6% attributable to the Rest of the World region (previous year: 12%).

Order intake and order book in the Projects segment

	Order intake		Order book[1]	
Region / EUR million	**2020**	**2019**	**2020**	**2019**
Europe	2,620.0	2,336.9	3,298.6	2,859.7
North America	781.6	1,132.0	833,0	1,060.9
Latin America	816.5	827.8	861.8	972.6
Rest of the world	0	118.3	305.0	640.7
Total	**4,218.1**	**4,415.0**	**5,298.4**	**5,533.9**

[1] As at 31.12.

Order intake in the Service segment totaled EUR 607.6 million in the reporting year (2019: EUR 695.4 million). It includes both service contracts for new turbines and extensions for expired contracts. The prior-year figure was exceptionally high due to the renewal of a large-volume service contract in the USA, which explains the year-on-year decline in service orders. There are also major service contracts in Northern Europe and Latin America that were entered into in 2020 but will not take effect until 2021 and therefore will not be included in order intake until 2021. At the end of 2020, the segment's order book amounted to EUR 2,819.3 million, up 11.1% from the prior year's figure of EUR 2,536.5 million. This figure includes all contracts for turbines that were in active service at the end of the year. Contracts signed but taking effect only after the turbines have been erected are not yet included in this performance indicator.

As at 31 December 2020, the Nordex Group had 8,383 wind turbines with a nominal output of 21.0 GW under service worldwide (31 December 2019: 7,760 turbines with 19.6 GW). The average availability of the turbines serviced by the Nordex Group across all platforms and markets was 97.3% in 2020 (2019: 97.5%). This shows that unplanned downtimes of the plants serviced remained at a low level.

SEGMENT PERFORMANCE

The Nordex Group has reported on the Projects and Service segments since 2018. The Projects segment comprises the new wind turbine business as well as wind farm development in the Nordex Development business. The Service segment includes all activities associated with turbine support after commissioning. Sales, income and expenses that cannot be clearly allocated to these two segments are reported separately as "Not allocated." The complete segment reporting can be found in the notes to the consolidated financial statements.

In the reporting year, the Projects segment generated sales of EUR 4,217.2 million (2019: EUR 2,844.5 million) and the Service segment EUR 437.6 million (2019: EUR 403.2 million). Before unallocated sales and consolidation, the Projects segment accounted for 90.6% and the Service segment for 9.4% of consolidated sales.

Segment performance key data

	Projects		Service		Group	
EUR million	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Order intake	4,218.1	4,415.0	607.6	695.4	4,826.0	5,110.4
Order book	5,298.4	5,533.9	2,819.3	2,536.5	8,117.7	8,070.4
Sales	4,217.2	2,884.5	437.6	403.2	4,650.7 [1]	3,284.6 [1]
EBIT	120.4	124.5	69.2	71.4	–61.8 [2]	–19.6 [2]

[1] After unallocated sales and intrasegment consolidation
[2] After unallocated income and expenses and intrasegment consolidation

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

On 24 March 2020, the Nordex Group published its guidance for the 2020 financial year, but with a caveat in view of existing and anticipated measures to limit the spread of the coronavirus pandemic at that point. The Management Board anticipated consolidated sales to grow considerably year-on-year to between EUR 4.2 billion and EUR 4.8 billion. This was due to very strong order intake of 6.2 GW from 2019 and the associated sharp increase in assemblies triggered by this. It also forecast an operating profit (EBITDA) of between EUR 160 million and EUR 240 million. These broad ranges reflected very high activity levels yet also took into account the wide-ranging operational challenges associated with this as well as uncertainty on the production side.

The Company also anticipated a negative working capital ratio as a percentage of consolidated sales as of the end of 2020 and capital expenditure of at least EUR 140 million during the year under review. In this context, the Management Board stressed that the final investment amount would depend on the market situation and the pace at which the supply chain continued to evolve.

The 2020 financial year initially began as expected for the Nordex Group. It reported consistently strong demand for its wind turbines on the Delta4000 platform, which made up 85% of the 1.6 GW of order intake in the first quarter. The first negative consequences of the pandemic for the Company only became apparent at the end of March, after the guidance for 2020 was published. The government measures and restrictions initiated worldwide caused major interruptions in the Nordex Group and led to adjustments being made in important parts of the business such as procurement and production. Due to ongoing uncertainty about the extent and duration of these adverse effects at the time and the subsequent inability to reliable predict their possible further consequences for the supply chain, production and the completion of projects (installations), the conditions for providing a realistic and reliable estimate of the future business performance no longer existed. The Company therefore retracted its guidance on 5 May 2020.

The Nordex Group published its revised guidance on 9 November based on the preliminary results for the first nine months of 2020. According to this guidance, the Company expected to generate consolidated sales of around EUR 4.4 billion and an operating margin of 2% during the year under review, despite the ongoing pandemic. The Group anticipated approximately EUR 170 million in investments due to production expansion and equipment for logistics and installations. The working capital ratio as a percentage of consolidated sales was predicted to be below minus 4% at the end of 2020.

The Nordex Group's audited figures for 2020 are fully in line with the new guidance issued on 9 November 2020. Consolidated sales amounted to EUR 4.7 billion and the EBITDA margin was 2.0%. The Group invested a total of EUR 162.9 million, slightly below the expected target figure. The Working capital ratio was minus 6.3% as at 31 December 2020, significantly below the Group's target of minus 4%.

Overview of forecast and actual business performance in 2020

Key figure	Guidance March 2020	Updated guidance November 2020	2020 actual
Sales in EUR billion	4.2–4.8	approx. 4.4	4.7
EBITDA	EUR 160–240 million	2%	2.0%
Working capital ratio in %	under 0	under –4	–6.3
Capital expenditure (CAPEX) in EUR million	at least 140	approx. 170	162.9

MANAGEMENT ASSESSMENT OF THE COMPANY'S ECONOMIC PERFORMANCE

In 2020, the Nordex Group performed well in a highly competitive international market environment. The Company's reporting year was substantially impacted by the effects of the COVID-19 pandemic from the end of the first quarter onwards, in areas such as the supply chain, production and project management. The Nordex Group's primary objective was to protect all of its employees and business partners. With this in mind, numerous hygiene measures were developed and successfully implemented. The Company had also decided to continue with its operating activities to mitigate the consequences of this impact as effectively as possible from a customer perspective. The Nordex Group established a workgroup to address these issues at an early stage during the first quarter. With the help of a EUR 350 million revolving credit facility from the Federal Republic of Germany's guarantee program, Nordex absorbed the particularly high pressure on liquidity caused by the pandemic and remained financially solvent at all times. Against this backdrop, the Nordex Group also reached binding agreements to refinance the promissory note due in April 2021 ahead of schedule via a loan from its main shareholder. The capital increase of around EUR 200 million in December 2020 further strengthened the Company's financial base. Combined with other measures to improve the financing structure, and despite the challenging environment, this laid a vital foundation for ensuring that the Nordex Group can achieve its ambitious goals for substantial growth and consistently higher profitability over the next few years.

The Nordex Group once again generated order intake of over 6 GW in this demanding market environment (previous year: 6.2 GW). The efficient and competitive Delta4000 turbines increased their share of overall order intake from 44% in the previous year to 81% in the year under review. This is a major success that underpins Nordex's corporate strategy. As a result, installations increased significantly by almost 77% from 3.1 GW in the previous year to around 5.5 GW, despite production interruptions and project delays. Due to the higher installation output, sales also rose to around EUR 4.7 billion, up from EUR 3.3 billion in the previous year. The level of sales achieved was therefore in line with the guidance published on 9 November 2020. At 2.0%, the operating margin also met the updated expectations yet remained below the margin of 3.8% generated in 2019. This was due to one-off expenses of EUR 300 million generated in connection with the pandemic and an EPC project, which were offset by the sale of the European project development business.

The Nordex Group's broad positioning means it is represented in all major volume and growth markets and is thus independent from developments in individual markets. In addition to having a presence in these markets, the Company also serves a wide range of customers and boasts a competitive product portfolio. As well as increasing its production capacity to just under 6 GW, it has worked to become relevant in the market and for its customers, can exploit opportunities in various markets, and will no longer serve markets with a higher risk profile.

The Management Board of Nordex SE considers 2020 to have been a satisfactory financial year and believes the Company is well equipped for the tasks and challenges ahead.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

Sales

Thanks to significant growth in the volume of installations, in the 2020 financial year the Nordex Group increased its sales by 41.6% to EUR 4,650.7 million (2019: EUR 3,284.6 million). It thus achieved much of the growth which it had envisaged in its original forecast for 2020, in spite of the restrictions imposed by the coronavirus pandemic. As in previous years, the market with the strongest sales was the United States with sales of EUR 1,017.0 million (2019: EUR 588.8 million), followed by Turkey with EUR 379.6 million (2019: EUR 94.9 million), Brazil with EUR 367.1 million (2019: EUR 257.0 million), Sweden with EUR 356,3 million (2019: EUR 110.9 million), Germany with EUR 321.1 million (2019: EUR 253.3 million) and the Netherlands with EUR 273.3 million (2019: EUR 120.9 million).

Earnings

The Nordex Group's gross revenue in the year under review failed to match its sales growth, rising by 12.2% to EUR 4,345.5 million (2019: EUR 3,871.4 million). It should be borne in mind here that the inventories which had been built up in the previous year in view of the high volume of impending installations were then wound down over the course of the 2020 reporting year. The cost of materials rose by 22.7% to EUR 3,798.1 million (2019: EUR 3,096.0 million) and outpaced gross revenue, resulting in a cost of materials ratio of 87.4% (2019: 80.0%). This negative trend in the reporting year is attributable to significant extraordinary expenses of around EUR 240 million in connection with the coronavirus pandemic and to extraordinary expenses for an EPC project in Scandinavia. The pandemic-related expenses break down as follows: around EUR 70 million were incurred due to production and supply chain-related productivity losses, and around EUR 60 million were caused by disruptions in the ramp-up of rotor blade production on account of the lack of personnel in the plants due to curfews and travel restrictions. Pandemic-related project delays and associated liquidated damages resulted in further expenses of around EUR 50 million. The unavailability of subcontractors in Latin America and South Africa due to the pandemic resulted in increased expenses of around EUR 60 million. This caused gross profit (gross revenue less cost of materials) to contract by 29.4% to EUR 547.4 million (2019: EUR 775.4 million).

Structural costs before depreciation and amortization (staff costs and net other operating income/expenses) decreased considerably by 30.4% to EUR 453.4 million (2019: EUR 651.6 million). This is mainly attributable to the income of EUR 362.8 million triggered by the sale of the Company's European project development portfolio to RWE, which was recognized under other operating income. This caused net other operating expenses to drop by 93.3% to EUR –19.4 million (2019: EUR –290.9 million). The Nordex Group's growth strategy once again required an increase in staff levels in the year under review, particularly in the areas of production and service. As a result, staff costs rose by 20.3% to EUR 434.0 million (2019: EUR 360.7 million).

Structural costs before depreciation and amortization

EUR million	2020	2019
Staff costs	434.0	360.7
Other operating expenses less other operating income	19.4	290.9
Total	**453.4**	**651.6**

Other operating income rose to EUR 451.4 million in 2020 (2019: EUR 43.4 million), primarily as a result of the sale of the Group's European project development portfolio. Income from the sale of internally developed wind farm projects amounted to EUR 362.8 million; there was no corresponding income in the previous year. There was also a sharp increase in the reporting year in forward exchange transactions at EUR 37.3 million (2019: EUR 11.9 million) and currency translation gains at EUR 26.8 million (2019: EUR 10.0 million), with insurance compensation and damages at EUR 10.3 million (2019: EUR 9.3 million) being the next largest item.

Other operating expenses increased to EUR 470.8 million (2019: EUR 334.4 million). Other staff costs, the largest single item, rose to EUR 121.1 million (2019: EUR 78.1 million), followed by loss of income at EUR 48.0 million (2019: EUR 22.4 million). Legal and consulting costs increased to EUR 39.8 million (2019: EUR 29.5 million). A detailed breakdown of other operating income and expenses can be found in the notes to the consolidated financial statements.

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased in the 2020 financial year overall to EUR 94.0 million and were thus 24.1% lower year-on-year (2019: EUR 123.8 million). This resulted in an EBITDA margin of 2.0% (2019: 3.8%), which matches the 2% forecast which was updated in November 2020. Sales were even higher than predicted. Overall, the successful sale of the Company's European project development portfolio has substantially compensated for the negative effects of the coronavirus pandemic.

Depreciation and amortization increased by 8.6% to EUR 155.8 million in the reporting year (2019: EUR 143.4 million). As in the previous year, EUR 24.3 million (2019: EUR 24.0 million) of this total is attributable to the purchase price allocation (PPA) in connection with the acquisition of Acciona Windpower in 2016.

This resulted in earnings before interest and taxes (EBIT) of EUR –61.8 million (2019: EUR –19.6 million) in financial year 2020, which corresponds to an EBIT margin of –1.3% (2019: –0.6%). Excluding PPA-related depreciation and amortization, the EBIT margin was –0.8% (2019: –0.1%).

The financial result totaled EUR –88.4 million in the year under review (2019: –60.1 million). Above all, this reflects the further increase in the level of the activity year on year, with higher utilization of the guarantee facility as well as the revolving credit facility which was newly agreed by way of protection against the effects of the coronavirus pandemic. Interest expenses (interest and similar expenses) amounted to EUR 98.4 million (2019: EUR 68.2 million).

Net profit/loss from ordinary activities (EBT) worsened to EUR –150.3 million in the 2020 financial year (2019: EUR –79.7 million). The income tax result came to EUR 20.6 million (2019: EUR 7.1 million). This resulted in a consolidated loss of EUR 129.7 million (2019: consolidated loss of EUR 72.6 million). Earnings per share were EUR –1.21 compared to EUR –0.73 in the previous year.

FINANCIAL POSITION AND NET ASSETS

Capital structure

The Nordex Group's total assets increased by 10.2% to EUR 4,410.1 million as at 31 December 2020 (31 December 2019: EUR 4,002.7 million). On the asset side, the increase is mainly attributable to significantly higher cash and cash equivalents (31 December 2020: EUR 778.4 million; 31 December 2019: EUR 510.0 million) as well as trade receivables and contract assets from projects (31 December 2020: EUR 653.3 million; 31 December 2019: EUR 345.6 million) which were only partly compensated for by the lower volume of inventories (31 December 2020: EUR 1,202.2 million; 31 December 2019: EUR 1,398.4 million). On the liabilities side, liabilities to banks in particular increased (31 December 2020: EUR 540.7 million; 31 December 2019: EUR 326.9 million). The promissory note due in April 2021 was reclassified from non-current to current liabilities in view of its short maturity. A shareholder loan agreement had been concluded with Acciona S.A in the 2020 financial year for the purpose of its refinancing. Due to the capital increase which was implemented in December 2020, capital reserves rose to EUR 795.7 million (31 December 2019: EUR 606.8 million).

The Nordex Group finances its debt mainly via the promissory note, which is due in April 2021 and is to be replaced by the agreed shareholder loan, a fixed-interest bond as well as a revolving credit facility which was agreed in the 2020 financial year. The promissory note for originally EUR 550 million issued in 2016 with terms of five, seven and ten years was placed as the first Green Promissory Note. Depending on the tranche, the interest rate at the time of issue was between 1.5% and 3.0%. The EUR 275 million bond placed in early 2018 with a term of five years and a coupon of 6.5% primarily enabled the Company to repay the variable promissory note tranches due in 2019 ahead of schedule. Like the promissory note, the bond was also certified as "green" by the Climate Bonds Initiative. In August 2020, the Nordex Group also received a revolving credit facility for EUR 350 million under the German federal government's loan guarantee program with the participation of the states of Mecklenburg-West Pomerania and Hamburg. The objective was to protect the Company's operating business against the impact of the coronavirus pandemic. The credit facility runs until 30 April 2022 and carries interest at 2.0% above Euribor, which is capped at zero. This financing instrument also contains an ESG component and thus fits into the Nordex Group's sustainable financing structure. Nordex also took up a research and development loan from the European Investment Bank (EIB) with an original volume of EUR 100 million that is amortized annually. At the end of 2020, the promissory note amounted to EUR 242.4 million, the revolving credit facility to EUR 250.7 million and EIB loan to EUR 41.0 million. The greater part of the EUR 232.2 million shareholder loan granted by Acciona S.A. with a term until April 2025 will not be drawn down until March 2021. Moreover, a EUR 4.0 million employee bond in connection with a wind farm project was issued in the year under review in order to boost employee loyalty.

The Nordex Group also has access to a multi-currency guarantee facility provided by international commercial banks totaling EUR 1.24 billion which is primarily used for the provision of bank guarantees in the ordinary course of business.

Net liabilities, meaning cash and cash equivalents less interest-bearing liabilities (liabilities to banks plus bond, shareholder loan and employee bond) decreased to EUR 40.9 million (31 December 2019: EUR 84.0 million), in particular due to the capital increase implemented in December 2020. Further disclosures on trade payables, liabilities to banks and other financial liabilities can be found in the notes to the consolidated financial statements.

Liabilities to banks

(including future interest payments)

EUR thousand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2020	**259,616**	**224,647**	**49,715**	**6,692**	**540,670**
31.12.2019	28,510	10,840	280,611	6,985	326,946

Other financial liabilities

(including interest due in the future, excluding forward exchange transactions)

EUR thousand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2020	**28,085**	**23,620**	**446,136**	**36,802**	**534,643**
31.12.2019	22,287	23,274	361,705	41,016	448,282

As at 31 December 2020, the Nordex Group's equity had increased slightly by 3.8% to EUR 773.5 million (31 December 2019: EUR 745.4 million). This mainly reflects the capital increase which was executed in December 2020 and which more than made up for the consolidated net loss. Subscribed capital increased from EUR 106.7 million to EUR 117.3 million due to the capital increase. Within the scope of an accelerated bookbuilding process, 10,668,068 new shares with a nominal value per share of EUR 1.00 were placed exclusively with institutional investors at a placement price of EUR 18.90 per share. This generated gross issuing proceeds of EUR 201.6 million, which will support the Company's growth and help to strengthen its balance sheet. Since the increase in total assets exceeded the growth trend for equity, the equity ratio as of the 2020 balance sheet date had declined slightly to 17.5% (31 December 2019: 18.6%).

Other disclosures regarding changes to the individual equity items can be found in the consolidated statement of changes in equity and in the notes to the consolidated financial statements.

Asset structure

The Nordex Group's cash and cash equivalents as at the reporting date were EUR 778.4 million (31 December 2019: EUR 510.0 million). Cash and cash equivalents include cash in hand, sight deposits and fixed-term deposits with an original term of up to four months.

Trade receivables and contract assets from projects rose by 89.0% to EUR 653.3 million (31 December 2019: EUR 345.6 million). This reflects the increased project volume, while trade receivables fell slightly. In the year under review, the inventories which had been built up in the previous year in preparation for the growth envisaged for 2020, were wound down by 14.0% to EUR 1,202.2 million due to the high volume of installations (31 December 2019: EUR 1,398.4 million). Overall, current assets rose by 14.7% to EUR 2,884.4 million (31 December 2019: EUR 2,513.8 million).

Non-current assets increased slightly by 2.5 % year-on-year to EUR 1,525.6 million (31 December 2019: EUR 1,488.9 million). Property, plant and equipment grew slightly by 3.2% to EUR 454.2 million (31 December 2019: EUR 440.1 million). Goodwill remained stable at EUR 547.8 million (31 December 2019: EUR 547.8 million). Capitalized development expenses saw a year-on-year decrease of 11.6% to EUR 166.7 million (31 December 2019: EUR 188.5 million).

Financial position and liquidity

Operating cash flow declined from EUR 38.0 million to EUR –352.2 million in the 2020 financial year. Cash flow resulting from the change in working capital amounted to EUR –6.1 million, compared to EUR 194.9 million in the previous year. Cash flow resulting from other operating activities decreased to EUR –346.1 million, compared to EUR –156.9 million in the previous year.

The working capital ratio had increased to –6.3% as of the reporting date (31 December 2019: -9.1%) but was still well within the forecast range of under –4%. The Group's active management and optimization of working capital thus once again paid off in what was a challenging 2020 financial year on account of the coronavirus pandemic.

Cash flow from investing activities increased to EUR 231.8 million (2019: EUR –163.9 million) in the past financial year. This is primarily due to the sale of the project development portfolio.

In the 2020 financial year, the Nordex Group's free cash flow thus totaled EUR –120.4 million (2019: EUR –126.0 million).

Cash flow from financing activities amounted to EUR 405.8 million (2019: EUR 30.6 million) In particular, this reflects the capital increase in December 2020 as well as the utilization of the revolving credit facility. This contrasted with liquidity outflows for annual repayment of the European Investment Bank's research and development loan, the reduced level of cash drawdowns under the syndicated multi-currency guarantee facility and the repayment of lease liabilities. The net change in cash and cash equivalents stood at EUR 285.4 million (2020: EUR –95.3 million). At the 2020 reporting date, cash and cash equivalents totaled EUR 778.4 million (31 December 2019: EUR 510.0 million).

Capital expenditure

Capital expenditure amounted to EUR 162.9 million in the 2020 financial year and were thus 5.6% lower than the previous year's level of EUR 172.5 million. Some investment projects experienced delays due to the pandemic, so that the overall final volume of capital expenditure was slightly lower than the EUR 170 million forecast which had been updated in November. Intangible assets accounted for EUR 28.8 million of capital expenditure (2019: EUR 38.3 million). At EUR 24.7 million, capitalized development expenses again made up the majority of this figure (2019: EUR 27.8 million).

At EUR 134.1 million in 2020, capital expenditure in property, plant and equipment matched the previous year's level (2019: EUR 134.2 million). Technical equipment and machinery accounted for the largest share at EUR 64.9 million (2019: EUR 68.4 million), followed by other fixtures and fittings, tools and equipment at EUR 57.5 million (2019: EUR 26.4 million), prepayments and assets under construction at EUR 18.3 million (2019: EUR 28.8 million), and land and buildings (EUR 13.1 million; 2019: EUR 10.6 million). Capital expenditure again mainly focused on the establishment and expansion of rotor blade production in Mexico, India and Brazil and the procurement of production, installation and transportation equipment.

Development and distribution of capital expenditure

EUR million	2020	2019
Property, plant and equipment	134.1	134.2
Intangible assets	28.8	38.3
Total	**162.9**	**172.5**

OPPORTUNITIES AND RISK REPORT

GENERAL INFORMATION ON THE RISK MANAGEMENT SYSTEM

Accounting

Nordex Group's internal control system comprises a component that is integrated into its business processes as well as a process-independent component. Guidelines and instructions are issued and internal controls implemented to handle and manage risks and to ensure compliance with formal criteria. The necessary instruments are mostly defined and applied by the specialist functions. In addition, internal auditing tracks risk independently of processes. It examines the existing rules applicable to processes and ensures that they are complied with in practice. In addition, internal auditing reports on risks arising from discernible deviations and issues recommendations concerning the adjustments to be made. Nordex Group's existing risk management system also undergoes regular external auditing in the interests of continuous improvement.

Nordex Group takes a number of precautions to ensure proper accounting for the purposes of the annual and consolidated financial statements. Thus, for example, the Group has a central accounting and financial statements structure which is implemented on the basis of uniform accounting rules and instructions. This ensures that Group accounting is reliable and orderly and that transactions are recorded in full and on a timely basis in accordance with the statutory requirements and the provisions of the company's Articles of Incorporation. In addition, accounting rules and instructions are issued to ensure that stock-taking is completed correctly and assets and liabilities are recognized, measured and reported free of any errors or omissions in the consolidated financial statements. Controlling activities include analyses of facts and trends on the basis of performance indicators.

Transactions are recorded in the separate financial statements of the Group companies. For this purpose, a uniform chart of accounts is used throughout the Group. The consolidated financial statements of Nordex SE and its subsidiaries are prepared in accordance with Section 315e of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRSs). A structured process as well as a schedule are used in the preparation of the consolidated financial statements. If any non-accounting information is required to prepare the consolidated financial statements, it undergoes careful analysis and plausibility checks prior to being used. The financial statements are consolidated at the level of Nordex SE.

Various controls, such as approval and release processes are applied to both payments and contracts.

Goals, organization and function of the risk management system

As a company with international business activities, Nordex is exposed to various risks as a result of its operations. For this reason, the Group has implemented a comprehensive risk management system designed to detect potential negative deviations (risks) at an early stage so that suitable precautions can be taken to avert any harm to Nordex and to avoid any impairment of its going-concern status. Positive deviations in the form of opportunities are not included in this system as other structures and processes are available for tracking them (e. g. the "Cost of Energy" program). In addition, risk management seeks to provide adequate assurance that the Nordex Group's operating and strategic goals in particular can be achieved as planned. The risk management system includes numerous control mechanisms and forms an important element of the corporate decision-making process. Accordingly, it is implemented as an integral part of corporate governance throughout the entire Nordex Group. A uniform Group-wide management approach has been implemented for reporting corporate risks and related counter-actions as well as financial safety positions to safeguard the efficacy of risk management, to permit the aggregation of risks and to ensure transparent reporting.

The Nordex Group's risk management system addresses all strategic, operating, legal and financial risks along the value chain with the aim of ensuring that they are detected at an early stage, monitored and managed in accordance with the targeted risk profile. This process is supported by risk management software.

The risk management policy adopted by the Management Board governs the approach to be taken to addressing risks within the Nordex Group and defines a uniform methodology applicable to all parts of the Group. This sets out responsibilities for the execution of risk management tasks as well as reporting and monitoring functions. Group risk management holds central methodological and system responsibility for the separate Group-wide standardized risk management system and related reporting structures. It is responsible for regularly updating and implementing the risk management policy, in consultation with the Management Board. In addition, it is in charge of monitoring high and critical classified risks including their effects on the risk-mitigation efforts and Group-wide standardized risk reporting to the Management Board and the Supervisory Board.

Risk owners are appointed across the entire Nordex Group (on a national, regional, divisional and Group level). Accordingly, risk management is implemented consistently on all levels and across all departments. Risks arising from operating business are monitored and tracked continuously. The risk owners are responsible for identifying and evaluating risks arising from all main business activities on at least a quarterly basis by applying a consistent methodological approach and for documenting the results in a central risk database. This is followed by a decision on the specific response (e. g. risk mitigation). The resulting plan of action (including the costs of implementation) is evaluated, recorded, implemented and continuously monitored. All steps are repeated in recurring intervals and adjusted in the light of current trends and decisions.

Any risk potential identified is analyzed and assessed using quantitative parameters. Substantial risks to the company's status as a going concern are reported on an immediate risk escalation basis. Risk management findings are regularly incorporated in planning and control analyses as well as the forecast for future business performance. The statutory auditor reviews the processes and procedures implemented for this as well as the appropriateness of the documentation on an annual basis. Nordex is willing to take entrepreneurial risks (risk appetite) but only in so far this business activities and the out of it resulting additional income opportunities can be expected to make a reasonable contribution towards increasing the shareholder value of the Nordex Group.

Updating of risk documentation

Assessments of overall risk potential are updated on the basis of the risk owners' input and documented in a central database. The period under review consists of the remaining current year as well as the following two years. Group risk management coordinates the quarterly updating of risk and counter-action documentation.

Risk evaluation

Risks are classified as potential negative target deviations (downsides) which are measured according to their estimated probability of occurrence and impact (extent of the risk) to determine which ones are most likely to pose a danger to the Nordex Group's going-concern status and are recorded as a gross figure (prior to risk counter-actions). The risk counter-actions are evaluated and recorded separately. The scales for measuring these two risk value criteria are set out in the following tables:

Risk classification – probability

Probability	Brief description
0–5%	Very unlikely
6–25%	Possible
26–50%	Imaginable
51–100%	Likely

On the basis of this scale, Nordex defines a very unlikely risk as one, which would arise only under extraordinary circumstances and a likely risk as one, which is probable to occur within a defined period of time.

Risk classification – impact

Impact	Quanti-fication	Brief description
Minor negative impact on activities as well as on financial and earnings situation	EUR 0,5–3 m	Low
Appreciable negative impact on activities as well as on financial and earnings situation	EUR 3–10 m	Medium
Critical negative impact on activities as well as on financial and earnings situation	EUR 10–25 m	High
Kritische negative Auswirkungen auf die Geschäftsaktivitäten sowie die Finanz- und Ergebnissituation	> EUR 25 Mio.	Critical

Nordex classifies risks as "low", "medium", "high" or "critical" in accordance with their estimated probability and impact. This produces the following risk matrix:

Risk matrix

Impact				Risk
Critical	C	C	C	C
High	M	H	H	C
Medium	M	M	H	H
Low	L	L	M	M
Probability	0–5% Very unliekly	6–25% Possible	26–50% Imagin-able	51–100% Likely

C = Critical Risk H = High Risk
M = Medium Risk L = Low Risk

Risk response and monitoring

Risks can be either mitigated by means of active precautions or – under certain circumstances – accepted. Necessary precautions are immediately taken and their expected risk reduction effect evaluated and recorded. The core risks, in particular, the risks from the market (e.g. fluctuations in demand) and the development of new products are borne by Nordex itself. Nordex intends to transfer to third parties all risks that are not part of the core activities (e.g. currency and property damage risks). The company uses selected derivative hedge instruments to reduce its exposure to financial market risks. In addition, insurance is taken out to cover risks where this is economically viable and possible.

The risk owners are responsible for continuously monitoring risks and the efficacy of the precautions taken and are supported by their supervisors and managers. In addition, risks are monitored by the appropriate bodies at the various corporate levels comprising management staff from various parts of the company including the Management Board and the Supervisory Board. The responsible employees at the country, regional, divisional and Group level have permanent access to the details of the risks and precautions documented in the central database. Risk owners at divisional and Corporate Group level regularly discuss risks and precautions together with the Management Board and monitor the effects of the risk-mitigation efforts. In addition, the Management Board receives a quarterly report showing the overall risk situation and the effect on cash, equity and covenants as well as individual risks, which are classified as "high" or "critical" on the basis of a risk analysis. Substantial risks to the company's status as a going concern are reported to the Management Board immediately on an immediate risk escalation basis.

This report takes the form of a general description of the risks together with a quantitative evaluation and their effect on the profit and loss account. All commercial risk information (expected risk values, counter-action effects and costs, provisions and contingencies) are consolidated in an expected net risk forecast. This makes transparent to which extent the risks are covered by already reserved amounts and still to be implemented risk counter-actions. In addition, the Management Board notifies the Supervisory Board on a quarterly basis of the overall risk situation and any new or existing risks classified as "high" or "critical".

Continuous monitoring and refinement

Internal auditing satisfies itself of the proper functioning and efficacy of the risk management system in regular intervals. Risk reports are checked on a sample basis for their plausibility and appropriateness via interviews conducted by Internal Audit with the units and companies concerned.

The risk management system undergoes constant optimization as part of the continuous monitoring and improvement process. In this context, equal allowance is made for internal and external requirements. The purpose of the monitoring activities and improvements is to safeguard the efficacy of the risk management system.

Description of the main areas of risk and individual risks

Unless otherwise stated, the following descriptions and evaluation of individual risks apply to 2021 until 2023. The risks identified and possible effects resulting from such risks on the financial performance are calculated as a net risk figure. This includes risk counter-actions which have been completely implemented and those which still need to be implemented. This relates only to those counter-actions which have been decided upon, are in the implementation phase or established as continuous actions.

Macroeconomic risks

Nordex is exposed to macroeconomic and geopolitical risks, particularly a general decline in global economic growth or a slowdown or recession in individual focus markets. Nordex ability to operate and expand into international markets could be harmed also by foreign exchange restrictions, economic, political and social instability, the invention of protective duties and trade barriers, compliance risks, among several other market related risks.

Sector-specific risks

Sector-specific risks comprise general market risks, price risks and legislative risks.

General market risks – particularly the loss of market potential – may arise as a result of political or economic factors (e. g. falling electricity prices or changes in the energy industry.

Changes in government policies constitute a general risk. During the past years the changes in support policies affected the wind industry in particular in European markets. Governments were shifting their financial incentive schemes for renewable sources, including wind energy from primarily preferential tariffs or regulated feed-in tariffs on power generated to auction based schemes. This change has resulted in decreasing energy tariffs leading to reduced margins and returns for wind energy investors. Further, this change has led to uncertainty in many markets and disruptions of demand. Moreover, mal-policy-designs lead in some countries to steep decreases in demand. After the disruption, markets have stabilized overall.

Nordex has addressed the sector-specific risks by means of strong sales diversification and as a consequence the Group is currently operating in more than 40 different markets across Europe, America, Asia, Africa and Australia. In addition, an agile process has been implemented to evaluate and address potential markets quickly. The price pressure of the last years has partly been compensated by the development of the successful Delta4000 platform and an inhouse program, which aimed at achieving a continuous reduction in the Cost of Energy produced by its wind turbines.

With almost all markets having transitioned to auction based systems the main sector-specific risks remaining are uncertainties about building permits, disruptive regulatory changes and rising commodity prices affecting the supply chain and further consolidation on the supply side.

The Nordex Group is addressing these risks by engaging through industry associations and direct dialogue with policy makers and public stakeholders, advocating wind energy and by supporting developers in their efforts on getting building permits and diversifying the supply chain.

Aside from factors already known, the probability of sector-specific risks is currently considered to be imaginable. They would still have a high impact on the order intake planned for 2021 and for subsequent years, but also on the financial position in 2021.

Product development risks

As the wind turbine manufacturing industry is highly innovative and competitive, the ability to stay in the market depends strongly on designing, developing and marketing new and more cost efficient wind turbine systems. In addition, the development of new and complementary technologies as well as digitalization could impact the Nordex business setup. However, the development of new more efficient and higher-yielding turbine models as well as product modifications involves considerable investments in some cases. These capital expenditures must be recouped via successful sales across the entire product life cycle.

Key determinants for successful turbine engineering particularly comprise the availability of time and financial resources, a structured and comprehensive development process, the secure transition from the prototype phase to series production, the issuing of the necessary operating certificates and the date of market launch. Development risks arise if one or more of these factors are unexpectedly jeopardized and R&D expense is higher than expected or additional costs during project execution or the service phase might be incurred.

Nordex addresses these factors during development, prototyping by means of simultaneous engineering including test procedures and scenarios for systems and on full scale in the prototype phase. Development of a new turbine is preceded by a market analysis and preparations in close cooperation between sales, product management & strategy and engineering. In addition, the platform strategy ensures that proven technology is used and specifically enhanced up until certification and the ensuing series production.

The wind power systems assembled by Nordex must comply with the applicable local grid codes. Considerable resources are required to implement the growing number of national grid codes. If grid codes are not observed in a given market, this expense cannot be recouped nor can market potential be tapped. Nordex addresses this risk with organizational structures and a corresponding engineering focus. In addition, internal overarching workgroups have been established. This is supplemented with Nordex Group's activities in external bodies aimed at achieving maximum international grid-code harmonization.

The probability of development risks is perceived as imaginable with a low impact in the results planned.

Project development risks

In the project development business, the Group develops and sells wind farm projects. The project development activities include conducting feasibility studies, securing permits and land rights and power purchase agreements and arranging financing for the intended project.

The wide scope of project development is associated with several risks. For example, not receiving a building permit or not being successful in auctions, not receiving Power Purchase Agreements for a project can lead to cancellation and write off of the project.

Given the sale of the European project development portfolio, the probability of project development risks is classed as imaginable with a low impact in the results of the Nordex Group in case of occurrence.

Sourcing and purchasing risks
The main purchasing risks include supply shortages on the part of suppliers, supplier default as a result of insolvency, unexpectedly high inventories, price, timely delivery and quality risks and minimum local manufacturing content requirements.

Unexpected project delays may result in temporarily increased stockpiling at Nordex, thus impairing its liquidity. Nordex therefore endeavors to keep inventories as low as possible by means of just-in-time deliveries without sacrificing schedule compliance. If order intake falls substantially short of expectations this year, suppliers, some of whom have spent heavily on extending their capacity or have had a change of owner, could be lost for economic reasons, reducing the number of potential suppliers.

A surplus of demand could result in supply shortages for some components – particularly for the newer platforms that are being ramped up – leading to delays in the completion of projects. Nordex addresses the risk of supplier default by several ways. On one side, by timely booking the supplier capacity with due agreements, and on the other side, by qualifying further suppliers in order to reduce the single-sourcing risk. Moreover, this risk is partially covered by insurance. Nordex purchases components worldwide that are largely subject to price fluctuations in the commodities as well as the foreign exchange markets. As it offers its customers turbines at prices fixed for specific projects, components are hedged and sourced as quickly as possible after the order intake, thus reducing the risk of price fluctuations on the purchasing side.

Nordex guarantees the quality of its turbines and also certain performance and availability parameters. In order to avoid any penalties for failure to meet these performance guarantees, all components and the complete system undergo thorough certification during the design phase, as well as testing and quality inspections under the quality management system. Even so, it is not possible to completely exclude the risk of faulty components, e. g. externally sourced components, and this risk cannot be fully passed on to suppliers and sub-suppliers.

Local manufacturing content requirements are growing in importance in new markets in the emerging and developing countries. Failure to furnish proof of the company's ability to meet these requirements may have an adverse effect on project finance and execution. Nordex addresses this risk by searching for local contractors at an early stage and by working closely with customers and authorities in the countries concerned.

The outbreak of the Novel corona virus (COVID-19) in China at the end of 2019 and the associated containment measures may impact the Nordex Group's sourcing activities along the supply chain (production of equipment and components, transport of components, etc.).

Given the ongoing expansion of the supply chain to India, the probability of sourcing and purchasing risks is classed as imaginable and may have a high impact on the company's margins.

Production risks
Nordex uses line production for turbine assembly and partially automated processes for rotor blade production. Accordingly, the main production risk is a standstill in the production facilities. Standstills may arise when deliveries by upstream suppliers are delayed or fail to meet the agreed quality, the commencement of volume production of new types of turbines is delayed or key production resources such as cranes, assembly line systems or molds fail. Also availability of competent personnel is a risk to sustained high volumes production.

A further specific risk refers to the ramp-up phases for new production sites, products and components, particularly new blade types or blade types, which are produced by external contractors and in new locations. In addition to training new employees in this field, it is necessary to ensure the necessary quality of the carbon-fiber-reinforced blades to avoid any unplanned cost overruns.

Nordex has established a global supply chain, and is sourcing systems, components and parts from different regions worldwide. There is a risk that supply chains get delayed or stopped due to political events or global health situations, custom tariff changes and a changing regulative environment, with potentially negative effect on production output. To manage the risk, Nordex has dedicated, local and global resources in place.

Nordex addresses production risks by means of quality management and has implemented processes as well as supply chain management, which covers the interfaces linking procurement, production and project management.

The probability of production risks is classed as possible and may have a critical impact on performance indicators reflecting the expansion of production to Latin America and India.

Project and assembly risks

The locations at which Nordex assembles wind turbines and wind farms each exhibit unique topographic, climatic (strong wind and extreme temperatures) and regional characteristics. A technical evaluation and commercial appraisal is conducted prior to project execution. Deviations from the predefined process chain may be caused by weather risks, missing components or quality issues, which may lead to delays in the assembly and commissioning schedules. Nordex addresses these risks by including risk-sharing provisions in the relevant contracts between manufacturer and customer and by means of active deviation management. Even so, the possibility of cost overruns, e. g. for cranes and assembly work, as well as transportation and logistics, cannot be completely ruled out. Further possible risks include insufficient component availability due to delays on the part of suppliers or capacity bottlenecks in external resources (e. g. crane services and special transporters) and internal resources. This risk may arise if, for example, it is necessary to delay original schedules. If the entire wind farm is constructed as a turnkey project, risks also arise from the upstream ground work and third parties commissioned in this connection.

One material area of risk within project management concerns quality and technology. Despite prior quality management measures, technical errors or quality shortfalls in individual components may only become evident at the site, making remedial activity or replacements necessary. In addition to the aforementioned delays, this may result in failure of acceptance by the customer or – after the completion of remedial work – delayed acceptance, resulting in delayed payment by the customer. In individual cases, there is a risk of compensation payments or a reduction in the purchase price being demanded.

Project and assembly risks may cause unplanned cost overruns, resulting in a reduction in the budgeted margin contribution for the project. The probability of these risks is classified as imaginable with a high impact on the financial position.

Technical risks

Wind turbines are complex machines comprised of a number of sophisticated systems, modules and individual components that need to operate in sync and largely autonomously in very diverse environments in order to perform reliably. As such, our wind turbines are subject to various technical risks over their life cycle, the exposure to which varies with the materials and technologies employed to manufacture these components and is highly dependent on the components meeting the required design and quality standards of the product. Deviations from these standards may limit the use of wind turbines or may render them inoperable and may require repairs, replacements or full reinstatement, which, in turn, could result in considerable additional expenses for us. These expenses are particularly high in cases of recurring defects affecting a sizeable number of products. The warranties in the sales contracts for new wind turbines customarily have a duration of two to five years, with any replaced spare parts or components benefiting from up to a further two years of warranty cover from the date of repair or replacement within the warranty or defects notification period. In addition, Nordex typically undertakes to provide operation and maintenance services for its wind turbines for extended terms of up to 30 years post sale which often includes an unlimited or at least extensive replace or repair obligation for components failing for reasons other than force majeure or owner intervention. Accordingly, for many wind turbines the responsibility for remedial action in case of wind turbine failure often extends beyond the warranty period. Additionally, Nordex typically warrants certain performance criteria of its wind turbines such as noise (emission) levels and power curve during the warranty period and, usually in connection with the service contract, the availability of the wind turbines for operation or other measure of the wind turbines' ability to produce. In case of failing to meet these performance criteria the Group would have to compensate its customers for the diminished use of their wind turbines or lost production, which in turn may cause to incur extremely high unplanned expenses.

To deal with technical risks, in addition to the insurance coverage and supplier recourse available, the Group has recorded provisions to cover potential costs not covered by service income and customer claims related to technical issues.

Technical risks are classed as imaginable but with a critical impact on the financial position. Nordex has set aside appropriate provisions for existing risks.

Financial risks
With respect to financial risks, the Nordex Group is exposed to foreign currency risks, interest risks, credit risks, unplanned depreciation and amortization expense, liquidity risks and the risk of limited possibilities to carry unused tax losses forward.

The Group's business is exposed to fluctuations in foreign currencies exchange rates as a result of its international orientation and as not all transactions are executed on a euro-denominated basis. Currency translation risk appears when the results of operations and the financial position in foreign subsidiaries are translated into euros at the applicable exchange rates for inclusion in the consolidated financial statements. These exchange rates may fluctuate significantly over time affecting the comparability of the results between single periods. The currency transaction risk occurs when the Group enters into projects with a mismatch of in- and outflow currencies. To avoid this risk, Nordex tries to create a natural hedge in these specific projects by entering into contracts with the relevant customers that match the currency split of the contracts with suppliers. In addition, Nordex also enters into derivative hedge instruments where needed to reduce any remaining foreign currency risk.

The Group is not exposed to larger interest risks because almost all debt instruments are based on fixed-rate agreements. The major floating interest promissory note tranche will be repaid in April 2021.

To minimize credit risks, the Nordex Group enters into business with third parties only whose creditworthiness is regularly monitored. All main new customers wishing to enter into business on credit terms undergo a credit check. As a matter of principle, credit risks or the risk of counterparties failing to comply with their payment obligations are addressed ahead of acceptance of the order by means of a standardized approval procedure. In particular, an order is not accepted unless the project financing has been successfully concluded and proper payment securities have been arranged for. In addition, the contracts provide for prepayments to be made when certain milestones are reached. In addition, receivables are monitored on an ongoing basis to avert all material credit risks.

Impairment losses constitute a further financial risk, which may affect obsolete inventories and spare parts as well as the recoverability of receivables (bad debts) and intangible assets arising from research and development or project development. Nordex addresses this risk by increasingly adopting "just-in-time" sourcing and via regular reassessment of its intangible assets. There is no pronounced clustering of credit risks within the Group. Receivables from construction contracts and trade receivables are additionally secured by means of sureties, guarantees, stand-by letters of credit or retained ownership rights.

Liquidity risk is the risk of not being able to meet current or future payment obligations of the group due to a lack of funds. The Finance Department therefore monitors, coordinates and forecasts Group liquidity on an ongoing and regular basis. Finance Department tracks payments made and received in the light of the relevant settlement periods of the financial investments and assets as well as expected payment flows from operating activities. The Group seeks to achieve a balance between current incoming and outgoing payments. In some cases, Nordex uses cash pooling or other inhouse financing mechanisms to enhance the efficiency of liquidity management within the Group. Any surplus liquidity is invested cautiously with domestic and non-domestic commercial banks. For this purpose, limits and counterparty risks are monitored permanently. Additionally, the Nordex Group is financed by advance project payments made by customers. For all windfarm projects in execution, the payments are invoiced in line with the progress of work on the basis of the agreed contractual schedule.

Nordex Group's EUR 1.24 billion multi-currency guarantee facility has been successfully extended to April 2023. In August 2020. Nordex secured a revolving credit facility of EUR 350 million under the federal government's loan guarantee program with the participation of the states of Mecklenburg-West Pomerania and Hamburg. In addition, the repayment of the promissory notes due in April 2021 has been fully secured by a shareholder loan, which will be disbursed in March 2021.

The EUR 1.24 billion multi-currency guarantee facility, the 350 million revolving credit facility and the EIB loan also include a set of covenants (leverage, interest coverage, and equity ratio) that is customary for a transaction of this nature. By entering into the 350 million revolving credit facility, the covenants have been temporarily amended to include monthly thresholds. Covenants are tested and have to be confirmed towards lenders on a quarterly basis. Based on its operating performance Nordex may face the risk that covenants cannot be met if the company does not perform as per budget/mid-term planning. However, Nordex and lenders agreed to headroom in the covenant thresholds calculated to fully support the company's budget and mid-term forecast.

Overall, the probability of financial risks is considered to be imaginable with a high impact in the results of the Group in case of occurrence. Nordex has set aside appropriate provisions for existing risks.

Legal and tax risks

Nordex Group continues to be exposed to legal and tax risks. Provisions are recognized for those risks if and insofar as they are likely to be utilized and the amounts of the obligations can be reasonably estimated.

Legal risks

Legal risks primarily cover liability risks arising from possible warranty or compensation claims under delivery and service contracts. In addition, liability risks may have a legislative basis, e. g. product liability, infringements of patents or industrial property rights, noncompliance with antitrust, anti-corruption or data protection provisions, and failure to fully observe certification requirements or other statutory stipulations. Among other things, there is a rule in all EU member states stipulating that all technical equipment must comply with the Machinery Directive. Further, laws in various jurisdictions regulate product safety and the environmental impact of wind turbines, including emission levels regarding noise and light effects as well as vicinity of wind turbines to residential areas. Compliance with and amendments to such health, safety and environment laws and regulations may have an adverse impact on Nordex group's business activities.

Tax risks

Nordex SE and its subsidiaries operate in many countries worldwide and are therefore subject to numerous different statutory provisions and potentially tax audits. Due to the long term nature of the Nordex Group's projects, there is a risk that a change in taxation, or the interpretation of tax laws, could have a material adverse impact on the group's business and the profitability of the project. Any change in the tax regimes Nordex group is subject to could have a material adverse effect on the group's financial condition, cash flows and results of operations.

Although Nordex has established appropriate organizational structures to ensure compliance with the relevant contractual and statutory obligations in the performance of its business activities, such liability risks as well as litigation risks can never be excluded. Internal precautions are taken and processes implemented across the entire value chain to avert legal risks.

In addition, in order to be able to use the existing corporate tax loss carryforwards, sufficient profit needs to be generated.

The probability of legal and tax risks is classed as possible; the impact on the financial performance indicators is considered critical. Nordex has set aside appropriate provisions for existing risks.

Human resource risks

In the development and implementation of business strategies, Nordex is strongly dependent on its ability to recruit, retain and train highly qualified employees, particularly in those areas that demand a solid technical background and knowledge of the particulars of wind turbine manufacturing. However, the main Human Resource risks are related with the shortages of skilled or management staff, inappropriate or insufficient qualifications, as well as staff and management fluctuation in key positions.

In order to reduce risks arising from a shortage of skilled or management staff, Nordex improved its recruitment processes and realigned the related activities in the period under review. Similarly, the courses offered by the Group's own training facility, the Nordex Academy, have been extended to ensure that staff receive the qualifications required on an ongoing basis. In an effort to limit fluctuation, particularly in key positions, Nordex is continuing to improve internal career development prospects, identify young potentials at an early stage and prepare corresponding replacements, e.g. via the "Upwind" young potentials development program.

Overall, the probability of human resource risks is considered to be very unlikely and their impact is considered to be low.

IT risks

As a turbine manufacturer, we attach top priority to matters pertaining to cyber security and information security management, and in doing so, we observe all statutory requirements. Our information security policies, standards, processes and guidelines are the foundation for our ISO 27001 certification obtained for all German locations with the intent to roll it out globally. In 2020, Nordex successfully passed the first periodic surveillance audit and pursues continuous improvement of its information security management system. Failing ISO 27001 certification at some time in the future would affect the requirements of our customers and result in a loss of reputation in the industry.

IT-based business processes are fundamentally exposed to the risks arising from electronic information processing, particularly system failures, compromised data security and data loss. Accordingly, Nordex permanently updates and monitors the security of the information technology, which it uses to safeguard information confidentiality, availability and integrity. This is done by training staff as well as by means of regular internal and external auditing of the IT system landscapes used. The systems are kept up to date in accordance with vendor specifications and general security recommendations.

The IT systems could be subject to breaches of security. Such breaches of security may be caused by hackers using programs able to uncover remote monitoring login data or by carrying out denial-of-service or ransomware attacks. While such breaches of security may not immediately affect the structural integrity and/or operational safety of our wind turbines, they may cause temporary suspensions in our ability to remotely monitor wind turbines. The operational safety of our wind turbines is guaranteed even without remote monitoring and control, as they can also adapt autonomously to ambient conditions. Remote monitoring is an essential part of our service offering.

Nordex has taken a series of precautions to minimize the risk of system failures and to protect its business data. For this purpose, modern data encryption technology, access restrictions and controls as well as firewall systems, virus protection programs and monitoring systems are implemented. Confidential technical information is shared with customers and suppliers in specially protected data rooms. In addition, Nordex's data is secured through the use of fail-proof high-availability central server systems. For this purpose, all Nordex IT systems are operated by external partners at certified state-of-the-art data centers.

Personal data is processed strictly in accordance with the European General Data Protection Regulation (GDPR), the German Federal Data Protection Act (BDSG) and any other national data protection law that may apply. Systematic IT and data protection processes ensure the necessary effectiveness and sustainability of all the aforementioned measures. This is monitored and overseen jointly by IT management and the data privacy officer.

Overall, the probability of IT risks is considered to be possible with a medium impact on results.

Other risks

Beyond the risks described above, there are factors or events such as citizens' protests and initiatives against wind power, epidemics, natural catastrophes, terror attacks and acts of war, which are difficult to impossible to foresee and to influence their occurrence. Thus, these other risks are monitored and the management of their occurrence prepared as best as reasonably possible. Any such events would be liable to adversely affect Nordex Group's business performance.

Overall risk

The Management Board regularly reviews the risks to which the Nordex Group is exposed. In the assessment of the Management Board, there are currently no significant individual risks that are liable to compromise the Nordex Group's going-concern status. The same is also true with respect to an overall consideration of all risks.

OPPORTUNITIES

Definition, monitoring and management of opportunities

Opportunities may arise as a consequence of future events and developments. The Nordex Group defines opportunities as potential positive deviations from corporate planning. Potential positive impacts on the results of operations, financial position and net assets are particularly relevant in this regard. Opportunity management is based on the systematic and transparent monitoring, analysis and evaluation of opportunities and includes the measures and processes required to do this. It is therefore an integral element of the strategy, planning and reporting processes as well as risk management and supports the Nordex Group's aim to sustainably enhance its enterprise value. In addition to the Management Board, all other managers and project-specific decision-makers are involved in opportunity management. This ensures that opportunities are reliably identified, evaluated and systematically exploited. Detailed explanations of the corporate strategy and management as well as risk management can be found in the relevant chapters of this management report.

The Nordex Group primarily differentiates between two clusters of opportunities depending on their relevance in terms of time.

Firstly, opportunities may arise – in inverse relation to risks – from numerous influencing factors closely monitored as part of the Group's systematic risk management activities. These primarily relate to the short-term time horizon for the respective current financial year or rolling planning for the next 12 months. Opportunities may arise if macroeconomic or sector-specific performance, and as a result the Nordex Group's order situation, exceeds expectations either globally or in individual regions. In addition, factors such as shorter development or approval times may also create opportunities associated with product or project development. Opportunities may also arise in procurement and purchasing as a result of improved terms or changes in materials or suppliers, for example. Financial opportunities can also have a positive impact. For example, these include more favorable interest terms or opportunities to repay interest-bearing liabilities ahead of schedule, trends such as exchange rate fluctuations and, where appropriate, the upside potential of assets shown on the statement of financial position.

Secondly, medium-term megatrends as well as expected future developments and anticipated future events that deviate from existing planning may create additional business potential for the Nordex Group. Politics plays an important external role here. Elements of the Nordex Group's internal strategy, such as the long-term structural reorganization of its supply chain, are also relevant. Any internal or external opportunities that may arise from these are closely monitored and incorporated into the Company's medium-term business and investment planning as well as its strategic direction.

Opportunities arising from more stringent climate policy

The existence and consequences of climate change are becoming increasingly apparent. As a result, far-reaching environmental protection measures are also gaining acceptance worldwide. This megatrend is irreversible. New political targets for the accelerated rollout of renewable energy production and stricter climate protection legislation may boost the expansion of renewable energy even further. Political decisions such as the European Green Deal provide greater certainty for planning future investments. The Nordex Group monitors global markets and developments very closely as part of its sales activities. The aim of this is to ensure that the Group can tap any new potential that exceeds its expectations following a thorough analysis and evaluation. This is a pillar of the corporate strategy.

Opportunities arising from the realignment of Nordex's production network

In recent years, the Nordex Group has worked hard to strengthen its global production network by reorganizing its supply chain. The ongoing expansion of the production and supply chain in India is another crucial step towards optimization as well as being a key element of the corporate strategy until 2022. Nordex launched this groundbreaking project in order to serve global markets outside Europe from India in the future. Significant increases in volume and cost savings are also planned. If demand grows faster or more strongly than anticipated, this may also have an additional positive impact on the sales and profitability of the Nordex Group.

Opportunities arising from repowering

As a driver of the Group's future sales growth, 'repowering' is another important element of the corporate strategy. Repowering involves fully dismantling existing old turbines at the end of their economic lifecycle and replacing them by building new modern and more efficient turbines. In the future, this effect will also play an important role in established onshore wind markets in Europe and the USA in particular. Delivering these repowering projects more quickly and comprehensively could create further potential for the Nordex Group compared to current estimates, particularly for the successful Delta4000 platform. This could also provide an additional positive boost to the Company's sales and profitability.

Opportunities arising from research and development

Nordex's research and development efforts primarily focus on continuously enhancing the product portfolio. One focus area is reducing the cost of energy either by improving the performance capability of the turbines or by lowering costs. The aim is to constantly offer customers more competitive and efficient wind turbines through innovation. With its five turbine models, the Delta4000 platform is tailored to the different market requirements of each region and can therefore be used globally. Another key element of the Group's R&D efforts is the enhancement of the service business with initiatives such as optimizing maintenance and upgrading software to improve turbine performance. Product and service innovations may create opportunities for the Nordex Group as positive deviations from its underlying medium-term planning if the innovations in question achieve market success that is earlier or more significant than planned.

Opportunities in sales and distribution

One of the Group's main sales and distribution objectives is to serve core customers and markets to secure and expand business volumes. These activities are also designed to attract new customers and develop new markets for the Nordex Group. Global electricity producers are of particular significance for the Nordex Group in this respect. Nordex is aiming to establish itself as a strategic supplier to these customers, opening up the opportunity to win what are generally large projects. Developing specific individual markets creates additional potential. The Group's sales and services units continuously analyze new and established markets alike to evaluate opportunities and risks, potential project pipelines and opportunities for expansion. These evaluations are then used to select markets for development and ensure that they are developed with maximum efficiency and minimal risk. As a result, there are multiple ways in which sales and distribution can leverage further business potential for the Company that could have a positive impact on the future development of orders, sales and profitability beyond existing planning.

Opportunities arising from in-house project development and services

Project development is an activity upstream from the Nordex Group's core business. In selected markets outside Europe, the Company develops wind farm projects in-house. These turnkey wind farms are marketed primarily to investors. The high-margin service business completes the Nordex value chain. It enables the Group to establish close links with its customers while simultaneously forming the basis for new projects. Opportunities may arise from additional, ideally long-term service contracts as well as agreeing service contract extensions that are more advantageous than planned.

Overall assessment of opportunities

While business activities are regularly exposed to risks, they also repeatedly offer additional opportunities over time that are continually monitored and managed. The Nordex Group uses appropriate systems to ensure this. As a result, the Management Board of the Nordex Group considers itself to be well positioned to exploit future opportunities, i.e. to leverage any possible positive upside potential for sales, profitability and liquidity.

The Nordex Group has defined specific measures and targets until 2022 in its corporate strategy. The Company's management activities focus on implementing these targets in its operating business. The clusters of opportunities outlined above may also create additional attractive potential for the Nordex Group that was not previously included in the specific planning calculations for this period or beyond. In this context, the Management Board pays special attention to external opportunities that may arise from new climate policy targets as well as internal opportunities arising from improvements to the global production network with the expansion of the supply chain in India. The Management Board believes that this tremendous potential to grow the global business from India presents significant opportunities for the Nordex Group – including (and in particular) for the years after 2022.

REPORT ON POST-BALANCE SHEET DATE EVENTS

At Nordex SE, there was a change in the position of Chief Financial Officer (CFO). Christoph Burkhard, who had headed the Finance unit since 1 October 2016, ended his tenure for personal reasons and resigned from his position on the Management Board as of 28 February 2021. His successor is Dr. Ilya Hartmann, who has been a member of the Management Board since 1 January 2021 and became the new CFO effective 1 March 2021.

No further events of particular significance occurred after the end of the financial year.

REPORT ON EXPECTED DEVELOPMENTS

- **2021 forecast anticipates rise in sales and earnings rebound**
- **Wide-ranging corporate program launched to boost income**
- **Persistently positive market environment and encouraging order intake expected**

FUTURE ENVIRONMENT

Anticipated macroeconomic environment: Global economy set to recover in 2021

In the January update of its World Economic Outlook, the International Monetary Fund (IMF) raised its forecast for global growth in 2021 to 5.5% (October forecast: 5.2%), and believes this upturn will continue robustly in 2022. According to the IMF, industrialized countries will record economic growth of 4.3% in 2021. It also anticipates a noticeable recovery for emerging and developing countries. These countries are predicted to grow by 6.3% in 2021. China is set to record even higher growth. By contrast, countries dependent on oil exports or tourism in particular will only recover later and more slowly.

The pandemic remains the dominant factor in 2021. It is generally expected that the global economy will move increasingly towards normality as an ever-greater proportion of the population is vaccinated over the course of the year. However, the IMF believes this is also the source of the main risks. Any setbacks or delays in tackling the virus could dent confidence in a recovery and jeopardize the upturn. Loss of income and the massive increase in debt also pose significant risks. While the IMF forecast suggests that industry will benefit directly from brisker global trade at an early stage (IMF: +8.1%), consumer-related sectors will only follow suit slowly and potentially only to a limited extent. In most regions, the economy will therefore benefit primarily from an uptick in investments and exports. The construction industry also remains an important economic pillar in many cases. Extremely far-reaching programs are helping to stabilize economies around the world.

Expected BIP growth in 2021 (selected countries and regions)

in %	Sources	2019	2020	2021e
World	a	**2.8**	**−3.5**	**5.5**
Industrialized countries	a	**1.6**	**−4.9**	**4.3**
USA	a	2.2	−3.4	5.1
Canada	a	1.9	−5.5	3.6
Eurozone	b, a	1.3	−6.8	4.2
Germany	c, a	0.6	−5.0	3.5
France	a	1.5	−9.0	5.5
Spain	a	2.0	−11.1	5.9
Italy	a	0.3	−9.2	3.0
United Kingdom	a	1.4	−10.0	4.5
Developing / emerging countries	a	**3.6**	**−2.4**	**6.3**
India	a	4.2	−8.0	11.5
Turkey	d	0.9	0.5	4.5
Latin America	a	0.2	−7.4	4.1
Brazil	a	1.4	−4.5	3.6

Sources: a) IWF, b) Eurostat, c) Destatis, d) World Bank

If efforts to gradually overcome the pandemic without escalating the risks prove successful, the economic outlook for the Nordex Group's core markets appears to be comparatively positive for 2021. However, developments continue to differ considerably from one region to the next.

According to IMF forecasts, the eurozone economy will recover markedly in 2021. While growth in Germany and Italy is set to be below average, Spain and France are likely to experience a more powerful resurgence than other major eurozone countries. The IMF expects the United Kingdom's economy to recover significantly in 2021 after its sharp decline, and anticipates considerably stronger economic performance in the USA. When it comes to emerging markets, the IMF is very optimistic about India and expects robust growth in Turkey and Brazil. With Mexico and Argentina also set to record fresh growth, the outlook for Latin America is brightening significantly overall.

Both the US Federal Reserve (Fed) and the ECB have suggested that they will continue to pursue an expansive monetary policy in 2021. Inflation rates are low and the economy will only reach pre-crisis levels in the course of the following year. Overheating is therefore improbable even in the event of a robust recovery. As a result, the Fed and ECB are highly likely to remain extremely expansive in 2021. This monetary policy could also give many emerging countries scope to keep their interest rates low without capital flows inevitably reversing at their expense. However, as debt levels have increased substantially in many countries, turbulence on the capital and foreign exchange markets cannot be ruled out. Where appropriate, this would lead to monetary policy corrections in the affected emerging markets and trigger new adverse effects for the economy.

The currency trend could be reversed in 2021 given the likelihood that the growth differential will increasingly move in favor of the US dollar against the euro. A greater degree of political reliability is also expected in the USA as a result of the new administration, causing many uncertainties to fade into the background. With this in mind, the US dollar is likely to enjoy a fresh tailwind against the euro and other currencies in 2021. However, these fundamental currency effects could be displaced by short-term trends and events, such as an unexpected development in the pandemic, new geopolitical tensions or volatile capital markets. Most of the agreements with customers and suppliers entered into by the Nordex Group companies are denominated in either euro or US dollar. Split agreements are common, in which the currency is based on the relevant section of the project value chain or supply chain. Remaining transaction currency risks are, for the most part, minimized via hedging. Further information can be found in the notes in the section entitled “Financial risk management”.

Prices on the commodity markets are expected to rise considerably in 2021. The IMF anticipates a sharp increase in non-oil commodity prices on average (+12.8% compared to +6.7% in the reporting year), and forecasts that oil prices will rise by at least 21%. According to the IMF forecast, the price of a barrel of oil (average price for UK Brent, Dubai Fateh, WTI) is expected to rise to USD 50.03 on average in 2021 (2020: USD 41.29).

Political, legal and regulatory environment: Focus on European Green Deal and new US government

Political support for renewable energy remains important even in a market that is largely driven by economics. The transition to electricity generated from renewable sources is therefore an irreversible trend in most regions of the world, though it is taking place in very different political and regulatory environments. In December 2020, the British government – organizers of the COP 26 climate conference in November 2021 – announced its intention to reduce the country’s greenhouse gas emissions by more than two thirds compared to 1990 levels by 2030. In the medium term, the ambitions of the EU as set out in the European Green Deal and the climate protection proposals of the new US government under President Joe Biden are most important for the Nordex Group’s markets.

The EU is broadening its climate protection plans by prioritizing environmentally and climate-friendly investments when rebuilding the European economy in the wake of the recession triggered by the coronavirus pandemic. The EU’s aim is to reduce its net greenhouse gas emissions to zero by 2050, which will require a comprehensive decarbonization of the energy sector. In December 2020, the EU decided to increase its greenhouse gas reduction target from 40% to 55% (compared to 1990 emissions). The EU Commission is therefore proposing to raise its target for the share of power generation derived from renewable energy in 2030 from 32% to 38–40%.

However, onshore wind expansion volumes will continue to be restricted by lengthy approval processes and, in some instances, a lack of space, particularly in countries such as Germany and France. In Germany, the amendment to the Renewable Energies Act (EEG) adopted at the end of 2020 came into force on 1 January 2021 to provide a framework for achieving the goal of 65% renewable energy by 2030. The Act stipulates the speed at which individual technologies such as wind energy and photovoltaics should be expanded and also sets out an annual monitoring process. For example, it also includes promoting the acceptance of local wind power projects by giving local authorities the opportunity to take a financial interest in these projects.

The post-pandemic economic recovery in the USA is also likely to go hand-in-hand with climate protection efforts under the new administration that took office in January 2021. However, the government's first and most obvious climate policy decision under President Joe Biden was to announce the USA's immediate return to the Paris Climate Agreement. During his presidential election campaign, Joe Biden announced his intention to invest USD 2 trillion in an environmentally-friendly transformation of the country's energy supply within four years. In December 2020, Congress extended the system of tax credits (PTC) for another year, which means that 60% of the original tax credit amount can once again be compensated for projects commenced by the end of 2021 and completed by the end of 2025. In an initial assessment, BNEF expects the extension of the PTC scheme to provide onshore wind with a moderate boost over the next few years. The expansion of wind energy will now be pushed at a state level, particularly within the framework of the renewable portfolio standards.

In Latin America, the situation in important core markets appears to be relatively stable. Private auctions or bilateral PPAs are increasingly emerging as alternative financing structures to existing state auctions. For example, this is the case in Brazil due to highly competitive onshore wind power prices combined with a lower number of public auctions in recent years. Although all planned state auctions in Brazil were postponed in 2020, this will not have an immediate effect due to long project lead times.

For the time being, the Indian market is still characterized by the challenges posed by land acquisition, electricity transmission and permits. Previous highly ambitious expansion targets for wind energy have not yet been reached due in part to the coronavirus pandemic, which hit the country particularly hard. As a sales market, India is expected to be of secondary importance for the Nordex Group in the short and medium term.

Industry-specific environment: New onshore installations will rise globally in 2021

The Global Wind Energy Council (GWEC) expects wind energy to remain on a reliable growth trajectory, stimulated by accelerated global efforts to transition to renewable forms of energy. GWEC anticipates a new record in global new installations of 78 GW in 2021 (+9%), which includes the catch-up effect from the backlog of projects caused by lockdowns in 2020. Funding will once again result in large volumes being implemented in China and the USA in 2021, which means the overall annual figure for all global new installations in 2021 will exceed the underlying growth trend due to one-off effects. As a result, GWEC expects the global market to even out at a lower level in 2022 (66.7 GW) and 2023 (62.5 GW) while remaining above 2019 levels. New installations of around 70 GW are predicted for 2024. GWEC therefore anticipates accumulated new installations of 348 GW from 2021 to the end of 2024 (versus 2020), representing average annual growth of 3%. These forecasts from November 2020 do not yet include any expected acceleration in the expansion of renewable energies under the new US government.

For the onshore wind market, the GWEC outlook assumes global new installations of 68.3 GW in 2021 (+5.4%). Looking specifically at onshore wind markets without the USA and China, which are distorted by one-off effects, installation volumes will increase by an average of 36 GW per year with an average growth rate of 6.8%, twice as much as the overall wind market (all countries, onshore and offshore). New onshore installations in Europe are expected to increase by 20% to 13.3 GW in 2021. With the exception of Spain, all other markets will grow, particularly Germany. In India, installation activity will recover to a certain extent after the slump triggered by the pandemic. Capacity expansion will remain at a high level in Latin America.

In its market outlook for December 2020, market research firm Wood Mackenzie also expects onshore wind energy installation volumes to expand by around 69 GW worldwide in 2021. The following table shows Wood Mackenzie's assessment for the ten largest individual markets.

Wind power onshore market outlook for the top 10 countries by expected new installations in 2021

in GW	2020e	2021e	2022e
World	70.9	69.0	63.2
China	30.2	19.8	21.7
USA	16.9	13.3	7.8
Sweden	1.3	3.2	1.8
Germany	1.3	3.0	3.4
India	1.2	3.0	4.7
Brazil	1.7	2.9	2.7
Spain	1.7	1.5	1.0
France	1.1	1.4	1.6
Vietnam	0.1	1.4	0.3
Canada	0.2	1.4	1.1

Sources: Wood Mackenzie Q4/2020 Onshore Market Outlook

GUIDANCE OF THE NORDEX GROUP FOR 2021

The Nordex Group considers itself to be in a promising position in the global growth market of onshore wind energy, both in the short term and in the medium and long term. Onshore wind energy is highly important as an affordable source of renewable energy in the fight against climate change. The Nordex Group anticipates positive business performance for 2021 and an improvement in the quality of the financial key performance indicators. The coronavirus pandemic is only expected to have a limited impact on the Company.

The Management Board of Nordex SE is anticipating consolidated sales of EUR 4.7 to 5.2 billion and an EBITDA margin of 4.0% to 5.5% for the 2021 financial year. Capital expenditure of around EUR 180 million is once again expected in light of the further expansion and reorganization of the supply chain. The working capital ratio as a percentage of consolidated sales is predicted to be below minus 6% at the end of 2021.

Guidance for 2021 is based on the order book at the end of 2020, which amounted to EUR 5.3 billion in the Projects segment and thus remained at a high level (31 December 2019: EUR 5.5 billion). This once again reflects the encouraging order intake trend despite individual delays caused by the coronavirus pandemic. The strongest individual markets were the USA, Brazil, Chile, Germany, Norway, the United Kingdom and Finland. Overall, order intake in 2020 shifted back toward established markets in Europe and North America. The technical performance of the current generation of turbines and their high levels of use among customers helped prices to remain stable, accompanied by a significant improvement in the order book's profit margin. By the end of 2020, the Nordex Group had already covered 88% of the sales planned in the Projects segment for 2021 with confirmed incoming orders.

In terms of sales development, the Company expects sales to be relatively evenly distributed across all four quarters. The Nordex Group believes that the EBITDA margin will rise over the course of the year as low-margin projects come to an end and the more profitable Delta4000 platform makes up an ever-greater share of business. In 2020, the Management Board also introduced a wide-ranging corporate program to increase profits, which consists of several modules and key initiatives and will fully realize its potential by the end of 2022. These modules include boosting productivity, improving service margins, optimizing project management and, above all, enhancing the supply chain.

Although the coronavirus pandemic had a highly negative impact over the past year, particularly on earnings, it is currently expected to have only a minor adverse effect on profits for the current 2021 financial year. This is primarily due to the stabilized supply chain and successful strategies for working effectively and efficiently in all areas of the Company even under pandemic conditions. It is also assumed that the pandemic will have a significantly lower impact on economic activity over the course of the year due in particular to international progress in rolling out coronavirus vaccination programs.

Capital expenditure is set to focus on expanding production in India and the associated supply chain transformation to enable the Group to serve the global market outside Europe. This significant strategic step will permanently strengthen Nordex's global production network, enabling both substantial increases in volume and significant cost savings.

The Nordex Group is also expecting high demand in 2021, particularly in its major core markets. The Company will benefit from its strong market position among key global customers as well as its diversified customer base in Europe. In the Delta4000 platform, the Nordex Group offers a highly efficient and competitive generation of turbines in the market's 4 and 5 MW segment that can be used in almost every region of the globe.

The European Green Deal and the increasing importance of repowering will create additional market opportunities. In Germany in particular, the amendment to the Renewable Energies Act (EEG) and the Investment Acceleration Act adopted at the end of 2020 may have positive consequences. In the key US market, the Nordex Group expects a positive political environment from which it is particularly keen to profit, as there is increasing demand in the USA for turbines in the 4 and 5 MW segment.

The anticipated high order intake and activity levels are likely to have a positive impact on the development of working capital during the current financial year.

Medium-term goals for 2022

The Nordex Group published its strategic goals for 2022 in November 2020, taking into account internal and external drivers for positive business performance. According to these targets, the Management Board is anticipating sales of around EUR 5 billion and an EBITDA margin of approximately 8% in the 2022 financial year. The Company's capacity is expected to exceed 6 GW by the end of 2022.

OVERALL ASSESSMENT OF EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

At the end of 2020, the Nordex Group unveiled a wide-ranging corporate program that also includes and redefines the enhancement of the supply chain to ensure more global and cost-efficient production. The key element here is the expansion of existing production in India, where the Company can rely on an experienced workforce and familiar infrastructure. The aim is to increase production capacity in India to around 4 GW, thus ensuring that global markets outside Europe can be efficiently and cost-effectively served from India in the future. The Nordex Group also uses the local Indian production capabilities of its European suppliers to ensure the quality of its products. This development will be supplemented by the expansion of engineering capacity in India, with the aim of using this for the local supply chain. This expansion work will extend beyond 2021 and is likely to last until the end of 2022. In addition to expanding capacity, the Nordex Group is also aiming to significantly improve its cost structure in this market, thus enhancing its competitiveness.

The program also includes initiatives aimed at boosting productivity further, with a clear focus on efficiency and appropriate process improvements. In 2020, the Nordex Group almost doubled its production compared to the end of 2018 to around 6 GW. Order intake and the number of installations also rose sharply during this time, increasing operational activities in the process. The program is now seeking to optimize key processes in the value chain. Another important aspect is upgrading the technology of the product portfolio by improving the efficiency of existing product versions and developing new models for the existing Delta4000 platform.

The Company's service business is characterized by a high degree of planning reliability and stable cash flows and was not significantly impacted by the COVID-19 pandemic in 2020. Sales in this segment are expected to grow further during the 2021 financial year as a result of rising installation figures, with the Group aiming for a 10% increase. Margins in this segment are significantly higher than those of the overall Group and are likely to rise even higher in the medium term as a result of the corporate program. The Nordex Group also uses the data and, in particular, the cross-border experience it gathers across the entire investment portfolio to continually develop its service and maintenance offering and make it more profitable. After a substantial positive cash inflow from the sale of the European project development portfolio, the Management Board does not expect any significant proceeds from project development this year. At present the project development business only operates outside Europe, with plans to reestablish it within Europe in the future.

During the 2021 financial year, the Nordex Group is focusing on successfully pushing ahead with its corporate program. The largest single initiative within this program is the expansion of production capacity in India. The Company is also striving to maintain the significant competitive strength of its product portfolio by enhancing the Delta4000 platform while scaling back the supply and production of older generations of turbines as planned. It is also aiming to process the strong order book efficiently and improve profitability.

BUSINESS PERFORMANCE OF THE PARENT COMPANY NORDEX SE

In its function as the Group parent, Nordex SE is the holding company for the Nordex Group. One of Nordex SE’s key tasks is to finance the Group companies by providing loans and guarantees. In addition to this, Nordex SE provides management services for various subsidiaries in the areas of controlling, finance, internal audit, IT, investor relations, communications, Group strategy, people & culture, legal matters and insurance. Nordex SE has entered into profit and loss transfer agreements with Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH for tax purposes. Further information on the basis of consolidation can be found in the notes to the consolidated financial statements.

Sales of Nordex SE were up 29.5% to EUR 82.6 million in financial year 2020 (2019: EUR 63.8 million). Staff costs rose to EUR 20.5 million (2019: EUR 14.6 million) Operating income net of operating expenses came to EUR –54.3 million (2019: EUR –53.2 million). The sale of the European project development portfolio is also clearly reflected in the financial statements of Nordex SE in the 2020 financial year. Income from profit transfer rose to EUR 203.2 million (2019: EUR 0.8 million). At the same time, expenses from loss absorption increased to EUR 137.4 million (2019: EUR 13.2 million), lifting earnings after taxes to EUR 68.4 million (2019: EUR –113.7 million). In financial year 2020, Nordex SE posted a net income of EUR 68.1 million in accordance with the German Commercial Code (2019: net loss of EUR 114.1 million). Of the net income for the year determined in accordance with the German Commercial Code an amount of EUR 3.4 million was allocated to legal reserves and an amount of EUR 58.7 million to other retained earnings. In the previous year, the net loss had been compensated by a withdrawal from capital reserves and a withdrawal from other retained earnings. The net retained profits for financial year 2020 totaled EUR 6.0 million (2019: 0.0 million).

Driven by the net retained profits and the capital increase implemented in December 2020, Nordex SE’s equity as at 31 December 2020 increased by 36.0% to EUR 1,019.8 million (31 December 2019: EUR 750.1 million). Total assets increased by 40.0% to EUR 2,630.5 million (31 December 2019: EUR 1,878.9 million), resulting in an equity ratio of 38.8% (31 December 2019: 39.9%).

CONCLUDING DECLARATION OF THE MANAGEMENT BOARD AND TAKEOVER-RELATED DISCLOSURES

CONCLUDING DECLARATION BY THE MANAGEMENT BOARD ON THE REPORT ON RELATIONS WITH AFFILIATED COMPANIES

According to the most recent voting rights notification, Acciona S.A., Madrid, holds an equity interest of over 30% in Nordex SE, which establishes a relationship of control.

There is no control or profit transfer agreement between Nordex SE and Acciona S.A. Accordingly, the Management Board of Nordex SE has prepared a dependent company report on the Company’s relations with affiliated companies in accordance with Section 312 AktG. At the end of the report, the Management Board issued the following statement: “Based on the circumstances known to us at the time the transactions referred to in the Report on Relations with Affiliated Companies for the reporting period from 1 January 2020 to 31 December 2020 were undertaken, our Company, Nordex SE, received appropriate consideration for each transaction and did not suffer any disadvantages resulting from measures being undertaken or omitted.”

DISCLOSURES IN ACCORDANCE WITH SECTIONS 289A (1), 315A (1) OF THE GERMAN COMMERCIAL CODE (HGB) AND EXPLANATORY NOTES IN ACCORDANCE WITH SECTION 176 (1) SENTENCE 1 PART 2 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The following disclosures are required in the management report pursuant to Sections 289a (1) and 315a (1) of the German Commercial Code:

Composition of subscribed capital

The Company's subscribed capital stood at EUR 117,348,759.00 as at the reporting date and is divided into 117,348,759 no-par-value bearer shares. One share equals EUR 1.00 of the Company's share capital. There are no restrictions on the exercise of voting rights or the transfer of shares. The same rights attach to all shares except for treasury shares for which no voting rights may be exercised. Each share equals one vote and, possibly with the exception of recently issued shares which are not dividend-entitled, represents the same share in the dividend distribution approved by the shareholders at the Annual General Meeting. The rights and obligations arising from the shares are governed by the applicable statutory provisions, particularly Sections 12, 53a ff, 118 ff and 186 of the German Stock Corporation Act (AktG). Nordex did not hold any treasury shares as at 31 December 2020.

Restrictions on the exercise of voting rights or the transfer of shares

No rights accrue to the Company from treasury shares. In the cases provided for in Section 136 of the AktG, voting rights on treasury shares are excluded. The terms of the Performance Share Unit Plan require members of the Management Board to use 33% of the net payment amount after taxes received as part of their performance-related remuneration component with a long-term incentive for investment in Nordex shares with a holding period of two years.

Direct or indirect shares in capital of more than 10% of the voting rights

As at the 2020 reporting date, the following companies directly or indirectly held more than 10% of the voting rights with respect to Nordex SE: According the most recent voting rights notification dated 10 October 2019, Acciona S.A. Madrid (Spain) held 38,695,996 shares and, hence, more than 36.27% of the voting rights at the time.

Statutory provisions and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Management Board and amendments to the Articles of Incorporation

The appointment and dismissal of members of the Management Board is governed by Sections 84 and 85 of the German Stock Corporation Act (AktG) and Article 46 of the Council Regulation on the Statute for a European company (SE). Under Article 7 of the Company's Articles of Incorporation, the Management Board has at least two members, who are appointed by the Supervisory Board, which also determines the number of members. Under Article 7 (3) of the Company's Articles of Incorporation, the members of the Management Board are appointed for a maximum period of five years.

In accordance with Section 179 of the German Stock Corporation Act (AktG), the Company's Articles of Incorporation may only be amended with a resolution passed at the Annual General Meeting. In accordance with Article 20 (4) Sentence 2 of the Articles of Incorporation in conjunction with Article 59 (1) and (2) of the Council Regulation on the Statute for a European company (SE), amendments to the Articles of Incorporation require a majority of two-thirds of the votes cast or, if at least half of the share capital is represented, a simple majority of the votes cast. In cases in which the German Stock Corporation Act (AktG) or the German Transformation Act (UmwG) stipulates a majority of three quarters of the votes cast, this also applies to Nordex SE in accordance with the reservation in Article 59 of Council Regulation on the Statute for a European company (SE). However, this is not based on the capital represented but on the number of votes cast. Article 26 of the Articles of Incorporation of Nordex SE in conjunction with Section 179 (1) sentence 2 of the AktG authorize the Supervisory Board to change the Articles of Incorporation.

Authorization of the Management Board to issue or buy back shares

The following specific authorization has been granted:

Contingent Capital/Authorized Capital

At 31 December 2020 the Company had Authorized Capital I of EUR 15,522,041.00, equivalent to 15,522,041 shares, Authorized Capital II of EUR 2,900,000.00, equivalent to 2,900,000 shares, Authorized Capital III of EUR 16,002,103.00, equivalent to 16,002,103 shares, as well as Contingent Capital I of EUR 18,436,138.00, equivalent to 18,436,138 shares, and Contingent Capital II of EUR 2,900,000.00, equivalent to 2,900,000 shares. Each share represents a notional share of EUR 1.00 in the Company's share capital.

Overall, only new shares accounting for up to 40% of the share capital as of the Annual General Meeting's resolution on 16 July 2020 may be issued on the basis of all of the authorizations and capital available to the Company (including the authorization to issue convertible bonds). This corresponds to 42,672,276 new shares.

Specifically:

In accordance with a resolution passed at the Annual General Meeting on 16 July 2020, the Management Board is authorized subject to the Supervisory Board's approval to utilize **Authorized Capital I** to increase the Company's share capital once or repeatedly on or before 15 July 2023 by up to EUR 26,190,109.00 in total, in return for cash or non-cash capital contributions, by issuing new no-par-value bearer shares. The Management Board is further authorized with the Supervisory Board's approval to exclude the shareholders' subscription rights. The Management Board made use of this authorization subject to the Supervisory Board's approval, through its resolution of 1 December 2020, while disapplying shareholders' pre-emption rights in accordance with the Company's Articles of Incorporation, for an amount of EUR 10,668,068.00, equivalent to 10,668,068 shares. Authorized Capital I remains in an amount of EUR 15,522,041.00, equivalent to 15,522,041 shares.

In accordance with a resolution passed at the Annual General Meeting on 4 June 2019, the Management Board is authorized subject to the Supervisory Board's approval to utilize **Authorized Capital II** to increase the Company's share capital once or repeatedly on or before 31 May 2024 by up to EUR 2,900,000 in total, in return for cash and/or non-cash capital contributions, by issuing new no-par-value bearer shares. Authorized Capital II has not yet been utilized.

In accordance with a resolution passed at the Annual General Meeting on 16 July 2020, the Management Board is authorized subject to the Supervisory Board's approval to utilize **Authorized Capital III** to increase the Company's share capital once or repeatedly on or before 15 July 2023 by up to EUR 16,002,103.00 in total, in return for cash contributions, by issuing new no-par-value bearer shares. Authorized Capital III has not yet been utilized. The Management Board is further authorized with the Supervisory Board's approval to disapply shareholders' statutory pre-emption rights for fractional amounts only.

Contingent Capital I is used to grant no-par value bearer shares as of the exercise of conversion or option rights (or upon fulfillment of corresponding conversion obligations) or else as of the exercise of an option held by the Company, instead of paying the amount of money due, either in whole or in part to grant no-par value shares of the Company to the holders of convertible bonds or bonds with warrants issued by the Company in return for a cash contribution and on the basis of the Annual General Meeting's authorizing resolution in the period from 16 July 2020 to 15 July 2023. To date, no conversion or option rights have been issued.

Contingent Capital II is intended for the fulfillment of subscription rights granted from stock options of senior managers of the Company and the other companies of the Nordex Group in Germany and other countries as well as the members of the management boards of Nordex Group companies which are granted on or before 31 May 2024, on the basis of the authorization provided by the Annual General Meeting on 4 June 2019. No subscription rights have been granted to date.

Treasury shares

Based on the resolution passed at the Annual General Meeting on 4 June 2019, the Management Board is authorized on or before 31 May 2024 subject to the approval of the Supervisory Board to purchase treasury shares up to an amount of 10% of the Company's share capital as of the Annual General Meeting's resolution and to use this for any purpose permitted by law. Inter alia, these shares may be used for the purpose of mergers and acquisitions, they may be offered to senior managers and employees of the Company or affiliated companies as employee shares and they may be used in fulfillment of conversion rights or conversion obligations resulting from convertible bonds or employee option rights. The shareholders' pre-emption rights are disapplied in these cases. These treasury shares may also be called in or sold to shareholders or third parties – while disapplying the shareholders' pre-emption rights – for a cash price which is not significantly below the stock exchange price as of the sale.

No use was made of the authorization to purchase own shares in the reporting period.

Material agreements subject to a change-of-control provision

The Company has entered into the following material agreements that contain clauses relating to a change of control which could occur as a result of a takeover offer:

ESG-linked revolving credit facility for EUR 350 million
The lenders have the right to terminate the credit facility in the event that any person or group of persons, other than Acciona S.A., acting in concert, directly or indirectly controls at least 30% of the issued share capital or voting rights of the Company.

Syndicated guarantee facility for EUR 1,239 million
The guarantee facility contains a provision that entitles the lenders to terminate the facility in the event that a person acquires more than 50% of the share capital or voting rights of Nordex SE. This does not apply to Acciona S.A., Madrid (Spain).

EIB loan for EUR 100 million
The loan granted by the European Investment bank, which has been drawn down, contains a provision that entitles the bank to terminate the loan in the event that a person acquires more than 30% of the share capital or voting rights of Nordex SE. This does not apply to Acciona S.A., Madrid (Spain).

Promissory note for EUR 284 million
The promissory note contains a provision that entitles the lenders to terminate the loan in the event that a person or a group of persons acting in concert gain direct or indirect control over more than 50% of the issued shares or voting rights of Nordex SE and/or Nordex Energy SE & Co. KG.

EUR bond (Green Bond) for EUR 275 million
The EUR bond includes an obligation on the part of Nordex SE to submit an offer to repurchase the bonds issued in the event of a change of control. Such a change of control would occur, for example, if a third party were to acquire direct or indirect control over more than 50% of the voting shares in Nordex SE. This does not apply to Acciona S.A., Madrid (Spain).

CORPORATE GOVERNANCE STATEMENT BY NORDEX SE

INCLUDING THE COMPANY'S CORPORATE GOVERNANCE REPORT

The corporate governance statement to be published in accordance with Section 289f and 315d of the German Commercial Code (HGB) (including the corporate governance report in accordance with Principle 22 of the German Corporate Governance Code as published in the official section of the Federal Gazette on 16 December 2019) is a component of the combined management report. In accordance with Section 317 (2) sentence 6 HGB, the auditor's review of the disclosures made in accordance with Section 289f (2) and (5) and Section 315d HGB is restricted to the question of whether the disclosures have been made.

The remuneration report for the 2020 financial year and the auditor's report in accordance with Section 162 of the AktG, the applicable remuneration system in accordance with Section 87a (1) and (2) sentence 1 of the AktG and the most recent resolution concerning remuneration in accordance with section 113 (3) are made publicly available on the Company's website at *http://ir.nordex-online.com/websites/Nordex/German/3000/publikationen.html* as soon as they are available.

CORPORATE GOVERNANCE STATEMENT BY NORDEX SE PURSUANT TO SECTION 289F AND SECTION 315D HGB

1. Declaration of conformity by the Management Board and the Supervisory Board pursuant to Section 161 of the German Stock Corporation Act (AktG)

Under Section 161 of the German Stock Corporation Act, the Management Board and Supervisory Board of Nordex SE as a listed company are required to issue a declaration once a year confirming conformity with the recommendations of the Government Commission on the German Corporate Governance Code issued by the German Federal Ministry of Justice (BMJV) and published in the official part of the Federal Gazette (Bundesanzeiger) and stating which recommendations have not been implemented in the past and are currently not being implemented. This declaration must be made permanently available to the shareholders. The Company published its declarations of conformity for the past few years online at *http://ir.nordex-online.com/websites/Nordex/English/6100/declaration-of-conformity.html*. The current declaration of conformity dated 20 November 2020 reads as follows:

I.

Since the last Compliance Declaration dated 10 December 2019– and up until the German Corporate Governance Code (Deutscher Corporate Governance Kodex) in its version as of 16 December 2019 was published in the official part of the Federal Law Gazette (Bundesanzeiger) on 20 March 2020 (GCGC 2020) – the Management Board and the Supervisory Board of Nordex SE (Company) have complied with the recommendations of the Government Commission on the German Corporate Governance Code published in the official part of the Federal Law Gazette in its version as of 7 February 2017 (GCGC 2017), save for the deviations described hereinafter.

Article 3.8 para.3 GCGC 2017– D&O Insurance – Deductible for Supervisory Board Members

The Management Board of Nordex SE has not followed the recommendation under Article 3.8 para. 3 GCGC 2017 to also determine deductibles for members of the Supervisory Board in the context of D&O insurance cover.

The Management Board and the Supervisory Board of the Company are convinced that the members of the Supervisory Board are doing everything to avert potential harm to the Company. Responsibility towards the Company and a sense of motivation are not encouraged by imposing a deductible under the D&O cover maintained by the Company. Moreover, providing for a reasonable deductible would not have any effect on the insurance premium.

Article 4.1.5, sentence 1 GCGC 2017 – Appointments to Management Positions (Diversity)

The Management Board did not comply with the recommendation in Article 4.1.5 GCGC because appointments to management positions in the Company are made regardless of gender and are exclusively guided by the qualifications of the individuals available. For this reason, the target quotas for women at management levels 1 and 2 (directly below the Management Board) that were determined by the Management Board of Nordex SE were below the 30% threshold anticipated by the law.

Article 5.1.2, sentence 2 GCGC 2017 – Composition of the Management Board (Diversity)

When determining the composition of the Management Board, the Supervisory Board of Nordex SE was guided exclusively by qualification for the position and not specifically by the gender of the relevant candidates in the relevant period. The target figure for the number of women on the Management Board was therefore 0%. Irrespective of that, the Supervisory Board has considered the underrepresented gender in any of its appointments in case of equal qualification. The Supervisory Board would like to expressly state that it does value and will strive for diversity.

Article 5.4.1 para. 2 GCGC 2017 – Composition Targets, Profile of Skills and Expertise, Maximum Term and Fixed Age Limits

Contrary to the recommendation at the end of the first sentence and in the second sentence of Article 5.4.1 para. 2 GCGC 2017, the Supervisory Board of Nordex SE had not prepared a profile of skills and expertise or any composition targets for the entire Board in the relevant period; also, the Supervisory Board had not defined a maximum time limit for membership of the Supervisory Board in the relevant period. Furthermore, the Supervisory Board has not determined fixed age limits for the membership of the Management Board and the Supervisory Board.

Neither age nor the term of membership of the Management Board or the Supervisory Board are in themselves decisive for the capabilities, suitability and independence of a current or potential member of the Company's governing bodies. Therefore, the Supervisory Board of Nordex SE did not consider rigid restrictions on age, term or skills and expertise profiles to be a compelling measure given that these could also limit the Company's flexibility in making personnel decisions and restrict the number of possible candidates. Fixed profiles of skills and expertise and fixed composition targets, which could equally very well limit the Company's flexibility in making personnel decisions and the number of possible candidates, were not compelling in the Supervisory Board's view.

II.

The Management Board and the Supervisory Board of Nordex SE have complied with the recommendations of the GCGC 2020, save for the deviations described hereinafter. It is the management's stated intention to continue to do so going forward, if and to extent not otherwise set out below.

Article A.1 GCGC 2020 – Appointments to Management Positions (Diversity)

The Management Board does not comply with the recommendation in Article A.1 GCGC 2020 because appointments to management positions in the Company are made regardless of gender and are exclusively guided by the qualifications of the individuals available. For this reason, the target quotas for women at management levels 1 and 2 (directly below the Management Board) that were determined by the Management Board of Nordex SE are currently and until further notice below the 30% threshold anticipated by the law.

Article B.1 GCGC 2020 – Composition of the Management Board (Diversity)

When determining the composition of the Management Board, the Supervisory Board of Nordex SE was guided solely by qualification for the position and not specifically by the gender of the relevant candidates. The target figure for the number of women on the Management Board was 0%. Irrespective of that, the Supervisory Board did consider the underrepresented gender in any of its appointments in the event of equal qualification. However, the Supervisory Board would like to expressly state that it does value and will strive for diversity. Accordingly, on 20 November 2020 the target quota for women on the Management Board to be achieved in five years was set at 25%.

Articles B.5 and C.2 GCGC 2020 – Age Limits for Management Board and Supervisory Board Members

Contrary to Articles B.5 and C.2 GCGC 2020, the Supervisory Board of Nordex SE has not determined fixed age limits for membership of the Management Board and the Supervisory Board. Age alone is not decisive for the capabilities, suitability and independence of a current or potential member of the Company's corporate bodies.

Article C.1 GCGC 2020 – Composition Targets and Profile of Skills and Expertise

Contrary to the recommendation in Article C.1 GCGC 2020, the Supervisory Board of Nordex SE had not devised, before adopting the new version of the Rules of Procedure for the Supervisory Board on 20 November 2020, any profile of skills and expertise or any composition targets for the entire Board.

The Supervisory Board of Nordex SE recognises that – albeit not compelling – an expertise profile and such composition targets may facilitate the selection of qualified candidates and are an important signal to the investor community. The Supervisory Board has therefore determined composition targets and a profile of skills and expertise for the first time. The targets and profile requirements will be published with the Company's Corporate Governance Statement.

Article C.3 GCGC 2020 – Disclosure of Term of Membership

Previously, the term of Supervisory Board membership was not disclosed. However, this disclosure is planned to be made in future.

Article C.7 and C.10 GCGC 2020 – Independence

The Supervisory Board of Nordex SE is not in compliance with the recommendation under Article C.7 GCGC 2020 pursuant to which more than half of the shareholder representatives be independent from the Company and the Management Board and is also not in compliance with the recommendation of Article C.10 GCGC 2020, that the Chair of the Supervisory Board, the Chair of the Audit Committee, and the Chair of the committee that addresses Management Board remuneration shall be independent from the Company and the Management Board.

The assessment of the absence of independence in the case of the three Supervisory Board members that have served the Company more than one term is of precautionary nature and essentially based on the grounds that paragraph 2 of Article C.7 (last indent) GCGC 2020 states that more than twelve years' membership of the Supervisory Board is an indicative factor precluding independence. The Supervisory Board, however, is of the view that in practice its organisation and the joint execution of its duties ensure that the work and activities of the Management Board are appropriately supervised. There is no reason to doubt the objectivity and professionality of the members concerned and their skills, expertise and experience are highly regarded and of great value to the Company. Finally, the Supervisory Board is also convinced that adequate supervision of the Management Board is ensured by the acting Chairs of the Supervisory Board, the Audit Committee, and the Executive Committee.

Article D.1 GCGC 2020 – Access to the Rules of Procedure for the Supervisory Board

Previously, the Supervisory Board did not make its Rules of Procedure accessible on the Company's website. However, these Rules of Procedure will now be made available.

Hamburg, 20 November 2020
Nordex SE

Management Board Supervisory Board

2. Disclosures on corporate governance practices

Corporate Compliance

Integrity is one of the Nordex Group's core corporate values and an important pillar of its corporate culture. Acting with integrity and, moreover, acting within the law, is the foundation of the Company's good reputation. This is an essential foundation for the trust placed in us by our customers, shareholders, and business partners, as well as the public.

Lawful conduct and meeting the requirements of our customers, as well as orientating our actions toward the applicable principles of the UN Global Compact, the OECD Guidelines for Multinational Enterprises and the UN Universal Declaration of Human Rights, are anchored as basic tasks in the Group's departments and units. Nordex has implemented appropriate management systems to ensure this.

The Corporate Compliance functions' compliance management system covers the prevention and, if necessary, elimination of bribery/corruption, fraudulent acts and conflicts of interest within the Nordex Group as well as the risk-adequate collaboration with business partners in order to avoid or handle violations of laws and ethnic principles. The goal is to promote risk awareness and integrity, and to detect, stop and permanently prevent any violations of the law.

This compliance management system comprises central coordination and control through a structure and process organization including an annual action plan, communication measures and reporting. The compliance management system is designed to reflect the risks and includes elements of prevention (e.g. risk analysis, codes of conduct, policies, consulting and training), detection (e.g. process controls, business partner due diligence, provision of a whistleblower system) and intervention (e.g. following-up on tips, investigation, and prevention, improvement and sanctioning measures).

In the reporting year, the measures' results focused on continuing the realignment of the Group's compliance management system by introducing a compliance organization comprising centralized and decentralized elements, refining the business partner due diligence for suppliers and contractors, and expanding the target groups for the bribery and corruption prevention training.

Sustainability

As a company, Nordex SE is committed to the ecologically and economically responsible use of resources and respectful treatment of all people employed by Nordex or with whom the Company works as customers, suppliers, service providers or shareholders. Detailed information on the underlying sustainability strategy of Nordex SE can be found in the 2020 Sustainability Report published in March 2021 together with the annual report.

3. Disclosures on working practices of the Management Board, the Supervisory Board and the Committees

Working practices of the Management Board

The Management Board manages the Company – a strategic holding company, which also performs administrative service functions – at its own discretion with the aim of achieving sustained improvements in enterprise value and of attaining the agreed targets. It conducts the Company's business in accordance with statutory provisions and the provisions of the Company's Articles of Incorporation and Rules of Procedure for the Management Board. In addition, it works in a spirit of trust with the Company's other governing bodies.

The Management Board defines the long-term goals and strategies for the entire Nordex Group and determines the principles for the corporate policy derived from these. It coordinates and supervises all significant activities. It determines the range of products, develops and deploys executive staff, allocates resources and makes decisions on financial management and Group reporting.

The members of the Management Board are jointly responsible for the entire management of the Company. Notwithstanding this joint responsibility, the individual members of the Management Board manage the business areas assigned to them at their own discretion in accordance with the resolutions passed.

The allocation of duties to the members of the Management Board is recorded in a schedule of responsibilities, which is approved by the Supervisory Board.

The Management Board makes decisions on all matters of fundamental and material importance as well as in the cases prescribed by law or elsewhere.

Shared responsibility

Meetings of the Management Board are held regularly. They are convened by the Chief Executive Officer. In addition, each member of the Management Board may request that a meeting be convened. Resolutions of the Management Board are passed with a simple majority of votes cast except where a unanimous vote is prescribed by law. In the event of an even vote, the chairman has the casting vote.

No material changes were made to the organization of the Management Board during the 2020 reporting year.

In accordance with the Management Board's Rules of Procedure, the Chairman (Chief Executive Officer; CEO) is responsible for coordinating all of the Management Board's activities, reporting to the Supervisory Board and representing the Company and the Group vis-à-vis third parties. In his capacity as a member of the Management Board, he is operationally responsible for the International and Europe divisions, the Nacelles, Engineering, Blades and Project Management/Engineering, Procurement and Construction (PM/EPC) global functions as well as for the corporate areas of People & Culture, Development & Strategy, Global Sourcing, Quality, Health, Safety & Environment (QHSE) and Compliance & Security, and Product Strategy & Sales Support.

The Chief Financial Officer (CFO) is responsible for Accounting & Controlling, Investor Relations, IT, Legal & Insurance, Finance & Treasury, Finance PM/EPC, Taxes & Export Control, Internal Audit and Corporate Communication.

The Chief Sales Officer (CSO) is responsible for the and the customer-oriented areas of Sales, Project Development, Key Account Management and Business Development.

The Management Board has not established any committees.

Supervisory Board: monitoring and control activities

The Supervisory Board is responsible for monitoring and advising the Management Board. In accordance with the Articles of Incorporation, it comprises six members who are elected by the shareholders at the Annual General Meeting. The Supervisory Board is directly involved in all decisions of fundamental significance for the Company; it also consults with the Management Board on the Company's strategic orientation and regularly discusses with it the progress being made on implementing business strategy.

The Chairman of the Supervisory Board coordinates the Board activities and presides over the meetings. The Supervisory Board is kept informed of the Company's business policy, corporate planning and strategy at all times via regular meetings with the Management Board. The Supervisory Board approves the budget and the annual financial statements of Nordex SE and the Nordex Group as well as the combined management report in the light of the statutory auditor's report.

The Supervisory Board and its committees regularly review the overall effectiveness of the Supervisory Board and how effectively its committees perform their tasks, either internally or with the involvement of external advisers.

Supervisory Board committees

The Supervisory Board currently has the following committees: the Executive Committee, the Audit Committee and the Strategy & Technology Committee.

Executive Committee:

This Supervisory Board committee has three members. It is chaired by Prof. Dr. Wolfgang Ziebart, the other two members are Jan Klatten and Juan Muro-Lara. The Executive Committee has the function of a permanent personnel committee. In addition, it is responsible for passing urgent resolutions on decisions made by the Management Board which require the Supervisory Board's approval in accordance with the German Stock Corporation Act (AktG), the provisions of the Company's Articles of Incorporation or the Rules of Procedure, unless a resolution passed by the entire Supervisory Board is required. In addition, it performs the task of a nomination committee and submits recommendations for suitable candidates to the Supervisory Board with respect to voting proposals for the Annual General Meeting.

Audit Committee:

The Audit Committee comprises three members; in the year under review, it was chaired by Martin Rey, while the other two members were Connie Hedegaard and Juan Muro-Lara. All three members satisfy the statutory requirements imposed on members of a supervisory board and an audit committee with respect to expertise in the areas of accounting and auditing. As the other members of the Supervisory Board, all of them are familiar with the sector in which the Company is active. The Audit Committee is responsible for matters relating to accounting and risk management, the necessary independence of the statutory auditor, the mandating of the statutory auditor, the determination of the main aspects of the audit and the fee agreement with the statutory auditor. In addition, it addresses matters relating to controlling and contracting and particularly also for decisions made by the Management Board which require the Supervisory Board's approval in accordance with the German Stock Corporation Act (AktG), the provisions of the Company's Articles of Incorporation or the Rules of Procedure. The Audit Committee is also responsible for monitoring the financial reporting process, the efficacy of the internal control system and corporate compliance, the risk management system and the internal auditing system.

Strategy and Technology Committee:
This Supervisory Board committee comprises Jan Klatten (chairman), Prof. Dr. Wolfgang Ziebart and Rafael Mateo. It is responsible for technical and strategic matters of relevance for the Nordex Group.

4. Disclosures on the definition of the proportion of women

The targets of 25% for the Management Board and 16.67% for the Supervisory Board set in 2020 with respect to the proportion of women to be achieved by 2025 in accordance with Section 111 (5) of the German Stock Corporation Act (AktG) were not met with regard to the Supervisory Board and not (yet) met with regard to the Management Board.

The proportion of women in the workforce in Germany is currently 17%. The noticeable shortage of skilled workers in technical professions is having a negative impact on the development of the proportion of women. Starting from this baseline figure, the Management Board in 2020 in accordance with Section 76 (4) of the AktG set a target for the proportion of women on the first two management levels below the Management Board of Nordex SE and Nordex Energy SE & Co. KG at 15% (previously 21%) to be achieved by 31 December 2025. The share of women in the first two management levels was 11% in the reporting year (16% in 2019).

5. Description of the diversity policy for the Management Board and Supervisory Board

The Supervisory Board, together with the Management Board as required, addresses long-term succession planning by appointing to the Management Board internal or external candidates who are best suited in terms of their qualification and personality. Selecting the most suitable internal candidates is based on the systematic human resources development of internal managers that comprises the following elements:

Identifying suitable candidates with different specialties, nationalities and genders at an early stage of the search process.

Systematically developing internal managers by enabling them to take on roles with increasing responsibility, preferably in different business areas, regions and functions. In this context, managers are fostered particularly through personalized measures such as coaching or systematic human resources development programs.

Training of internal managers with regard to material company values to ensure that they act as a role model when upholding and implementing them.

This should enable the Supervisory Board to ensure sufficient diversity in terms of professional background and experience, cultural context, internationality, gender and age when appointing Management Board members. Irrespective of these individual criteria, the Supervisory Board is confident that only an all-encompassing assessment of individual candidates can ultimately determine appointments to the Management Board of Nordex SE. Overall, this is intended to ensure that the Management Board as a whole currently has the following basic desirable profile in terms of the diversity concept:

- Extensive management experience in technical and commercial areas of work
- International experience based on origin and/or professional activity
- Balanced age structure to ensure the continuity of the Management Board's work and enable smooth succession planning

Irrespective of the target set by the Supervisory Board for the proportion of women on the Management Board (25%), the Supervisory Board will take the underrepresented gender into account when making each of its appointments if multiple candidates have the same qualifications.

Requirements profile for the Supervisory Board of Nordex SE (including diversity policy for the Supervisory Board)

With regard to various requirements and recommendations concerning the composition of the Supervisory Board, the Supervisory Board adopts the following profile of requirements for its composition including, in addition to the statutory key requirements and recommendations in relation to the composition of the Supervisory Board set out in the German Corporate Governance Code, as adopted on 16 December 2019 and officially published on 20 March 2020 (the GCGC), its objectives regarding the composition, the profile of skills and expertise for the entire Supervisory Board within the meaning of section C.1 of the GCGC as well as the diversity concept for the Supervisory Board pursuant to section 289f(2) no. 6 of the German Commercial Code (HGB) in conjunction with Article 61 of the SE-Regulation:

Objectives

The Supervisory Board seeks to achieve a composition that ensures a qualified supervision and advice of the Management Board at any time. The Supervisory Board takes the view that an efficient functioning of the Supervisory Board – and thus a sustainable development of the company – will also depend to a significant extent on diversity aspects, apart from professional and personal skills. Different personalities, experience and know-how prevent group-think, allow holistic views and thus enrich the working of the Supervisory Board. The following specification of objectives serves as a guideline for long-term succession planning and the selection of qualified candidates, and provides transparency with regard to the key criteria for the composition of the Supervisory Board.

Requirements as to the individual members

(i) General requirements

Each Supervisory Board member shall be in a position, dependent on his/her personal and professional skills and expertise, to perform the functions of a Supervisory Board member in an international listed company by safeguarding the public reputation of the Nordex Group. This in mind, each Supervisory Board member should meet the following requirements:

- sufficient expertise, i.e. the ability to perform the functions usually assigned to the Supervisory Board;
- commitment to the performance of their duties, integrity and personality;
- general understanding of the business of Nordex SE, including the market environment and customers' needs;
- experience with managing enterprises, associations, or networks;
- compliance with restrictions defined for a mandate in section 100 of the German Stock Corporation Act (AktG) in conjunction with Article 47(2)(a) of the SE Regulation as well as in sections C.4 and C.5 of the GCGC.

(ii) Availability

All Supervisory Board members ensure that they have the time required to properly perform the duties arising from their mandate. In this context, it should in particular be taken into consideration that the Supervisory Board holds at least four meetings a year each of which has to be properly prepared, especially as regards the audit of annual and consolidated financial statements. Depending on their membership in one or several of the existing committees, members may have to spend additional time on preparing and attending committee meetings. It may become necessary to finally hold additional extraordinary meetings of the Supervisory Board or the committees in order to deal with special issues.

Requirements and objectives for the entire Board

With regard to the composition of the entire Supervisory Board, the Supervisory Board seeks to achieve a composition – also in the interest of diversity – that ensures that its members, in terms of their personal and professional background, experience and expertise, complement each other such that the Supervisory Board as a whole may make use of the widest possible range of varied experience and specialist knowledge.

(i) General requirements

The composition of the Supervisory Board of Nordex SE has to ensure at any time that its members collectively possess the knowledge, skills and professional expertise required to properly perform their duties. Furthermore, all members of the Supervisory Board in their entirety must be familiar with the renewable energy industry, ideally with the wind industry. At least one member of the Supervisory Board must have expertise in the areas of accounting or auditing of financial statements.

(ii) Specific skills and expertise

The Supervisory Board of Nordex SE in its entirety shall cover all fields of skills and expertise that may be required for an efficient performance of its duties. This includes in particular – according to the entity's business model – in-depth knowledge and experience in the following areas:

- Managing and overseeing a major corporate group with international operations, including corporate strategy development and implementation, in particular,
- Mechanical and plant engineering, including industrial manufacturing and research & development,
- Sale, distribution, service, and marketing of machinery and installations,
- Finance, accounting, controlling and risk management,
- Human resources, including human resource planning, management, and development,
- Legal, compliance, and corporate governance.

The Supervisory Board seeks to achieve a composition that ensures that at least one member will be available as the competent contact person for each of the aforementioned aspects.

(iii) Independence and conflicts of interest

Taking into account the specific corporate situation of Nordex SE and the shareholder structure, the Supervisory Board shall consist of at least one independent member within the meaning of section C.6 of the GCGC. At least one member of the Supervisory Board shall be independent from the controlling shareholder. Each Supervisory Board member shall disclose any conflict of interest that may arise in a specific case without undue delay to the Chair of the Supervisory Board. The Supervisory Board shall inform the general meeting in its report about any conflicts of interest that have arisen and on how these have been dealt with. Material conflicts of interest that are not only temporary and relate to the person of a member of the Supervisory Board shall lead to the termination of the mandate. No more than two former members of the Management Board shall be members of the Supervisory Board. Supervisory Board members shall not be members of governing bodies of, or exercise advisory functions at, significant competitors of the enterprise, and shall not hold any personal relationships with a significant competitor.

(iv) Diversity

The Supervisory Board of Nordex SE has determined a target of 16.67% each for the representation of men and women on the Supervisory Board that is to be achieved. In addition, diversity on the Supervisory Board may also be reflected by the individual members' professional careers and activities as well as by their different experience (e.g. sector experience). In the interest of diversity, the Supervisory Board thus seeks to achieve a composition that ensures that its members, in terms of their background, experience and professional know-how, complement each other by simultaneously seeking to include members having international experience. Against this background, the Supervisory Board, in relation to its composition, considers the following diversity criteria:

- More than 30% of the members have international experience due to their origin or professional activity.
- More than 50% of the members have different training and professional experience.
- At least one member is under the age of 60 years.

Nominations for the Supervisory Board submitted to the general meeting shall consider the above profile of requirements by simultaneously seeking to achieve the profile of skills and expertise for the entire Board.

Implementation status
Specifically, the Supervisory Board has met the following criteria:

- 16.67% of its members are female.
- More than 30% of members have international experience due to their origin or professional activity.
- More than 50% of members have different training and professional experience.
- One member is under 60 years of age.

Generally speaking, additional diversity targets include ensuring the personal reliability and integrity of every Supervisory Board member as well as their availability; in accordance with the recommendations of the German Corporate Governance Code, every Supervisory Board member must ensure that they can dedicate the time required to properly fulfill their mandate. Statutory restrictions and the recommendations of the German Corporate Governance Code must be observed when taking on additional mandates. However, the Supervisory Board has refrained from setting a fixed age limit for membership of the Management Board and Supervisory Board and a regular limit for the term of membership of the Supervisory Board.

During the 2020 financial year, the Management Board and Supervisory Board fulfilled the diversity concept outlined here.

Further corporate governance report
There were no stock option programs in the reporting year.

Details on the remuneration for the Management Board and the Supervisory Board can be found in the remuneration report of Nordex SE.

Detailed reporting
To achieve the greatest possible transparency, Nordex SE keeps shareholders, financial analysts, shareholder groups, the media and the public at large regularly informed on a timely basis of the Company's position and main changes in its business. The Company's reporting is therefore in line with the principles of the German Corporate Governance Code: The Company informs its shareholders four times a year of its business performance, net assets, financial position and results of operations as well as its risk exposure.

In accordance with the statutory requirements, the members of the Company's Management Board confirm to the best of their knowledge that the annual financial statements, consolidated financial statements and combined management report provide a true and fair view of the Company's position.

The annual financial statements of Nordex SE, the Nordex Group's consolidated financial statements and the combined management report are published within three months of the end of the year to which they relate. During the year, shareholders and third parties are informed of the Company's performance in the half-yearly report and, in the first and third quarters, in quarterly management statements.

In addition, the Company regularly publishes information, including at press and analyst conferences. It particularly also uses the Internet as a publication platform. The Group's website sets out the main financial dates such as the dates of publication of the annual report, the half-yearly report and the interim management statements and the date of the Annual General Meeting.

Any material new information is made available to the general public without delay.

In addition to regular reporting, Nordex SE discloses relevant inside information pursuant to Section 17 Market Abuse Regulation in the form of ad hoc releases.

Nordex SE, Rostock, 19 March 2021

José Luis Blanco, Chairman of the Management Board

Dr. Ilya Hartmann, Member of the Management Board

Patxi Landa, Member of the Management Board

CONSOLIDATED FINANCIAL STATEMENTS

for the 2020 financial year

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2020

ASSETS

EUR thousand	Note	31.12.2020	31.12.2019
Cash and cash equivalents	(1)	778,357	509,998
Trade receivables and contract assets from projects	(2)	653,336	345,617
Inventories	(3)	1,202,207	1,398,421
Income tax receivables	(4)	14,626	15,818
Other current financial assets	(5)	47,212	26,572
Other current non-financial assets	(6)	188,698	217,376
Current assets		**2,884,436**	**2,513,802**
Property, plant and equipment	(7)	454,159	440,090
Goodwill	(8)	547,758	547,758
Capitalized development expenses	(9)	166,677	188,490
Prepayments made and other intangible assets	(10)	19,946	27,324
Financial assets	(11)	3,571	5,107
Investments in associates	(12)	6,087	81
Other non-current financial assets	(13)	8,589	15,675
Other non-current non-financial assets	(14)	68,576	28,116
Deferred tax assets	(15)	250,251	236,304
Non-current assets		**1,525,614**	**1,488,945**
Assets		**4,410,050**	**4,002,747**

EQUITY AND LIABILITIES

EUR thousand	Note	31.12.2020	31.12.2019
Current liabilities to banks	(16)	482,439	36,493
Trade payables	(17)	1,095,563	968,455
Income tax payables	(4)	8,970	6,180
Other current provisions	(18)	125,298	89,691
Other current financial liabilities	(19)	43,850	38,513
Other current non-financial liabilities	(20)	1,227,577	1,203,834
Current liabilities		**2,983,697**	**2,343,166**
Non-current liabilities to banks	(16)	53,625	280,871
Pensions and similar obligations	(21)	2,425	2,374
Other non-current provisions	(18)	22,107	26,305
Other non-current financial liabilities	(22)	358,675	358,132
Other non-current non-financial liabilities	(23)	129,062	136,555
Deferred tax liabilities	(15)	86,926	109,957
Non-current liabilities		**652,820**	**914,194**
Subscribed capital		117,349	106,681
Capital reserves		795,698	606,820
Other retained earnings		50,976	–11,062
Cash flow hedge reserve		9,341	2,331
Reserve for cash flow hedge costs		265	–1,087
Foreign currency adjustment item		–65,531	–15,604
Consolidated net profit carried forward		–134,565	57,308
Consolidated net profit		0	0
Share in equity attributable to parent company’s shareholders		773,533	745,387
Equity	(24)	**773,533**	**745,387**
Equity and liabilities		**4,410,050**	**4,002,747**

CONSOLIDATED INCOME STATEMENT

For the period from 1 January to 31 December 2020

EUR thousand	Note	01.01.2020–31.12.2020	01.01.2019–31.12.2019
Sales	(26)	4,650,740	3,284,573
Changes in inventories and other own work capitalized	(27)	–305,258	586,847
Gross revenue		**4,345,482**	**3,871,420**
Cost of materials	(28)	–3,798,120	–3,095,994
Gross profit		**547,362**	**775,426**
Other operating income	(29)	451,410	43,445
Other operating expenses	(30)	–470,820	–334,393
Staff costs	(31)	–433,999	–360,653
Structural costs		**–453,409**	**–651,601**
EBITDA		**93,953**	**123,825**
Depreciation/amortization	(32)	–155,794	–143,408
EBIT		**–61,841**	**–19,583**
Income from investments		0	1,943
Profit/loss from equity-accounting method		6,006	–1,140
Impairment of financial assets		–421	–140
Other interest and similar income		4,419	7,389
Interest and similar expenses		–98,434	–68,188
Financial result	(33)	**–88,430**	**–60,136**
Net profit/loss from ordinary activities		**–150,271**	**–79,719**
Income tax	(34)	20,566	7,149
Consolidated net loss		**–129,705**	**–72,570**
Of which attributable to			
Shareholders of the parent		–129,705	–72,570
Earnings per share (in EUR)	(35)		
Basic [1]		–1.21	–0.73
Diluted [2]		–1.21	–0.73

[1] Based on a weighted average of 107,584 million shares (previous year: 99.241 million shares)
[2] Based on a weighted average of 107,584 million shares (previous year: 99.241 million shares)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January to 31 December 2020

EUR thousand	01.01.2020–31.12.2020	01.01.2019–31.12.2019
Consolidated net loss	**–129,705**	**–72,570**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation difference	–49,927	1,578
Cash flow hedges	10,309	6,040
Deferred taxes	–3,299	–1,933
Cash flow hedge costs	1,988	–1,599
Deferred taxes	–636	512
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	–57	–136
Deferred taxes	18	44
Consolidated comprehensive income	**–171,309**	**–68,064**
Of which attributable to		
Shareholders of the parent	–171,309	–68,064

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January to 31 December 2020

	EUR thousand	01.01.2020–31.12.2020	01.01.2019–31.12.2019
	Operating activities		
	Consolidated net loss	–129,705	–72,570
+	Depreciation/amortization of non-current assets	156,215	143,548
=	**Consolidated net loss plus depreciation / amortization**	**26,510**	**70,978**
+/–	Decrease/increase in inventories	197,141	–635,188
–	Increase in trade receivables and contract assets from projects	–307,719	–92,180
+	Increase in trade payables	127,097	456,718
–/+	Decrease/increase in prepayments received	–22,626	465,529
=	**Payments received from / made for changes in working capital**	**–6,107**	**194,879**
–	Increase in other assets not attributed to investing or financing activities	–23,050	–156,704
+	Increase in pensions and similar obligations	51	293
+/–	Increase/decrease in other provisions	31,409	–92,979
+	Increase in other liabilities not attributed to investing or financing activities	33,345	40,410
–/+	Profit/loss from the disposal of non-current assets	–363,741	697
–	Other interest and similar income	–4,419	–7,389
+	Interest received	1,497	5,195
+	Interest and similar expenses	98,434	68,188
–	Interest paid	–102,064	–69,470
+/–	Income tax	–20,566	–7,149
–	Taxes paid	–34,613	–14,575
+	Other non-cash expenses	11,117	5,609
=	**Payments made for other operating activities**	**–372,600**	**–227,874**
=	**Cash flow from operating activities**	**–352,197**	**37,983**

	EUR thousand	01.01.2020–31.12.2020	01.01.2019–31.12.2019
	Investing activities		
+	Payments received from the disposal of property, plant and equipment/intangible assets	385,455	7,428
–	Payments made for investments in property, plant and equipment/intangible assets	–163,860	–173,515
+	Payments received from the disposal of long-term financial assets	11,364	8,158
–	Payments made for investments in long-term financial assets	–2,073	–7,016
+	Payments received from investment grants	936	1,004
=	**Cash flow from investing activities**	**231,822**	**–163,941**
	Financing activities		
+	Payments received from capital increases	198,566	97,305
+	Bank loans received	350,611	6,277
–	Bank loans repaid	–127,654	–56,000
+	Payments received from the issue of bonds	3,808	0
–	Cash repayments of bonds	–3	0
–	Lease liabilities repaid	–19,532	–16,964
=	**Cash flow from financing activities**	**405,796**	**30,618**
	Net change in cash and cash equivalents	**285,421**	**–95,340**
+	Cash and cash equivalents at the beginning of the period	509,998	609,805
+	Cash and cash equivalents from expanding the basis of consolidation	156	1
–	Exchange rate-induced change in cash and cash equivalents	–17,218	–4,468
=	**Cash and cash equivalents at the end of the period (cash and cash equivalents as shown in the consolidated statement of financial position)**	**778,357**	**509,998**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January to 31 December 2020

EUR thousand	Subscribed capital	Capital reserves	Other retained earnings
01.01.2020	**106,681**	**606,820**	**−11,062**
Change in the basis of consolidation	0	0	0
Capital increase			
Payments received from capital increase	10,668	190,958	0
Costs from capital increase	0	−3,060	0
Income tax	0	980	0
Consolidated comprehensive income	0	0	−39
Consolidated net loss	0	0	0
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation difference	0	0	0
Cash flow hedges	0	0	0
Deferred taxes	0	0	0
Cash flow hedge costs	0	0	0
Deferred taxes	0	0	0
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	0	0	−57
Deferred taxes	0	0	18
Allocation of profit or loss	0	0	62,077
31.12.2020	**117,349**	**795,698**	**50,976**

Cash flow hedge reserve	Reserve for cash flow hedge costs	Foreign currency adjustment item	Consolidated net profit / loss carried forward	Consolidated net profit / loss	Share in equity attributable to shareholders of the parent	Total
2,331	**−1,087**	**−15,604**	**57,308**	**0**	**745,387**	**745,387**
0	0	0	−91	0	−91	−91
0	0	0	0	0	201,626	201,626
0	0	0	0	0	−3,060	−3,060
0	0	0	0	0	980	980
7,010	1,352	−49,927	0	−129,705	−171,309	−171,309
0	0	0	0	−129,705	−129,705	−129,705
0	0	−49,927	0	0	−49,927	−49,927
10,309	0	0	0	0	10,309	10,309
−3,299	0	0	0	0	−3,299	−3,299
0	1,988	0	0	0	1,988	1,988
0	−636	0	0	0	−636	−636
0	0	0	0	0	−57	−57
0	0	0	0	0	18	18
0	0	0	−191,782	129,705	0	0
9,341	**265**	**−65,531**	**−134,565**	**0**	**773,533**	**773,533**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January to 31 December 2019

EUR thousand	Subscribed capital	Capital reserves	Other retained earnings
01.01.2019	**96,982**	**597,626**	**24,193**
Capital increase			
Payments received from capital increase	9,699	89,320	0
Costs from capital increase	0	−1,714	0
Income tax	0	548	0
Consolidated comprehensive income	0	0	−92
Consolidated net loss	0	0	0
Other comprehensive income			
Items that may be reclassified to profit or loss			
Foreign currency translation difference	0	0	0
Cash flow hedges	0	0	0
Deferred taxes	0	0	0
Cash flow hedge costs	0	0	0
Deferred taxes	0	0	0
Items that will not be reclassified to profit or loss			
Remeasurement of defined benefit plans	0	0	−136
Deferred taxes	0	0	44
Allocation of profit or loss	0	−78,960	−35,163
31.12.2019	**106,681**	**606,820**	**−11,062**

Cash flow hedge reserve	Reserve for cash flow hedge costs	Foreign currency adjustment item	Consolidated net profit / loss carried forward	Consolidated net profit / loss	Share in equity attributable to shareholders of the parent	Total
−1,776	**0**	**−17,182**	**−2,553**	**0**	**697,290**	**697,290**
0	0	0	0	0	99,019	99,019
0	0	0	0	0	−1,714	−1,714
0	0	0	0	0	548	548
4,107	−1,087	1,578	0	−72,570	−68,064	−68,064
0	0	0	0	−72,570	−72,570	−72,570
0	0	1,578	0	0	1,578	1,578
6,040	0	0	0	0	6,040	6,040
−1,933	0	0	0	0	−1,933	−1,933
0	−1,599	0	0	0	−1,599	−1,599
0	512	0	0	0	512	512
0	0	0	0	0	−136	−136
0	0	0	0	0	44	44
0	0	0	59,861	72,570	18,308	18,308
2,331	**−1,087**	**−15,604**	**57,308**	**0**	**745,387**	**745,387**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year from 1 January until 31 December 2020

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year from 1 January until 31 December 2020

GENERAL INFORMATION

Nordex SE, a listed Societas Europaea, and its subsidiaries in Germany and in other countries develop, manufacture and distribute wind power systems, particularly large multi-megawatt-class turbines. Nordex SE is domiciled in Rostock, Germany. However, the Company's head office is located at Langenhorner Chaussee 600, 22419 Hamburg, Germany.

The shares of Nordex SE are admitted to regulated trading subject to the advanced admission obligations stipulated by Deutsche Börse; they are listed in the SDAX and TecDAX. Its nominal capital as at 31 December 2020 stands at EUR 117,348,759 (2019: EUR 106,680,691) and is divided into 117,348,759 (2019: 106,680,691) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1.

Nordex SE's consolidated financial statements for 2020 were approved for publication in a resolution passed by the Management Board on 22 February 2021 and subsequent submittal to the Supervisory Board.

ACCOUNTING POLICIES

BASIS OF PREPARATION

The general significant accounting policies applied in preparing the consolidated financial statements are described below, whilst, for reasons of clarity, the accounting policies relating to a concrete element of the financial statements are explained in the corresponding section. In order to apply the accounting policies, management sometimes has to make assumptions and estimates, especially in connection with the items contract assets from projects, inventories, contract assets from services, goodwill, capitalized development expenses, deferred tax liabilities and deferred tax assets and other provisions. Unless otherwise stated, these policies have been consistently applied to all the accounting periods presented.

The consolidated financial statements were prepared in accordance with Section 315e of the German Commercial Code (HGB) using the International Financial Reporting Standards (IFRS) as they are to be applied in the EU. Therefore, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) binding for the 2020 reporting year were applied.

With the exception of Alfresco Renewable Energy Private Limited, Nordex India Manufacturing Private Limited, Nordex India Private Limited, Ravi Urja Energy India Private Limited and Solar Fields Energy Photo Voltaic India Private Limited, whose financial year ends on 31 March, the financial year of Nordex SE and all of its subsidiaries included in the consolidated financial statements generally corresponds to the calendar year. However, the calendar year is used Group-wide as the basis for preparing the consolidated financial statements.

The current/non-current classification of liabilities and assets provided for in IAS 1 is applied.

The consolidated financial statements are prepared in thousands of euros.

EFFECTS OF NEW FINANCIAL REPORTING STANDARDS

The new and revised standards to be applied in 2020 as a result of endorsement by the EU

Standard/interpretation		Published by the IASB	Mandatory application stipulated by the IASB
Conceptual framework [1]		29.03.2018	01.01.2020
IAS 1 [1]	Presentation of the Financial Statements	31.10.2018	01.01.2020
IAS 8 [1]	Accounting policies, changes in estimates and errors	31.10.2018	01.01.2020
IAS 39 [1]	Financial Instruments: Recognition and Measurement	26.09.2019	01.01.2020
IFRS 3 [1]	Business Combinations	22.10.2018	01.01.2020
IFRS 7 [1]	Financial Instruments: Disclosure	26.09.2019	01.01.2020
IFRS 9 [1]	Financial Instruments	26.09.2019	01.01.2020

[1] The application did not have any material effect on the consolidated financial statements.

New and revised standards and interpretations which were not yet mandatory in 2020 and have not been adopted early by the Group

Standard/interpretation		Published by the IASB	Mandatory application stipulated by the IASB
IAS 1 [1]	Presentation of the Financial Statements	23.01.2020/15.07.2020	01.01.2023
IAS 16 [1]	Property, plant and equipment	20.05.2020	01.01.2022
IAS 37 [2]	Provisions, contingent liabilities and contingent assets	14.05.2020	01.01.2022
IFRS 3 [1]	Business Combinations	14.05.2020	01.01.2022
IFRS 16 [1]	Leases	28.05.2020	01.06.2020
IFRS 17 [1]	Insurance Contracts	18.05.2017/25.06.2020	01.01.2023
Annual IFRS improvements cycle 2018 to 2020 [1]		14.05.2020	01.01.2022

[1] The application is not expected to have any material effect on the consolidated financial statements.
[2] The effects of IAS 37 on the consolidated financial statements are currently being examined.

COMPANIES CONSOLIDATED

Subsidiaries are defined as all entities which are controlled by the Group. The Group controls an investee if it has rights to variable returns from its involvement with the investee and if it has the ability to use its power over the investee to affect the amount of the investee's returns. An investee is consolidated from the day on which the investor gains control of it and ends when the investor loses control over it. Acquired subsidiaries are accounted for using the acquisition method. Upon initial consolidation, identifiable assets, liabilities and contingent liabilities are measured at their fair values at the acquisition date.

The companies consolidated comprise the following 15 (2019: nine) domestic and 50 (2019: 45) non-domestic companies:

	Share in capital/voting rights	
Name	31.12.2020 %	31.12.2019 %
Nordex SE, Rostock (Group parent)	–	–
Alfresco Renewable Energy Private Limited, Bangalore/India	100.0	100.0
Component Purchasing Company LLC, Dover/United States	100.0	–
Component Purchasing Company II LLC, Dover/United States	100.0	–
Component Purchasing Company III LLC, Dover/United States	100.0	–
Corporacion Nordex Energy Spain S.L., Barasoain/Spain	100.0	100.0
Eolicos R4E S.A. de C.V., Tegucigalpa/Honduras	100.0	100.0
Industria Toledana de Energias Renovables S.L., Barasoain/Spain	100.0	100.0
Limited Liability Company Nordex Energy Ukraine, Kiev/Ukraine	100.0	100.0
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing/PR China	100.0	100.0
Nordex Belgium GmbH, Hamburg	100.0	–
Nordex Beteiligungen GmbH, Hamburg	100.0	–
Nordex Blade Technology Centre ApS, Kirkeby/Denmark	100.0	100.0
Nordex Blades Spain S.A., Barasoain/Spain	100.0	100.0
Nordex (Chile) SpA, Santiago/Chile	100.0	100.0
Nordex Education Trust, Cape Town/South Africa	100.0	100.0
Nordex Electrane d.o.o., Split/Croatia	100.0	100.0
Nordex Employee Holding GmbH, Hamburg	100.0	100.0
Nordex Energy Brasil – Comercio e Industria de Equipamentos Ltda., São Paulo/Brazil	100.0	100.0
Nordex Energy B.V., Rotterdam/Netherlands	100.0	100.0
Nordex Energy Chile S.A., Santiago/Chile	100.0	100.0
Nordex Energy Colombia S.A.S., Bogotá/Columbia	100.0	–
Nordex Energy Iberica S.A., Barcelona/Spain	100.0	100.0
Nordex Energy Internacional S.L., Barasoain/Spain	100.0	100.0
Nordex Energy Ireland Ltd., Dublin/Ireland	100.0	100.0
Nordex Energy Romania S.r.l., Bucharest/Romania	100.0	100.0
Nordex Energy SE & Co. KG, Hamburg [1]	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Cape Town/South Africa	100.0	100.0

[1] Formerly Nordex Energy GmbH, Hamburg

Name	Share in capital/voting rights 31.12.2020 %	31.12.2019 %
Nordex Energy Spain S.A., Barasoain/Spain	100.0	100.0
Nordex Energy Uruguay S.A., Montevideo/Uruguay	100.0	100.0
Nordex Enerji A.S., Istanbul/Turkey	100.0	100.0
Nordex Finland Oy, Helsinki/Finland	100.0	–
Nordex Forum II GmbH & Co. KG, Hamburg	100.0	100.0
Nordex Forum II Verwaltungs GmbH, Hamburg	100.0	100.0
Nordex France S.A.S., Paris/France	100.0	100.0
Nordex Grundstücksverwaltung GmbH, Hamburg	100.0	100.0
Nordex Hellas Monoprosopi EPE, Athens/Greece	100.0	100.0
Nordex India Manufacturing Private Limited, Bangalore/India	100.0	–
Nordex India Private Limited, Bangalore/India	100.0	100.0
Nordex Italia S.r.l., Rome/Italy	100.0	100.0
Nordex Lithuania GmbH, Hamburg	100.0	–
Nordex Netherlands GmbH, Hamburg	100.0	–
Nordex Norway GmbH, Hamburg	100.0	–
Nordex Oceania Pty. Ltd., Melbourne/Australia	100.0	100.0
Nordex Offshore GmbH, Hamburg	100.0	100.0
Nordex Pakistan (Private) Ltd., Islamabad/Pakistan	100.0	100.0
Nordex Polska Sp. z o.o., Warsaw/Poland	100.0	100.0
Nordex Portugal GmbH, Hamburg	100.0	–
Nordex Singapore Equipment Private Ltd., Singapore/Singapore	100.0	100.0
Nordex Singapore Service Private Ltd., Singapore/Singapore	100.0	100.0
Nordex Sverige AB, Uppsala/Sweden	100.0	100.0
Nordex Towers Spain S.L., Barasoain/Spain	100.0	100.0
Nordex UK Ltd., Manchester/United Kingdom	100.0	100.0
Nordex United States Inc., Chicago/United States	100.0	100.0
Nordex United States Management LLC, Chicago/United States	100.0	100.0
Nordex Windpark Beteiligung GmbH, Hamburg	100.0	100.0
Nordex Windpower Peru S.A., Lima/Peru	100.0	100.0
Nordex Windpower Rüzgar Enerjisi Sistemleri Anonim Sirketi, Istanbul/Turkey	100.0	100.0
Nordex Windpower S.A., Buenos Aires/Argentina	100.0	100.0
NPV Dritte Windpark GmbH & Co. KG, Hamburg	100.0	100.0
NX Energy Mexico S. de R.L. de C.V., Mexico City/Mexico	100.0	100.0
Parque Eolico Llay-Llay SpA, Santiago/Chile	100.0	100.0
Ravi Urja Energy India Private Limited, Bangalore/India	100.0	100.0
Shanghai Nordex Windpower Co. Ltd., Shanghai/PR China	100.0	100.0
Solar Fields Energy Photo Voltaic India Private Limited, Bangalore/India	100.0	100.0

The scope of initial consolidation and deconsolidation was as usual in the reporting year. However, neither the initial consolidation nor the deconsolidation of entities had a material effect on the net assets, financial position and results of operations of the Nordex Group.

Consolidated companies do not include investees that are insignificant both in view of the quantitative criteria net profit/loss, equity, total assets and employees as well as in view of the qualitative criteria concerning the type of business activities.

For the purposes of liability consolidation, all receivables and liabilities from internal Group transactions between consolidated companies of EUR 5,994,967 thousand (2019: EUR 3,649,182 thousand) have been offset against each other.

In connection with the consolidation of expenses and income, internal Group deliveries of services and goods, expenses and income arising from transfer transactions and profit and loss from internal Group transactions of EUR 2,151,253 thousand (2019: EUR 1,487,456 thousand) were eliminated.

Nordex SE has entered into profit and loss transfer agreements with Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH for tax purposes.

Corporate tax and trade tax groups have been established between Nordex SE and Nordex Grundstücksverwaltung GmbH as well as Nordex Windpark Beteiligung GmbH.

Moreover, a corporate tax group has been established between Corporacion Nordex Energy Spain S.L. and Industria Toledana de Energias Renovables S.L., Nordex Blades Spain S.A., Nordex Energy Internacional S.L., Nordex Energy Spain S.A. and Nordex Towers Spain S.L., and between Nordex USA Inc. and Component Purchasing Company LLC, Component Purchasing Company II LLC, Component Purchasing Company III LLC, Eolicos R4E S.A. de C.V as well as Nordex USA Management LLC. A VAT tax group has been established between Nordex SE and Nordex Belgium GmbH, Nordex Energy SE & Co. KG, Nordex Forum II GmbH & Co. KG, Nordex Forum II Verwaltungs GmbH, Nordex Grundstücksverwaltung GmbH, Nordex Lithuania GmbH, Nordex Netherlands GmbH, Nordex Norway GmbH, Nordex Portugal GmbH and Nordex Windpark Beteiligung GmbH.

FINANCIAL INSTRUMENTS

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

All financial instruments are initially recognized at fair value. Transaction costs increase or decrease the initial carrying amount if the financial instrument is not recognized at fair value though profit or loss.

For subsequent measurement, all financial assets are allocated to one of the following categories:

- Measured at amortized cost
- Measured at fair value through other comprehensive income
- Measured at fair value through profit or loss

By contrast, all financial liabilities are divided into the following categories:

- Measured at amortized cost
- Measured at fair value through profit or loss

For information on the Nordex Group, please refer to the disclosures made in the respective sections of the financial statements, particularly the sections on other financial assets, other financial liabilities and equity. The Group does not apply the fair value option. There was no reclassification in the financial year ended.

Regular way purchase or sale of financial assets can be recognized or derecognized as at the day of trading or as at the date of settlement method. The method applied must be applied consistently for all purchases and sales of financial assets that belong to the same category. The Nordex Group uses settlement date accounting.

According to the impairment model in IFRS 9, an expected credit loss must be recognized for all financial instruments within the scope of this standard on initial recognition of the financial instrument.

At Nordex, this impairment model is mainly applicable to the following financial instruments:

- Trade receivables
- Contract assets from projects
- Contract assets from services

The expected credit loss is calculated based on a general impairment model with three stages (general approach) used to determine the loss allowances:

Stage 1:
Upon initial recognition, all financial instruments are classified in Stage 1. The loss allowance here is equal to the credit loss expected from possible default events in the twelve months following the reporting date (twelve-month expected credit loss).

Stage 2:
In cases where there is a significant increase in credit risk since initial recognition, financial instruments are transferred to Stage 2. The loss allowance equals the loss that could arise from possible default events during the remaining term of the financial instrument (lifetime expected credit loss).

Stage 3:
If there is objective evidence of impairment in accordance with IAS 39, financial instruments are moved to Stage 3. The loss allowance is equal to the incurred loss.

As a rule, the Company is free to determine the transfer criteria. However, IFRS 9 includes simplified assumptions constituting rebuttable presumptions about when a significant increase in credit risk exists. If transfer criteria are no longer met, financial instruments may be returned to another stage. Increases or decreases in loss allowances are recognized in profit or loss.

A simplified approach may also be applied as part of the general impairment model.

The Nordex Group uses both the general approach and the simplified approach.

Derivatives in turn must always be recognized at fair value. Changes in fair value are recognized in the profit or loss for the period, unless an entity has decided to designate the derivative as a hedge in accordance with hedge accounting after all requirements for hedge accounting are met.

Hedge accounting is applied to all cash flow hedges for project and procurement transactions at the Nordex Group. These concern hedges of cash flows that are highly probable to occur as per the budget or planning of individual customer specific projects. In contrast, hedge accounting is not applied to the hedging of changes in the fair value of Nordex SE's receivables, since these generally comprise intra-Group financing in foreign currencies.

Financial assets and liabilities that are designated as hedged items or hedge instruments are therefore subject to measurement under hedge accounting. These stipulate that hedge accounting is possible only if the clear hedging relationship between the hedged item and the hedge is documented and its efficacy is proved. Effectiveness is determined on the basis of the dollar offset method using a spot-to-spot approach. Only the spot component of the hedge instrument and not the full fair value is designated to hedge accounting. Any effective fair value change of the designated component is initially recognized in the cash flow hedge reserve and only reclassified to profit or loss when the hedged item is realized or does not come to pass. The ineffective part of the cash flow hedge is taken to profit or loss immediately. In contrast, the non-designated components (forward and CCBS components) are not part of the hedge and would have to be accounted for outside hedge accounting. However, IFRS 9 allows the fair value change of non-designated components to be recognized directly in equity as well, as these represent the costs associated with hedge accounting. Recognition has to be made via a separate item in equity, i. e. the reserve for cash flow hedge costs. The amounts accumulated in the reserve for cash flow hedge costs must also be reclassified from equity to profit and loss if the hedged item occurs or ceases to exist. Gains and losses on hedged project contracts are then reported in the income statement under sales, whereas gains and losses on hedged procurement contracts are to be included in the initial costs of acquisition or in the other carrying amount of the hedged items.

Forward exchange transactions that do not satisfy the strict criteria for the application of hedge accounting are classified as financial assets measured at fair value through profit or loss.

LEASES

According to the prevailing single lessee accounting model, the lessee is obliged to recognize assets for the right-of-use under lease contracts in the amount of the lease liabilities plus initial direct costs and adjusted for amounts already paid or received and liabilities in the amount of the present value of future lease payments. The lease payments are discounted at the incremental borrowing rate of interest of the lease if the interest rate on which the lease payments are based is not available. The right of use is amortized during the term of the lease contract and the lease liability is depreciated using the actuarial method. The options not to recognize short-term leases with a term of up to twelve months, leases of low-value assets with a value of less than EUR 5 thousand and leases of intangible assets have been exercised.

On the part of the lessor, each lease contract must be categorized as a finance lease or an operating lease. A lease will be classified as a finance lease if it essentially transfers all of the risks and opportunities associated with ownership; otherwise, an operating lease will be applicable. The lessor is obliged to present a receivable held within the scope of a finance lease at an amount equal to the net investment in the lease, while payments from an operating lease must be recognized as income.

For information on the Nordex Group, please refer to the disclosures made in the respective sections of the financial statements, particularly the sections on property, plant and equipment, other financial liabilities, other operating income, depreciation and amortization, other operating expenses and the financial result.

FOREIGN CURRENCY TRANSLATION

The consolidated financial statements are presented in euros, which is Nordex SE's functional and reporting currency.

Foreign-currency transactions are translated into the functional currency using the relevant exchange rates prevailing on the date of the transaction. Gains and losses resulting from the transaction-date translation are recognized through profit or loss.

Assets and liabilities of all Group companies with a functional currency other than euro are translated to euro on each reporting date using the exchange rate on such date, while income and expenses in each of the income statements are translated to euro using the monthly average exchange rate. If the use of the monthly average exchange rate does not result in a reasonable approximation of the cumulative effects that would have arisen had the exchange rate applicable on the dates of the individual transactions been applied, income and expenses are translated at the rates prevailing on the transaction dates. Any exchange differences are recognized as a separate item in other reserves in equity (foreign currency adjustment item).

The following table sets out the exchange rates against the euro of the Group's most important foreign currencies:

	Average exchange rates for the financial year		Closing rates as at 31.12.	
Exchange rates EUR 1.00 equals	**2020**	**2019**	**2020**	**2019**
AUD	1.6537	1.6103	1.5896	1.5995
BRL	5.8089	4.4170	6.3735	4.5157
CLP	902.4117	787.7531	872.5242	844.8800
GBP	0.8885	0.8766	0.8990	0.8508
HRK	7.5380	7.4199	7.5519	7.4395
INR	84.4338	78.6853	89.6604	80.1873
MXN	24.3497	21.6736	24.4160	21.2202
NOK	10.7063	9.8523	10.4703	9.8638
PLN	4.4409	4.2974	4.5597	4.2568
SEK	10.4831	10.5802	10.0343	10.4468
TRY	7.9121	6.3345	9.1133	6.6845
USD	1.1396	1.1202	1.2271	1.1234
ZAR	18.6602	16.1764	18.0213	15.7778

FINANCIAL RISK MANAGEMENT

FINANCIAL RISK MANAGEMENT – PURPOSES AND METHODS

As an enterprise acting on an international level, the Nordex Group is exposed to financial risks in its operating business and financial transactions. These are primarily market, credit and liquidity risks. The purpose of financial risk management is to limit these risks by means of ongoing operating and finance-oriented activities. The Treasury department is responsible for implementing the financial strategy and for ongoing risk management.

MARKET RISK

Foreign currency risk

The Group's business is exposed to fluctuations in exchange rates as a result of its international orientation. The main risks are associated with the US dollar. Foreign currency risks arise from expected future transactions and from assets and liabilities recognized in the statement of financial position. Currency risks arise as a result of financial instruments denominated in a currency other than the Group's functional currency and of a monetary nature; exchange rate-related differences from the translation of financial statements into the Group currency (translation risks) are ignored.

Foreign currency risks are mostly avoided by concluding contracts with customers that match the currencies of the corresponding project-related contracts with suppliers (natural hedge).

In order to hedge the remaining foreign currency risk, derivative hedge instruments are used, specifically forward exchange transactions. Derivative financial instruments are used solely for hedging purposes and are not utilized for trading or speculative purposes. These transactions are executed on a central basis by Nordex SE as the parent company. Contracts for derivative financial instruments are taken out only with domestic and foreign banks whose ratings are permanently monitored. Nordex also mitigates risk by diversifying its trading partners. All transactions with derivative financial instruments are executed, monitored and audited in accordance with the applicable provisions of the European Market Infrastructure Regulation (EMIR). Moreover, certain transactions require the prior approval of the Management Board, which is additionally kept regularly informed of the extent of the risk exposure resulting from the project business. As at 31 December 2020, most forward exchange transactions were denominated in US-dollar, Chinese yuan and Brazilian real. The notional repayment amounts for outstanding forward exchange transactions stand at EUR 458,167 thousand (2019: EUR 369,946 thousand); non-euro denominated forward exchange contracts are measured in euros and opposing currency flows cancel each other out.

The derivative hedging instruments included in hedge accounting are as follows:

2020	BRL thousand	CNY thousand	USD thousand
Nominal value due in 2021	33,581	132,026	303,642
Nominal value due in 2022	7,410	0	0
Nominal value due in 2023	0	0	0
Total	**40,991**	**132,026**	**303,642**
Base currency	EUR	EUR	EUR
Average hedging rate	**6.5147**	**8.0830**	**1.1820**

2019	CNY thousand	INR thousand	USD thousand
Nominal value due in 2020	0	0	0
Nominal value due in 2021	706,520	8,500	641,725
Nominal value due in 2022	156,000	0	4,200
Total	**862,520**	**8,500**	**645,925**
Base currency	EUR	USD	EUR
Average hedging rate	**8.0630**	**72.7450**	**1.1265**

The following results from the effectiveness test:

2020	Derivative assets		Derivative liabilities	
	EUR/CNY EUR thousand	**EUR/USD EUR thousand**	**EUR/BRL EUR thousand**	**EUR/CNY EUR thousand**
Nominal amount	CNY thousand 82,016	USD thousand 303,642	BRL thousand 40,991	CNY thousand 50,010
Market value/carrying amount	641	12,516	–508	–635
Change in the value of the hedge to determine ineffectiveness	355	12,467	–502	–696
Change in the value of the hedged item to determine ineffectiveness	–354	–12,483	530	712
Amount of cash flow hedge reserve for active cash flow hedges	–354	–14,857	502	696
Amount of reserve for cash flow hedge costs for active cash flow hedges	–286	–49	7	–61
Amount of cash flow hedge reserve for completed cash flow hedges	0	0	0	0
Amount of reserve for cash flow hedge costs for completed cash flow hedges	0	0	0	0

2019	Derivative assets		Derivative liabilities	
	EUR/CNY EUR thousand	**USD/INR EUR thousand**	**EUR/USD EUR thousand**	**EUR/USD EUR thousand**
Nominal amount	CNY thousand 862,520	INR thousand 8,500	USD thousand 480,172	USD thousand 165,753
Market value/carrying amount	1,662	1	4,782	–2,990
Change in the value of the hedge to determine ineffectiveness	1,662	1	4,782	–2,990
Change in the value of the hedged item to determine ineffectiveness	–1,937	–1	–4,878	2,845
Amount of cash flow hedge reserve for active cash flow hedges	768	–5	5,0554	–1,129
Amount of reserve for cash flow hedge costs for active cash flow hedges	893	7	–273	–1,861
Amount of cash flow hedge reserve for completed cash flow hedges	0	0	273	–1,534
Amount of reserve for cash flow hedge costs for completed cash flow hedges	0	0	9	–373

The ineffective part of the cash flow hedges directly recognized in the income statement in other operating expenses amounts to a loss of EUR 1 thousand (2019: EUR 1 thousand).

Thanks to this, the Nordex Group's operating activities were not exposed to any material foreign currency risks as at the reporting date.

For the purpose of describing foreign currency risks, a currency sensitivity analysis is performed to determine the effects of hypothetical changes in relevant risk variables on the Company's net profit (after income tax) and equity. The relevant risk variables comprise all nonfunctional currencies in which the Nordex Group transacts financial instruments.

In the event of 10% appreciation/depreciation in the respective foreign currency against the reporting currency, the measurement of the primary monetary financial instruments (cash and cash equivalents, trade receivables and payables, contract assets from projects, liabilities to banks and prepayments received) would result in the following effects on post-tax profit:

2020	+10% EUR thousand	–10% EUR thousand
EUR/USD	35,966	–29,427

2019	+10% EUR thousand	–10% EUR thousand
EUR/USD	12,932	–10,581

The measurement of the forward exchange transactions entered into for hedging purpose but not included in hedge accounting would result in the following effects on profit and fair value:

2020	+10% EUR thousand	–10% EUR thousand
EUR/AUD		
Net profit/loss	–327	327
Fair value	–327	327
EUR/BRL		
Net profit/loss	–7,002	7,037
Fair value	–7,002	7,037
EUR/SEK		
Net profit/loss	–7,338	7,360
Fair value	–7,338	7,360
EUR/USD		
Net profit/loss	–8,435	8,447
Fair value	–8,435	8,447

2019	+10% EUR thousand	–10% EUR thousand
EUR/AUD		
Net profit/loss	–1,028	1,028
Fair value	–1,028	1,028
EUR/PLN		
Net profit/loss	1,019	–1,019
Fair value	1,019	–1,019
EUR/SEK		
Net profit/loss	–1,457	1,457
Fair value	–1,457	1,457
EUR/USD		
Net profit/loss	–6,528	6,528
Fair value	–6,528	6,528

The measurement of the forward exchange transactions entered into for hedging purpose and included in hedge accounting would result in the following effects on profit, fair value and the pre-tax and post-tax hedging reserve within equity:

2020	+10% EUR thousand	−10% EUR thousand
EUR/BRL		
Net profit/loss	0	0
Fair value	−3,955	4,022
Hedge accounting reserve within equity, pre-tax	−3,955	−4,022
Hedge accounting reserve within equity, post-tax	−2,689	2,735
EUR/CNY		
Net profit/loss	1	1
Fair value	13,070	−12,874
Hedge accounting reserve within equity, pre-tax	13,071	−12,873
Hedge accounting reserve within equity, post-tax	8,888	−8,754
EUR/USD		
Net profit/loss	0	0
Fair value	−30,140	30,304
Hedge accounting reserve within equity, pre-tax	−30,140	30,304
Hedge accounting reserve within equity, post-tax	−20,495	20,607

2019	+10% EUR thousand	−10% EUR thousand
EUR/CNY		
Net profit/loss	0	0
Fair value	10,869	−10,869
Hedge accounting reserve within equity, pre-tax	10,869	−10,869
Hedge accounting reserve within equity, post-tax	7,391	−7,391
EUR/USD		
Net profit/loss	2	−2
Fair value	−39,131	39,131
Hedge accounting reserve within equity, pre-tax	−39,133	39,133
Hedge accounting reserve within equity, post-tax	−26,610	26,610

Interest risk

Nordex SE has issued a promissory note that is also subject to variable interest. A 1 percentage point increase of the 6M-Euribor would increase cumulative interest expense until maturity of the remaining floating-rate promissory note tranches by EUR 62 thousand (2019: EUR 1,093 thousand), while a decrease in 6M-Euribor would not reduce interest expense because of the contractually agreed interest floor.

The Group has no assets subject to variable interest rates entailing a material interest rate risk exposure.

Credit risk

The Group enters into business solely with investment-grade rated third parties. All main new customers wishing to enter into business with the Group on credit terms undergo a credit check. As a matter of principle, a standardized approval procedure is carried out to address any credit risks before the order is accepted. In particular, the order is not accepted unless the project finance is guaranteed by a bank and/or a bank guarantee or group bond has been issued. In addition, the contracts provide for prepayments to be made when certain milestones are reached. In addition, receivables are monitored on an ongoing basis to avert all material credit risks. There is no pronounced clustering of credit risks within the Group. The maximum credit risk is limited to the carrying amount in question. Trade receivables and contract assets from projects are additionally secured by means of guarantees, sureties and standby letters of credit of EUR 3,798,110 thousand gross (2019: EUR 3,966,681 thousand) or by means of retained ownership rights of EUR 261,009 thousand (2019: EUR 108,774 thousand).

Liquidity risk

The aim of the Group is to achieve a balance between incoming and outgoing payments. To this end, it tracks payments made and received in the light of the maturities of the financial investments and assets as well as expected payment flows from operating activities and permanently manages Group liquidity.

As a matter of principle, the Nordex Group finances projects via prepayments made by customers. With all projects, the payments are invoiced in line with the progress of work on the basis of the agreed contractual schedule.

In some cases, Nordex uses cross-border cash pooling mechanisms or other in-house banking instruments to enhance the efficiency of liquidity management within the Group. Group Treasury invests remaining liquidity positions conservatively with domestic and non-domestic banks. For this purpose, limits and counterparty risks are permanently monitored.

DEBT INSTRUMENTS

Revolving credit facility

To protect it from the effects of the COVID-19 pandemic, on 4 August 2020 the Nordex Group, via Nordex SE and with main Nordex Group companies holding joint and several liability, received a revolving credit facility for EUR 350,000 thousand under the German federal government's loan guarantee program with the participation of the states of Mecklenburg-West Pomerania and Hamburg. Ninety percent of the credit facility is guaranteed by the Federal Republic of Germany, the City of Hamburg and the State of Mecklenburg-West Pomerania. The credit facility runs until 30 April 2022 and carries interest at 2.0% above Euribor, which is capped at zero (Euribor floor). As at 31 December 2020, the liability recognized including accrued interest amounted to EUR 250,743 thousand.

Promissory note

On 6 April 2016, Nordex SE placed a promissory note with a volume of EUR 550,000 thousand for which Nordex SE & Co. KG is jointly and severally liable with national and international investors. The promissory note currently is comprised of tranches with original terms of five, seven and ten years, each subject to fixed or variable interest. Depending on the tranche, the interest rate is between 1.8% and 3.0%. As at 31 December 2020, the liability recognized including accrued costs and interest amounted to EUR 242,443 thousand (31 December 2019: EUR 242,297 thousand).

Research and development loan

In addition, Nordex has been granted a long-term research and development facility of up to EUR 100,000 thousand by the European Investment Bank. Nordex intends to use this loan to finance the development of increasingly more efficient technical solutions to additionally extend its competitive lead. The loan has a term of eight years from the date on which it is drawn and is repaid in installments. The borrower is Nordex Energy SE & Co. KG, with the main Nordex Group companies holding joint and several liability. As at 31 December2020, the liability recognized including accrued interest amounted to EUR 40,982 thousand (31 December 2019: EUR 53,511 thousand).

Shareholder loan

In addition, Acciona S.A. granted Nordex SE a shareholder loan of EUR 232,200 thousand. The loan is paid out in two tranches of EUR 17,200 thousand in August 2020 and EUR 215,000 thousand in March 2021. The loan runs until 30 April 2025 at an interest rate of 10.0%. The shareholder loan secures refinancing of the EUR 215,000 thousand promissory note due in April 2021. As at 31 December 2020, the liability recognized including accrued costs and interest amounted to EUR 953 thousand because the shareholder loan is shown in the statement of financial position together with an additional deferred item of EUR 16,138 thousand relating to the as yet unpaid second tranche of the shareholder loan of EUR 215,000 thousand.

Syndicated multi-currency guarantee facility

Nordex SE also has a syndicated multi-currency guarantee facility with a volume of EUR 1,238,750 thousand that runs until 9 April 2023 and in which the main Nordex Group companies hold joint and several liability. This facility may be extended twice for one more year in each case. As at 31 December 2020, EUR 1,066,862 thousand (31 December

2019: EUR 989,654 thousand) of the syndicated multi-currency guarantee facility had been drawn down in the form of guarantees. Ancillary credit facilities have also been set up under the syndicated multi-currency guarantee facility. As at 31 December 2020, the cash drawdowns on these facilities amounted to EUR 1,896 thousand (31 December 2019: EUR 21,556 thousand).

Corporate bond

On 2 February 2018, the Nordex Group successfully placed a corporate bond in the amount of EUR 275,000 thousand with a coupon of 6.5%. This bond was admitted to trading on the International Stock Exchange. The issuer of the five-year corporate bond is Nordex SE, with the main Nordex Group companies holding joint and several liability. As at 31 December 2020, the liability recognized including accrued costs and interest amounted to EUR 278,385 thousand (31 December 2019: EUR 276,582 thousand).

Employee bond

To strengthen employee loyalty while allowing them to make a profitable investment, the Nordex Group has launched a participation program for its employees in the French Val aux Moines wind farm developed and implemented by Nordex. Employees can participate by purchasing bonds issued by Nordex Employee Holding GmbH. The total volume is up to EUR 4,000 thousand with an annual interest rate of 6.0%. The term runs from 1 October 2020 to 30 September 2024. As at 31 December 2020, the liability recognized including accrued costs and interest amounted to EUR 3,866 thousand.

All financings are unsecured and, in principal, equal in rank. However, the shareholder loan is subordinated.

Under the revolving credit facility, the covenant concept of the research and development loan and the syndicated multi-currency guarantee facility was successfully adjusted to the current business performance. A minimum liquidity level has been agreed upon, compliance with which must be reported to the respective banks on a monthly basis. As at 31 December 2020, the monthly minimum liquidity level was met in each case. The other covenants (equity ratio, leverage and interest coverage ratio) will come into force again in September 2021. Nordex expects to be in compliance with all covenants in the future as well. The banks may only terminate the facilities for good cause, which includes breach of the covenants.

CAPITAL RISK MANAGEMENT

The main aims of capital risk management are to ensure sustained growth in enterprise value and to safeguard the Group’s liquidity and credit rating. Equity stood at EUR 773,533 thousand as at 31 December 2020 (2019: EUR 745,387 thousand). The Group monitors its capital by means of the working capital employed. Working capital is defined as the sum total of trade receivables, contract assets from projects and inventories less trade payables and prepayments received:

EUR thousand	31.12.2020	31.12.2019
Trade receivables	121,805	128,070
Contract assets from projects	531,531	217,547
Inventories	1,202,207	1,398,421
Trade payables	−1,095,563	−968,455
Prepayments received	−1,053,068	−1,075,694
	−293,088	**−300,111**
Sales	4,650,740	3,284,573
Working capital ratio	−6.3%	−9.1%

GROUP SEGMENT REPORTING

The Nordex Group is essentially a single-product company. The Nordex Group's activities cover the development, production, servicing and marketing of wind power systems. In order to support the marketing activities, it provides preliminary project development services, acquires rights and creates the infrastructure required to construct wind power systems at suitable locations. In line with business activities, the reportable segments are the Projects and Service segments. The prices of deliveries between the individual segments are determined on an arm's length basis. Segment reporting follows the internal reports submitted to the chief operating decision maker, the Management Board of Nordex SE, on the basis of the accounting principles applied to the consolidated financial statements.

	Projects	
EUR thousand	**2020**	**2019**
Sales	4,217,220	2,884,536
Changes in inventories and other own work capitalized	−285,611	581,862
Cost of materials	−3,596,819	−2,918,210
Other income and expenses	−214,363	−423,709
Earnings before interest and taxes	120,427	124,479
Other interest and similar income	0	0
Interest and similar expenses	0	0
Other financial result	0	0

[1] As in the previous year, intrasegment sales are exclusively attributable to the Service segment, whereas intrasegment cost of materials of EUR 4,938 thousand (2019: EUR 2,392 thousand) is attributable to the Projects segment and EUR 1,266 thousand (2019: EUR 1,621 thousand) to the Not-allocated segment.

Service		Not allocated		Consolidation [1]		Total	
2020	2019	2020	2019	2020	2019	2020	2019
437,615	403,188	2,109	862	−6,204	−4,013	4,650,740	3,284,573
−3,309	−1,393	−16,338	6,378	0	0	−305,258	586,847
−199,438	−175,362	−8,067	−6,435	6,204	4,013	−3,798,120	−3,095,994
−165,621	−155,069	−229,219	−216,231	0	0	−609,203	−795,009
69,247	71,364	−251,515	−215,426	0	0	−61,841	−19,583
0	0	4,419	7,389	0	0	4,419	7,389
0	0	−98,434	−68,188	0	0	−98,434	−68,188
0	0	5,585	663	0	0	5,585	663

Non-current assets and sales break down by region as follows:

	Non-current assets[1]		Sales	
EUR thousand	**31.12.2020**	**31.12.2019**	**2020**	**2019**
Europe	544,087	556,199	2,456,531	1,595,962
Latin America	32,385	31,296	822,890	869,616
North America	17,511	14,240	1,017,050	627,872
Rest of the world	46,799	54,169	354,269	191,123
	640,782	**655,904**	**4,650,740**	**3,284,573**

[1] Non-current assets include property, plant and equipment, capitalized development expenses, prepayments made and other intangible assets.

Further information can be found in the Group management report.

NOTES TO THE STATEMENT OF FINANCIAL POSITION

(1) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand, sight deposits and fixed-term deposits with an original term of up to three months. Utilized current account overdrafts are netted with cash and cash equivalents.

Deposits which are immediately callable are subject to variable interest rates, while fixed-term deposits are subject to the applicable fixed interest rates.

Cash and cash equivalents amount to EUR 778,357 thousand (2019: EUR 509,998 thousand), EUR 7,341 thousand (2019: EUR 8,831 thousand) of which pertains to fixed-term deposits with an original term of more than three months.

No impairments need to be recognized.

Pursuant to IFRS 7 and IFRS 9, cash and cash equivalents are classified as financial assets measured at amortized cost. Given the short residual terms to maturity, amortized cost would equal the fair value as in the previous year.

(2) TRADE RECEIVABLES AND CONTRACT ASSETS FROM PROJECTS

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If receipt of payment is expected within one year or less (or within the normal operating cycle of the business if longer), they are classified as current assets.

Contract assets from projects include unfinished contracts whose revenues are recognized according to the percentage of completion in accordance with IFRS 15. Prepayments received are deducted.

Trade receivables and contract assets from projects are comprised as follows:

EUR thousand	31.12.2020	31.12.2019
Trade receivables (gross)	141,564	144,125
Less impairment	−19,759	−16,055
Trade receivables (net)	**121,805**	**128,070**
Contract assets from projects (gross)	5,197,986	2,568,724
Less prepayments received	−4,666,455	−2,351,177
Contract assets from projects (net)	**531,531**	**217,547**
	653,336	**345,617**

Trade receivables are not subject to interest and are generally due for settlement within 30 to 90 days.

Retentions by customers in connection with contract assets from projects are usually associated with punch lists not yet completed and largely refer to final payments outstanding for more than 30 days. Such retentions amount to EUR 24,545 thousand (2019: EUR 26,756 thousand).

The following impairment was recognized on trade receivables in the year under review and in the previous year:

EUR thousand	2020	2019
Impairment as at 01.01.	16,055	15,857
Utilization	−22	−2,058
Reversals	−1,407	−590
Additions	5,133	2,846
Impairment as at 31.12.	**19,759**	**16,055**

Impairments of trade receivables applying the simplified approach are as follows:

31.12.2020	Impaired						Not impaired	Total
EUR thousand		Not past due	Past due less than 30 days	Past due 31 to 90 days	Past due 91 to 180 days	Past due 181 to 360 days	Past due 361 days and more	
Collateralized trade receivables (gross)	0	37,746	8,798	8,527	6,458	3,315	4,782	**69,626**
Expected loss rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Impairment	0	0	0	0	0	0	0	**0**
Collateralized trade receivables (net)	0	37,746	8,798	8,527	6,458	3,315	4,782	**69,626**
Uncollateralized trade receivables (gross)	16,752	31,050	13,689	4,898	1,419	2,989	1,141	**71,938**
Expected loss rates	100.0%	0.1%	0.3%	2.5%	12.5%	50.0%	100.0%	**27.5%**
Impairment	16,752	31	41	122	177	1,495	1,141	**19,759**
Uncollateralized trade receivables (net)	0	31,019	13,648	4,776	1,242	1,494	0	**52,179**

31.12.2019	Impaired						Not impaired	Total
EUR thousand		Not past due	Past due less than 30 days	Past due less than 30 days	Past due 91 to 180 days	Past due 181 to 360 days	Past due 361 days and more	
Collateralized trade receivables (gross)	0	26,628	22,580	4,008	2,271	6,480	9,228	**71,195**
Expected loss rates	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	**0.0%**
Impairment	0	0	0	0	0	0	0	**0**
Collateralized trade receivables (net)	0	26,628	22,580	4,008	2,271	6,480	9,228	**71,195**
Uncollateralized trade receivables (net)	6,353	32,062	15,308	5,953	2,815	1,527	8,912	**72,930**
Expected loss rates	91.3%	0.1%	0.3%	2.5%	12.5%	50.0%	100.0%	**21.6%**
Impairment	5,800	32	46	149	352	764	8,912	**16,055**
Uncollateralized trade receivables (net)	553	32,030	15,262	5,804	2,463	763	0	**56,875**

In financial year 2020, unimpaired receivables amounting to EUR 2,489 thousand (2019: EUR 2,375 thousand) were derecognized.

Due to the collateralization with guarantees, sureties and standby letters of credit, no impairments need to be recognized on contract assets from projects.

Pursuant to IFRS 7 and IFRS 9, trade receivables are classified as financial assets measured at amortized cost whereas contract assets from projects are not subject to the provisions of IFRS 7 and IFRS 9. Amortized cost would equal the fair value, as in the previous year.

(3) INVENTORIES

Generally, the average method is used to calculate historical cost. The production costs include full costs calculated on the basis of normal capacity utilization.

Inventories are reviewed for impairment as of the reporting date and appropriate loss allowances are recognized if necessary.

Inventories break down as follows:

EUR thousand	31.12.2020	31.12.2019
Work in progress	684,699	1,013,754
Raw materials and supplies	434,937	299,256
Prepayments made	82,571	85,411
	1,202,207	**1,398,421**

Work in progress relates to wind power systems under construction as well as advance outlays for project development, rights and infrastructure of EUR 1,740 thousand (2019: EUR 2,672 thousand) not due for completion until after 2021.

Raw materials and supplies primarily comprise production and service material.

The carrying amount of the inventories includes the following impairment adjustments:

EUR thousand	2020	2019
Impairment as at 01.01.	37,718	48,506
Utilization	–1,447	–12,296
Reversals	–8,934	–162
Additions	3,350	1,670
Impairment as at 31.12.	**30,687**	**37,718**

Utilization of impairment is related specifically to reductions in aged inventories, while additions refer primarily to inventories with limited usability.

The carrying amount of the impaired inventories stands at EUR 15,061 thousand (2019: EUR 17,794 thousand).

(4) INCOME TAX RECEIVABLES AND PAYABLES

Income tax receivables of EUR 14,626 thousand (2019: EUR 15,818 thousand) mainly stem from Nordex Energy South Africa RF (Pty.) Ltd., Nordex Windpower S.A., Nordex SE and Nordex France S.A.S., whereas the income tax payable of EUR 8,970 thousand (2019: EUR 6,180 thousand) is mainly attributable to Nordex SE, Nordex Energy Chile S.A., Nordex France S.A.S. and Nordex Enerji A.S.

(5) OTHER CURRENT FINANCIAL ASSETS

Other current financial assets break down as follows:

EUR thousand	31.12.2020	31.12.2019
Forward exchange transactions	16,999	7,255
Creditors with debit accounts	6,606	6,239
Insurance and compensation claims	4,597	3,644
Receivables from non-consolidated affiliated companies, associates and investments	2,429	2,254
Deposits/collateral	1,621	1,711
Other	14,960	5,469
	47,212	**26,572**

The Other item mainly includes advance payments to secure supplier capacities and the remaining entitlement to the purchase price with the sale of part of the internally developed wind farm projects to RWE.

No impairments need to be recognized.

Pursuant to IFRS 7 and IFRS 9, the receivables reported under other current financial assets are classified as financial assets measured at amortized cost. Given the short residual terms to maturity, amortized cost amounting to EUR 30,213 thousand (2019: EUR 19,317 thousand) would equal the fair value as in the previous year.

Pursuant to IFRS 7 and IFRS 9, the forward exchange transactions reported in other current financial assets in the scope of hedge accounting (cash flow hedges) are classified as effective hedging instruments measured at fair value through other comprehensive income. The fair value amounts to EUR 13,157 thousand (2019: EUR 6,145 thousand).

Pursuant to IFRS 7 and IFRS 9, the other forward exchange transactions reported under other current financial assets are classified as financial assets measured at fair value through profit or loss. The fair value amounts to EUR 3,842 thousand (2019: EUR 1,110 thousand). The forward rates and prices are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

(6) OTHER CURRENT NON-FINANCIAL ASSETS

Other current non-financial assets break down as follows:

EUR thousand	31.12.2020	31.12.2019
Current tax assets	162,411	185,497
Prepaid expenses	19,127	12,964
Contract assets from services	5,712	13,692
Other	1,448	5,223
	188,698	**217,376**

The current tax assets primarily concern current input tax assets of Nordex SE in the amount of EUR 27,536 thousand (2019: EUR 22,318 thousand), of Nordex Energy Brasil – Comercio e Industria de Equipamentos Ltda. in the amount of EUR 24,799 thousand (2019: EUR 29,275 thousand), of Nordex Enerji A.S. in the amount of EUR 21,824 thousand (2019: EUR 1,914 thousand), of Nordex Electrane d.o.o. in the amount of EUR 19,319 thousand (2019: EUR 3,105 thousand) and of Nordex India Private Limited in the amount of EUR 16,718 thousand (2019: EUR 32,944 thousand).

Prepaid expenses chiefly comprise accrued costs for the revolving credit facility, license fees and the multi-currency guarantee facility.

The contract assets from services concern maintenance contracts where the degree of completion exceeds the billed amount.

The expected loss ratio for contract assets from services corresponds to the ratio of 0.1% applicable for unsecured trade receivables that are not past due. For reasons of materiality, the impairments resulting from this in the amount of EUR 6 thousand (2019: EUR 14 thousand) have not been recognized, however.

(7) PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are recognized at historical cost and, where subject to wear and tear, depreciated. Historical cost includes costs directly attributable to acquisition or construction.

In accordance with IAS 20.24, government grants and assistance received for the purpose of acquiring non-current assets are deducted from historical cost.

Depreciation is calculated on a straight-line basis over the expected useful life of the asset. For this purpose, the historical cost is written down to the residual carrying amount over the expected useful life of the assets as follows:

	Useful life	Depreciation rate
Land and buildings (depreciation calculated for buildings only)	10–33 years	3%–10%
Technical equipment and machinery	3–25 years	4%–33.33%
Tools and equipment	2–18 years	5.56%–50%

Property, plant and equipment breaks down as follows:

EUR thousand	31.12.2020	31.12.2019
Technical equipment and machinery	171,668	160,122
Land and buildings	169,720	181,704
Other fixtures and fittings, tools and equipment	83,155	54,004
Assets under construction and prepayments made	29,616	44,260
	454,159	**440,090**

Land and buildings, and other fixtures and fittings, tools and equipment include lease assets.

Additions and carrying amounts as 31 December 2020 and 1 January 2020 are as follows:

EUR thousand	Additions	31.12.2020 Carrying amount	01.01.2020 Carrying amount
Land and buildings – lease assets	11,851	85,457	91,490
Other fixtures and fittings, tools and equipment – lease assets	7,907	12,372	11,755
	19,758	**97,829**	**103,245**

The capitalized right-of-use assets from leases relate mainly to administrative and production buildings, warehouses, company vehicles and production equipment (e. g. lifting platforms).

Cash outflows for leases in the current financial year amounted to EUR 23,407 thousand as at 31 December 2020 (1 January to 31 December 2019: EUR 19,823 thousand).

In 2014, Nordex received an investment grant to expand its facility in Rostock. The assets for which the grant is provided must be retained in the facility in question for a period of five years after payment of the last tranche of the grant, i.e. until 2022. In addition, an annual average of around 1,026 jobs must be maintained permanently during this period. As in the previous year, no investment grant was paid in 2020.

For a detailed overview of movements in property, plant and equipment we refer to the statement of changes in property, plant and equipment and intangible assets attached to the notes to the consolidated financial statements.

(8) GOODWILL

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired company on the date of acquisition.

For the purpose of impairment testing, goodwill is allocated to cash-generating units (CGUs) at the date of acquisition. Once per year at year-end, the Group tests whether goodwill is impaired at the level of CGUs to which goodwill has been allocated (impairment only approach).

The recoverable amount or the fair value less cost of sale for these two CGUs, Project and Service, is calculated based on the budget for 2021 as well as four subsequent budget years derived from the Company's medium-term forecasts. Income beyond the five-year period has been extrapolated based on a steady growth rate of 1.00% (2019: 1.00%). The fair value determined for both CGUs is assigned to Level 3 in the fair value hierarchy.

The discount rate before tax is 9.27% (2019: 9.80%) for the Projects CGU and 9.40% (2019: 9.63%) for the Service CGU and is calculated on the basis of the weighted average cost of capital (WACC). The discount rate is based on a risk-free interest rate of – 0.14% (2019: 0.34%), a market risk premium of 7.50% (2019: 7.50%) and a beta factor of 1.28 (2019: 1.26). The beta factor and the ratio of the market value of equity capital to the market value of debt capital were determined using a CGU-specific peer group.

As in the previous year, goodwill amounts to EUR 547,758 thousand, with EUR 504,595 thousand in the Projects CGU and EUR 43,163 thousand in the Service CGU. EUR 537,798 thousand thereof results from the purchase price allocation for Acciona Windpower.

As in the previous year, no impairment losses were recognized in 2020 as the recoverable value of the Projects and Service CGUs was higher than the carrying amount of their assets plus the carrying amount of the goodwill of both CGUs.

An increase or decrease in the WACC by 0.5 percentage points as well as an increase or decrease by 0.5 percentage points of the growth discount would not lead to any impairment in either the Projects CGU or the Service CGU.

For a detailed overview of goodwill we refer to the statement of changes in property, plant and equipment and intangible assets attached to the notes to the consolidated financial statements.

(9) CAPITALIZED DEVELOPMENT EXPENSES

The cost of production for such assets includes all costs directly attributable to the production process as well as the production-related overheads and borrowing costs. Borrowing costs that are directly attributable to the production of a qualifying asset are capitalized until all work required to ready the asset for its intended use has been largely completed; otherwise they are recognized as expense in the period, in which they accrue. A qualifying asset is one whose production takes more than one year. Furthermore, development expenses may only be capitalized if the Company is in a position to and intends to complete and use the asset, and is able to prove how the asset will in future generate an economic benefit.

Capitalized development expenses are written down on a straight line basis over the period in which the project is expected to generate sales, but no longer than five years. Furthermore, the Group reviews the recognized value of the capitalized development expenses once a year; an impairment is recognized for any development measures that are found to be technically outdated.

As at the reporting date, development expenses of EUR 166,677 thousand (2019: EUR 188,490 thousand) were capitalized. In financial year 2020, development expenses of EUR 24,714 thousand were capitalized (2019: EUR 27,834 thousand). Additions comprise in particular the enhancement of the Generation Delta wind turbine type N149 and the enhancement of the AW3000 platform. The additions include borrowing costs of EUR 1,434 thousand (2019: EUR 1,013 thousand) at a borrowing rate of 4.52% (2019: 4.48%). Additional development expenses of EUR 22,962 thousand also arising in 2020 (2019: EUR 21,675 thousand) did not meet the criteria for capitalization and were therefore recognized in profit or loss. The capitalization ratio therefore amounts to 51.84% (2019: 56.22%).

For a detailed overview of capitalized development costs we refer to the statement of changes in property, plant and equipment and intangible assets attached to the notes to the consolidated financial statements.

(10) PREPAYMENTS MADE AND OTHER INTANGIBLE ASSETS

Assets that have defined useful lives are reported at historical cost less cumulative amortization.

Amortization is calculated on a straight-line basis over the expected useful life of the assets, which are deemed to end no later than upon the expiry of the corresponding right. The following useful lives are assumed for this purpose:

	Useful life	Amortization rate
Licenses, software and similar rights	2–5 years	20%–50%

Prepayments made and other intangible assets amount to EUR 19,946 thousand (2019: EUR 27,324 thousand) as at the reporting date.

For a detailed overview of prepayments made and other intangible assets, we refer to the statement of changes in property, plant and equipment and intangible assets attached to the notes to the consolidated financial statements.

(11) FINANCIAL ASSETS

The financial assets include investments in affiliated non-consolidated companies and investments. Investments in affiliated non-consolidated companies refers to companies that are controlled by the Group but are insignificant. Investments refers to companies that are not controlled by the Group. Financial assets mainly comprise project companies. However, project development is not carried out by the companies, which is why the value of the companies does not increase. Costs therefore correspond to the fair value.

Financial assets break down as follows:

EUR thousand	31.12.2020	31.12.2019
Investments in affiliated non-consolidated companies	2,986	5,067
Equity investments	585	40
	3,571	**5,107**

Shares are held in the following affiliated non-consolidated companies:

EUR thousand	31.12.2020	31.12.2019
Project companies	2,961	5,042
Nordex Windpark Verwaltung GmbH, Hamburg	25	25
	2,986	**5,067**

The project companies hold various rights in connection with internally developed wind power projects, in particular construction permits and power purchase agreements. One project company was established in 2020 (2019: 27) and 57 project companies were sold (2019: six). Impairment amounting to EUR 3 thousand (2019: EUR 0 thousand) was recognized.

The purpose of Nordex Windpark Verwaltung GmbH is to acquire and manage investments in trading companies whose purpose is particularly to acquire, develop, install and operate wind farms and to assume personal liability and management responsibility for such entities.

Investments are held in the following entities:

EUR thousand	31.12.2020	31.12.2019
Rose Windfarm AB, Stockholm/Sweden	571	2
Parc Eolien du Val Aux Moines, Paris/France [1]	13	13
Eoliennes de la Vallee S.A.S., Amiens/France	1	1
Farma Wiatrowa Stogi Sp. z o.o., Kwidzyn/Poland	0	0
Eoliennes du Pays d'Auge, Nimes/France	0	18
Fond du Moulin, Pontarme/France	0	1
Kvällaliden AB, Stockholm/Sweden	0	2
Vent d'est S.a r.l., Paris/France	0	1
WP France 15 S.A.S., Puteaux/France	0	2
	585	**40**

[1] Formerly Parc Eolien Nordex II S.A.S., Paris/France

Rose Windfarm AB, Eoliennes de la Vallee S.A.S. and Farma Wiatrowa Stogi Sp. z o.o. have no significant business operations. Parc Eolien du Val Aux Moines operates a wind farm.

None of the shares are listed. There was no intention to sell as at 31 December 2020.

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2020 attached to the notes to the consolidated financial statements.

Pursuant to IFRS 7 and IFRS 9, the investments are classified as financial assets measured at fair value through other comprehensive income. The investments mainly comprise project companies. As in the previous year, the fair value corresponds to costs because there is no increase in value in the companies as project development is not carried out by the companies.

(12) INVESTMENTS IN ASSOCIATES

Associates are all entities over which the Group has a significant influence but not control, generally accompanied by a shareholding of between 20% and 50% of the voting rights. They are measured using the equity method of accounting.

Investments in associates break down as follows:

EUR thousand	31.12.2020	31.12.2019
C&C Wind Sp. z o.o., Natolin/Poland	6,017	0
GN Renewable Investments S.a r.l., Luxembourg/Luxembourg	70	81
	6,087	**81**

The purpose of C&C Wind Sp. z o.o. is to install and operate a wind farm in Poland.

GN Renewable Investments S.a r.l. is responsible for arranging the funding of project companies.

The following table sets out the financial information on the non-listed associates:

2020 EUR thousand	C&C Wind Sp. z o.o.	GN Renewable Investments S.a.r.l.
Current assets [1]	8,175	2,379
Non-current assets [1]	37,308	3
Current liabilities [1]	28,245	11
Non-current liabilities [1]	262	2,139
Sales [1]	10,969	0
Profit/loss [1]	1,427	–37
Shareholding	40.0%	30.0%

[1] Preliminary annual financial statements as at 31 December 2020

2019 EUR thousand	C&C Wind Sp. z o.o.	GN Renewable Investments S.a.r.l.
Current assets [1]	6,523	2,417
Non-current assets [1]	38,215	3
Current liabilities [1]	33,209	12
Non-current liabilities [1]	281	2,139
Sales [1]	10,709	18,363
Profit/loss [1]	2,369	4,169
Shareholding	40.0%	30.0%

[1] Preliminary annual financial statements as at 31 December 2019

This financial information is reconciled with the carrying amounts of the investments as follows:

2020 EUR thousand	C&C Wind Sp. z o.o.	GN Renewable Investments S.a.r.l.
Net assets as at 01.01. [1]	11,248	269
Profit/loss [2]	1,427	–37
Other changes in net assets [2]	4,301	0
Net assets as at 31.12. [2]	16,976	232
Shareholding in %	40.0%	30.0%
Shareholding in EUR thousand	6,790	70
Elimination of intragroup profits or losses	–773	0
Carrying amount as at 31.12.	**6,017**	**70**

[1] Preliminary annual financial statements as at 31 December 2019
[2] Preliminary annual financial statements as at 31 December 2020

2019 EUR thousand	C&C Wind Sp. z o.o.	GN Renewable Investments S.a.r.l.
Net assets as at 01.01. [1]	13,819	3,194
Profit/loss [2]	2,369	4,169
Other changes in net assets [2]	–4,940	–7,094
Net assets as at 31.12. [2]	11,248	269
Shareholding in %	40.0%	30.0%
Shareholding in EUR thousand	4,499	81
Elimination of intragroup profits or losses	–4,499	0
Carrying amount as at 31.12.	**0**	**81**

[1] Preliminary annual financial statements as at 31 December 2018
[2] Preliminary annual financial statements as at 31 December 2019

Other changes in net assets comprise equity transactions, differences between the provisional and audited annual financial statements and translation differences.

As at 31 December 2020, accumulated unrecognized losses amounted to EUR 0 thousand (2019: EUR 34 thousand) at C&C Wind Sp. z o.o. and EUR 0 thousand (2019: EUR 0 thousand) at GN Renewable Investments S.a.r.l.

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2020 attached to the notes to the consolidated financial statements.

(13) OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets break down as follows:

EUR thousand	31.12.2020	31.12.2019
Receivables from non-consolidated affiliated companies, associates and investments	6,567	14,743
Deposits/collateral	2,022	631
Forward exchange transactions	0	301
	8,589	**15,675**

Receivables from non-consolidated affiliated companies, associates and other long-term equity investments concern the financing of project companies in particular.

No impairments need to be recognized.

Pursuant to IFRS 7 and IFRS 9, the receivables reported under other non-current financial assets are classified as financial assets measured at amortized cost. Given that market interest rates apply, amortized cost amounting to EUR 8,589 thousand (2019: EUR 15,374 thousand) would equal the fair value as in the previous year.

Pursuant to IFRS 7 and IFRS 9, the forward exchange transactions reported in other non-current financial assets in the scope of hedge accounting (cash flow hedges) are classified as effective hedging instruments measured at fair value through other comprehensive income. The fair value amounts to EUR 0 thousand (2019: EUR 301 thousand).

(14) OTHER NON-CURRENT NON-FINANCIAL ASSETS

Other non-current non-financial assets break down as follows:

EUR thousand	31.12.2020	31.12.2019
Other tax assets	29,631	0
Contract assets from services	22,718	14,719
Prepaid expenses	16,227	13,138
Other	0	259
	68,576	**28,116**

The other tax assets concern receivables from tax authorities in Brazil.

The contract assets from services concern maintenance contracts where the degree of completion exceeds the billed amount.

Prepaid expenses chiefly comprise costs pertaining to other periods for license fees, the multi-currency guarantee facility and the revolving credit.

The expected loss ratio for contract assets from services corresponds to the ratio of 0.1% applicable for unsecured trade receivables that are not past due. For reasons of materiality, the impairments resulting from this in the amount of EUR 23 thousand (2019: EUR 15 thousand) have not been recognized, however.

(15) DEFERRED TAX ASSETS AND TAX LIABILITIES

As the consolidated tax group parent, Nordex SE recognizes deferred tax assets on unused tax losses. Deferred tax assets are calculated on the basis of medium-term forecasts for the German part of the Nordex Group. The forecast period for the probability of unused tax losses being utilized continues to be five years.

The non-domestic subsidiaries within the Nordex Group recognize deferred tax assets for unused tax losses in the light of the national tax rates and make allowance for any restrictions in the length of time in which the tax losses may be utilized. Deferred tax assets are calculated on the basis of the medium-term forecasts for the subsidiary in question.

Deferred tax assets and liabilities are netted in cases in which there is an enforceable netting right and the deferred tax assets and liabilities are levied by the same tax authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

As at 31 December 2020, a rounded tax rate of 32.00% (2019: 32.00%) was applied for the purpose of calculating domestic deferred taxes.

The deferred tax assets and liabilities arising in connection with recognition and measurement differences in the following items of the statement of financial position and unused tax losses break down as follows:

	Deferred tax assets		Deferred tax liabilities	
EUR thousand	**31.12.2020**	**31.12.2019**	**31.12.2020**	**31.12.2019**
Contract assets from projects	0	0	65,751	59,503
Property, plant and equipment/intangible assets	7,168	4,598	68,852	83,423
Other assets	58,879	40,679	37,774	157,343
Provisions	24,040	15,678	10,019	2,808
Other liabilities	307,334	297,401	245,502	71,778
Unused tax losses and tax credits	193,802	142,846	0	0
	591,223	**501,202**	**427,898**	**374,855**
Netting	−340,972	−264,898	−340,972	−264,898
	250,251	**236,304**	**86,926**	**109,957**

The Management Board of Nordex SE currently estimates that of the existing corporate tax loss carryforwards of EUR 311,042 thousand (2019: EUR 135,212 thousand) and of the existing trade tax losses of EUR 73,473 thousand (2019: EUR 104,835 thousand) EUR 311,042 thousand (2019: EUR 135,212 thousand) and EUR 73,473 thousand (2019: EUR 104,835 thousand), respectively, can be utilized. The relevant legislation does not stipulate any maximum period in which losses must be utilized in Germany.

The Nordex Group has the following unused tax losses for which no deferred income tax assets have been set aside.

EUR thousand	**31.12.2020**	**31.12.2019**
Forfeitable in less than 1 year	11,136	3,168
Forfeitable within 2 to 5 years	59,103	52,227
Forfeitable within 6 to 9 years	48	1,432
Forfeitable in more than 9 years	8,363	6
Non-forfeitable	337,904	116,185
	416,554	**173,018**

Deferred tax assets of EUR 80,425 thousand (2019: EUR 133,329 thousand) have been recognized for subsidiaries which sustained losses in the previous year or the period under review as they are likely to be realized on the basis of future tax result planning.

No deferred tax liabilities were recognized on temporary differences of EUR 29,624 thousand (2019: EUR 27,711 thousand) in connection with shares in subsidiaries as these temporary differences are unlikely to reverse in the foreseeable future.

The deferred tax assets include non-current deferred tax assets before netting of EUR 227,003 thousand (2019: EUR 214,595 thousand). Of the deferred tax liabilities, an amount of EUR 206,288 thousand (2019: EUR 232,225 thousand) is attributable to the non-current portion of the deferred tax liabilities before netting.

The changes in deferred taxes break down as follows:

EUR thousand	**2020**	**2019**
Amount on 01.01.	126,347	94,402
Recognized through profit or loss	54,872	33,909
Recognized in other comprehensive income	−3,917	−1,377
Currency translation	−13,977	−587
Amount on 31.12.	**163,325**	**126,347**

(16) LIABILITIES TO BANKS

Liabilities to banks are measured at amortized cost less transaction costs using the effective interest method.

More detailed information on the liabilities to banks is provided in the section on debt instruments.

Maturity schedule including interest due in the future

EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2020	259,616	224,647	49,715	6,692	**540,670**
31.12.2019	28,510	10,840	280,611	6,985	**326,946**

Pursuant to IFRS 7 and IFRS 9, liabilities to banks are classified as financial liabilities measured at amortized cost. The fair value would amount to EUR 534,788 thousand (2019: EUR 319,615 thousand), of which EUR 482,335 thousand (2019: EUR 39,166 thousand) would be classified as current.

(17) TRADE PAYABLES

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer).

Trade payables amount to EUR 1,095,563 thousand (2019: EUR 968,455 thousand).

Maturity schedule

EUR thousand	Less than 3 months	3 to 12 months	Total
31.12.2020	1,095,563	0	**1,095,563**
31.12.2019	968,455	0	**968,455**

Pursuant to IFRS 7 and IFRS 9, trade payables are classified as financial liabilities measured at amortized cost. Given the short residual terms to maturity, amortized cost would equal the fair value as in the previous year.

(18) OTHER PROVISIONS

Provisions are recognized if the Group has a present legal or actual obligation as a result of a past event, it is more likely than not that an outflow of resources embodying economic benefits will be necessary to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are calculated on the basis of prudent estimates accounting for all discernible risks at the level of their probable occurrence. Provisions are recognized at the present value of the expenditure expected to be required to settle the obligation discounted at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Movements in other provisions break down as follows:

EUR thousand	01.01.2020	Utilization	Reversals	Additions	31.12.2020
Individual guarantees	56,743	−24,459	−3,307	35,078	64,055
Warranties, service, maintenance	30,196	−10,714	−1,582	8,180	26,080
Others	29,057	−17,239	−3,993	49,445	57,270
	115,996	**−52,412**	**−8,882**	**92,703**	**147,405**

The provisions for individual guarantees predominantly cover risks arising from possible claims for damages.

The warranty provisions are utilized in accordance with statutory or contractual periods.

Other provisions chiefly concern project risks, supplier risks, costs of preparing the annual financial statements, and legal uncertainties.

Other provisions comprise other non-current provisions of EUR 22,107 thousand (2019: EUR 26,305 thousand), which are expected to be utilized after the end of the 2021 financial year. The amount derived from discounting the non-current provisions of EUR 38 thousand (2019: EUR −1,118 thousand) is reported within the additions.

(19) OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities break down as follows:

EUR thousand	31.12.2020	31.12.2019
Leases	18,104	17,941
Guarantee commissions	10,008	5,884
Corporate bond	7,349	7,448
Forward exchange transactions	2,804	3,479
Debtors with credit balances	2,511	36
Other	3,074	3,725
	43,850	**38,513**

The amount of lease liabilities corresponds to the present value of future lease payments.

More detailed information on the corporate bond is provided in the section on debt instruments.

Maturity schedule including interest due in the future (without forward exchange transactions)

EUR thousand	Less than 3 months	3 to 12 months	Total
31.12.2020	28,085	23,620	**51,705**
31.12.2019	22,287	23,274	**45,561**

Maturity of lease liabilities

EUR thousand	Less than 3 months	3 to 12 months	Total
31.12.2020	4,793	13,311	**18,104**
31.12.2019	4,544	13,397	**17,941**

Pursuant to IFRS 7 and IFRS 9, the liabilities reported under other current financial liabilities are classified as financial liabilities measured at amortized cost. Given the short residual terms to maturity, amortized cost amounting to EUR 41,046 thousand (2019: EUR 35,034 thousand) would equal the fair value as in the previous year. Also included are current lease liabilities that are not allocated to any measurement category.

Pursuant to IFRS 7 and IFRS 9, the forward exchange transactions reported in other current financial liabilities in the scope of hedge accounting (cash flow hedges) are classified as effective hedging instruments measured at fair value through other comprehensive income. The fair value amounts to EUR 786 thousand (2019: EUR 2,990 thousand).

Pursuant to IFRS 7 and IFRS 9, the other forward exchange transactions reported under other current financial liabilities are classified as financial liabilities measured at fair value through profit or loss. The fair value amounts to EUR 2,018 thousand (2019: EUR 489 thousand). The forward rates and prices are calculated on the basis of the spot price on the reporting date in the light of any discounts or premiums for the remaining term of the contract.

(20) OTHER CURRENT NON-FINANCIAL LIABILITIES

Other current non-financial liabilities break down as follows:

EUR thousand	31.12.2020	31.12.2019
Prepayments received	1,053,068	1,075,694
Other tax payables	77,523	33,504
Accruals	60,807	60,732
Contract liabilities from services	28,187	25,176
Liabilities for social security	4,301	3,605
Deferred income	824	734
Other	2,867	4,389
	1,227,577	**1,203,834**

The other tax liabilities mainly relate to VAT of EUR 67,779 thousand (2019: EUR 25,976 thousand).

Accruals primarily comprise liabilities in connection with staff of EUR 42,211 thousand (2019: EUR 40,822 thousand) and trailing project costs of EUR 14,404 thousand (2019: EUR 16,660 thousand).

The contract liabilities from services concern maintenance contracts where the degree of completion is lower than the billed amount.

(21) PENSIONS AND SIMILAR OBLIGATIONS

Pension provisions are recognized to cover defined benefit obligations towards eligible active and former employees at Nordex SE and Nordex Energy SE & Co. KG. A defined benefit plan determines an amount of pension benefit that an employee will receive on retirement, usually dependent on one or more factors such as age, years of service and salary. The benefits are based on individual commitments. The employees are not required to make any contribution of their own. The provisions on the statement of financial position for defined benefit plans correspond to the present value of the defined benefit obligation (DBO) as at the reporting date. The DBOs are calculated annually by independent actuarial experts using the projected unit credit method. The present value of the DBOs is calculated by discounting the expected future outflows of funds with the interest rate of investment-grade corporate bonds. The corporate bonds are denominated in the currencies in which the benefits are paid and with maturities matching those of the pension obligations. Actuarial gains and losses based on historical adjustments and changes to actuarial assumptions are recognized in other comprehensive income in the period in which they arise. Pension provisions are not externally funded.

They are shown on the statement of financial position as follows:

EUR thousand	2020	2019
Obligation as at 01.01.	2,374	2,081
Current service cost	32	185
Interest expense	13	20
Retirement benefit payments	−50	−48
Actuarial losses	56	136
of which from changes in demographic assumptions	0	0
of which from changes in actuarial assumptions	35	102
of which adjustments based on historical data	21	34
	2,425	**2,374**

The obligation as at 31 December equals the amount shown on the statement of financial position.

The following amounts were recognized in the income statement:

EUR thousand	2020	2019
Current service cost	32	185
Interest expense	13	20
	45	**205**

Other comprehensive income breaks down as follows:

EUR thousand	2020	2019
Actuarial losses	56	136
	56	**136**

Annual retirement benefit payments of EUR 52 thousand (2019: EUR 50 thousand) are expected in future years.

The calculation is based on the following actuarial assumptions:

	2020	2019
Applied interest rate	0.9%	1.1%
Wage and salary trend	n/a	n/a
Pension trend	2.0%	2.0%

If the interest rate applied were +0.5 percentage points higher, the obligation would drop to EUR 2,509 thousand (2019: EUR 2,306 thousand). If the interest rate applied were 0.5 percentage points lower, the obligation would increase to EUR 2,654 thousand (2019: EUR 2,451 thousand).

The obligations have terms between 12 and 13 years (2019: between 12 and 14 years).

The statistical probability data set out in the Prof. Dr. Heubeck 2018 G mortality tables was used as the biometric basis for calculations.

(22) OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities break down as follows:

EUR thousand	31.12.2020	31.12.2019
Corporate bond	271,036	269,134
Leases	79,506	86,107
Employee bond	3,805	0
Loans	3,017	2,853
Shareholder loan	953	0
Forward exchange transactions	358	0
Other	0	38
	358,675	**358,132**

More detailed information on the corporate bond, the employee bond and the shareholder loan is provided in the section on debt instruments.

The amount of lease liabilities corresponds to the present value of future lease payments.

Maturity schedule including interest due in the future (without forward exchange transactions)

EUR thousand	1 to 5 years	More than 5 years	Total
31.12.2020	446,136	36,802	**482,938**
31.12.2019	361,705	41,016	**402,721**

Maturity of lease liabilities

EUR thousand	1 to 5 years	More than 5 years	Total
31.12.2020	45,673	33,833	**79,506**
31.12.2019	46,788	39,319	**86,107**

Pursuant to IFRS 7 and IFRS 9, the liabilities reported under other non-current financial liabilities are classified as financial liabilities measured at amortized cost. Based on the bond's share price as at the reporting date and the additional accrual related to the second, as yet unpaid, tranche of the shareholder loan, the fair value would be EUR 382,386 thousand (31 December 2019: EUR 368,940 thousand). Also included are non-current lease liabilities that are not allocated to any measurement category.

Pursuant to IFRS 7 and IFRS 9, the forward exchange transactions reported in other current financial liabilities in the scope of hedge accounting (cash flow hedges) are classified as effective hedging instruments measured at fair value through other comprehensive income. The fair value amounts to EUR 358 thousand (2019: EUR 0 thousand).

(23) OTHER NON-CURRENT NON-FINANCIAL LIABILITIES

Other non-current non-financial liabilities break down as follows:

EUR thousand	31.12.2020	31.12.2019
Contract liabilities from services	126,206	132,131
Other tax payables	2,856	4,424
	129,062	**136,555**

The contract liabilities from services concern maintenance contracts where the degree of completion is lower than the billed amount.

The other tax liabilities concern liabilities to tax authorities in Brazil.

(24) EQUITY

Equity breaks down as follows:

EUR thousand	31.12.2020	31.12.2019
Subscribed capital	117,349	106,681
Capital reserves	795,698	606,820
Other retained earnings	50,976	−11,062
Cash flow hedge reserve	9,341	2,331
Reserve for cash flow hedge costs	265	−1,087
Foreign currency adjustment item	−65,531	−15,604
Consolidated net profit/loss carried forward	−134,565	57,308
Consolidated net profit/loss	0	0
Share in equity attributable to parent company's shareholders	773,533	745,387
	773,533	**745,387**

Subscribed capital amounts to EUR 117,348,759 (2019: EUR 106,680,691) and is divided into 117,348,759 (2019: 106,680,691) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1. On 1 December 2020, Nordex SE increased its subscribed capital by EUR 10,668,068 by issuing new bearer shares, utilizing a portion of the capital authorized pursuant to the Company's Articles of Incorporation with shareholders' pre-emption rights disapplied. The new shares have been placed exclusively with institutional investors with the participation of Acciona S.A. in an accelerated bookbuilding process at a placement price of EUR 18.90 per share that is close to the stock market price as defined in Section 186 (3) sentence 4 AktG. Proceeds of EUR 190,958 thousand, which represents the amount exceeding the new shares' proportion of equity, has been allocated to the capital reserves after deduction of the transaction costs resulting due to the capital increase. The capital reserves stand at EUR 795,698 thousand (2019: EUR 606,820 thousand) and also contain additional premiums from capital increases amounting to EUR 570,737 thousand (2019: EUR 481,416 thousand).

The following table shows the changes in the cash flow hedge reserve before deferred taxes:

EUR thousand	31.12.2020	31.12.2019
Amount on 01.01.	3,428	–1,640
Reclassifications through profit or loss due to realization of hedged items	5,072	5,862
Reclassifications through profit or loss due to a basis adjustment	–2,268	0
Reclassifications through profit or loss due to a change in the expectation regarding the occurrence of hedged items	–260	0
Gains/losses from effective hedges	7,765	–794
Amount on 31.12.	**13,737**	**3,428**

The following table shows the changes in the reserve for cash flow hedge costs before deferred taxes:

EUR thousand	31.12.2020	31.12.2019
Amount on 01.01.	–1,599	0
Reclassifications through profit or loss due to realization of hedged items	1,390	6,869
Gains/losses from effective hedges	598	–8,468
Amount on 31.12.	**389**	**–1,599**

In accordance with Article 24 of Nordex SE's Articles of Incorporation, of Nordex SE's net income for the 2020 financial year determined in accordance with the German Commercial Code totaling EUR 68,050,965.42 (2019: net loss of EUR 114,122,739.06) an amount of EUR 3,402,548.00 was allocated to legal reserves and an amount of EUR 58,674,379.50 to other retained earnings. The Management Board intends to propose to the Annual General Meeting to allocate the remaining net retained profits of EUR 5,974,037.92 to other retained earnings as well.

Further details of the changes in the individual equity items can be found in the attached consolidated statement of changes in equity.

Moreover, at 31 December 2020 the Company had Authorized Capital I of EUR 15,522,041, equivalent to 15,522,041 shares (2019: EUR 9,678,245, equivalent to 9,678,245 shares), Authorized Capital II of EUR 2,900,000, equivalent to 2,900,000 shares (2019: EUR 2,900,000, equivalent to 2,900,000 shares), Authorized Capital III of EUR 16,002,103, equivalent to 16,002,103 shares (2019: EUR 0, equivalent to 0 shares), Contingent Capital I of EUR 18,436,138, equivalent to 18,436,138 shares (2019: EUR 19,376,489 equivalent to 19,376,489 shares) and Contingent Capital II of EUR 2,900,000, equivalent to 2,900,000 shares (2019: EUR 2,900,000, equivalent to 2,900,000 shares). Each share represents a notional share of EUR 1 in the Company's share capital.

Overall, only new shares accounting for up to 40% of the share capital as of the Annual General Meeting's resolution on 16 July 2020 may be issued on the basis of all of the authorizations and capital available to the Company (including the authorization to issue convertible bonds). This corresponds to 42,672,276 new shares.

Specifically:

In accordance with a resolution passed at the Annual General Meeting on 16 July 2020, the Management Board is authorized subject to the Supervisory Board's approval to utilize Authorized Capital I to increase the Company's share capital once or repeatedly on or before 15 July 2023 by up to EUR 26,190,109 in total, in return for cash or non-cash capital contributions, by issuing new no-par-value bearer shares. The Management Board is further authorized with the Supervisory Board's approval to disapply shareholders' pre-emption rights. The Management Board made use of this authorization subject to the Supervisory Board's approval, through its resolution of 1 December 2020, while disapplying shareholders' pre-emption rights in accordance with the Company's Articles of Incorporation, for an amount of EUR 10,668,068, equivalent to 10,668,068 shares. Authorized Capital I remains in an amount of EUR 15,522,041, equivalent to 15,522,041 shares.

In accordance with a resolution passed at the Annual General Meeting on 4 June 2019, the Management Board is authorized subject to the Supervisory Board's approval to utilize Authorized Capital II to increase the Company's share capital once or repeatedly on or before 31 May 2024 by up to EUR 2,900,000 in total, in return for cash and/or non-cash capital contributions, by issuing new no-par-value bearer shares. Authorized Capital II has not yet been utilized.

In accordance with a resolution passed at the Annual General Meeting on 16 July 2020, the Management Board is authorized subject to the Supervisory Board's approval to utilize Authorized Capital III to increase the Company's share capital once or repeatedly on or before 15 July 2023 by up to EUR 16,002,103 in total, in return for cash contributions, by issuing new no-par-value bearer shares. The Management Board is further authorized with the Supervisory Board's approval to disapply shareholders' pre-emption rights for fractional amounts only. Authorized Capital III has not yet been utilized.

Contingent Capital I is used to grant no-par value bearer shares as of the exercise of conversion or option rights (or upon fulfillment of corresponding conversion obligations) to the holders of convertible bonds or bonds with warrants issued by the Company in return for a cash contribution and on the basis of the Annual General Meeting's authorizing resolution in the period from 16 July 2020 to 15 July 2023. Conditional Capital I may also serve the purpose of granting no-par value shares of the Company in lieu of payment of the cash amount due, in whole or in part, if the Company exercises its option accordingly. To date, no conversion or option rights have been issued.

Contingent Capital II is intended for the fulfillment of subscription rights granted from stock options of senior managers of the Company and the other companies of the Nordex Group in Germany and other countries as well as the members of the management boards of Nordex Group companies which are granted on or before 31 May 2024, on the basis of the authorization provided by the Annual General Meeting on 4 June 2019. No subscription rights have been granted to date.

Moreover, through the resolution passed at the Annual General Meeting on 4 June 2019 the Management Board is authorized on or before 31 May 2024 subject to the approval of the Supervisory Board to purchase treasury shares up to an amount of 10% of the Company's share capital as of the Annual General Meeting's resolution and to use this for any purpose permitted by law. Inter alia, these shares may be used for the purpose of mergers and acquisitions, they may be offered to senior managers and employees of the Company or affiliated companies as employee shares and they may be used in fulfillment of conversion rights or conversion obligations resulting from convertible bonds or employee option rights. The shareholders' pre-emption rights are disapplied in these cases. These treasury shares may also be called in or sold to shareholders or third parties – while disapplying the shareholders' pre-emption rights – for a cash price which is not significantly below the stock exchange price as of the sale. No use was made of the authorization to purchase own shares in the reporting period.

(25) ADDITIONAL DISCLOSURES ON FINANCIAL INSTRUMENTS

The following table shows the financial assets and liabilities as well as their fair values and their allocation to the fair value hierarchy defined in IFRS 13 that should be applied when determining the fair value of a financial instrument:

2020 EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	0	13,157	0	13,157
Other forward exchange transactions	0	3,842	0	3,842
Financial liabilities				
Liabilities to banks	0	534,788	0	534,788
Corporate bond	286,316	0	0	286,316
Employee bond	0	3,866	0	3,866
Shareholder loan [1]	0	17,091	0	17,091
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	0	1,144	0	1,144
Other forward exchange transactions	0	2,018	0	2,018

[1] The shareholder loan is shown in the statement of financial position together with an additional deferred item of EUR 16,138 thousand relating to the as yet unpaid second tranche of the shareholder loan of EUR 215,000 thousand.

2019 EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	0	6,446	0	6,446
Other forward exchange transactions	0	1,110	0	1,110
Financial liabilities				
Liabilities to banks	0	319,615	0	319,615
Corporate bond	287,389	0	0	287,389
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	0	2,990	0	2,990
Other forward exchange transactions	0	489	0	489

Assets and liabilities, the fair value of which is derived from the market values in active markets, are assigned to Level 1. A market is assumed to be active if market values are calculated regularly and are based on actual recurring transactions. The corporate bond is allocated to Level 1 because it has been admitted to trading at the International Stock Exchange.

Fair values which cannot be determined by reference to active markets are derived from measurement models, which primarily take account of observable market data and generally do not include specific company estimates. These financial instruments are assigned to Level 2. Liabilities to banks as part of financial liabilities, the employee bond and the shareholder loan are allocated to Level 2. The same applies to forward exchange transactions.

If material assumptions underlying the measurement are not based on observable market data, the financial instruments concerned are classified as Level 3.

There were no reclassifications between levels, neither in comparison with the previous year nor during the year under review.

Net gains and losses from financial instruments break down by category as follows:

2020 EUR thousand	Interest	Other net gain/loss	Total
Financial assets measured at amortized cost	4,419	20,632	25,051
Financial liabilities measured at amortized cost	−98,434	−36,364	−134,798
Financial assets and liabilities measured at fair value through profit or loss	0	4,039	4,039
	−94,015	**−11,693**	**−105,708**

2019 EUR thousand	Interest	Other net gain/loss	Total
Financial assets measured at amortized cost	7,389	−35,053	−27,664
Financial liabilities measured at amortized cost	−68,188	9,970	−58,218
Financial assets and liabilities measured at fair value through profit or loss	0	−6,561	−6,561
	−60,799	**−31,644**	**−92,443**

The net gains and losses were otherwise mostly due to foreign currency translation effects.

The maturities of the derivative financial instruments are structured as follows:

2020 EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Derivatives with negative fair values					
Cash outflow	**0**	**49,954**	**0**	**0**	**49,954**

2019 EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Derivatives with negative fair values					
Cash outflow	**–154,887**	**–47,119**	**0**	**0**	**–202,006**

NOTES TO THE INCOME STATEMENT

(26) SALES

Sales comprise income from the completion of construction contracts for customers, the sale of wind power systems and income from service contracts.

In the case of project contracts, sales are recognized either at a point in time using the milestone method or over time using the cost-to-cost method, depending on the respective scope of the contract. Costs are recognized in inventories until sales are recognized at a point in time.

The sales generated from service contracts will be recognized over time and distributed across the years covered by the contract in line with a distribution of costs typical of the contract (schedule). The schedule for determining the degree of completion of individual service contracts is based on historical data. A contract asset (liability) for service contracts is recognized to the extent the degree of completion exceeds (falls below) the amount billed.

In addition, a review is conducted to determine whether the prices for the project and service portion conform to market conditions. If the price is lower than a defined minimum margin, portions of the revenue will be transferred accordingly.

Sales break down to the Projects and Service segments as follows:

EUR thousand	2020	2019
Projects	4,217,220	2,884,536
Service	437,615	403,188
Not allocated	2,109	862
Intrasegment consolidation	–6,204	–4,013
	4,650,740	**3,284,573**

As at 31 December 2020, the total amount of the transaction price allocated to the remaining performance obligation from projects was EUR 4,700,142 thousand (2019: EUR 3,971,814 thousand) and the total amount of the transaction price allocated to the remaining short-term and long-term performance obligation from service contracts was EUR 154,392 thousand (2019: EUR 157,307 thousand). As a rule, sales from projects are recognized in the next twelve months, whereas sales from service contracts are recognized over the average remaining term of the service contracts of eight years.

Sales recognized in the reporting period included at the start of the period in the net amount of prepayments received from projects and the contract liability for service contracts relate to the Projects segment in the amount of EUR 2,427,748 thousand (2019: EUR 1,315,065 thousand) and to the Service segment in the amount of EUR 25,176 thousand (2019: EUR 36,372 thousand).

(27) CHANGES IN INVENTORIES AND OTHER OWN WORK CAPITALIZED

Changes in inventories stand at EUR –329,054 thousand (2019: EUR 558,324 thousand).

Own work capitalized is valued at EUR 23,796 thousand (2019: EUR 28,523 thousand) and, as in the previous year, relates to capitalized expenses for developing and enhancing new and existing wind turbines.

(28) COST OF MATERIALS

The cost of materials breaks down as follows:

EUR thousand	2020	2019
Cost of raw materials and other supplies	2,618,717	2,410,092
Cost of services purchased	1,179,403	685,902
	3,798,120	**3,095,994**

Cost of raw materials and other supplies mainly comprise expenses for construction components.

The cost of purchased services primarily results from third-party services and commissions for order processing, third-party freight and order provisions.

(29) OTHER OPERATING INCOME

Other operating income breaks down as follows:

EUR thousand	2020	2019
Income from the sale of internally developed wind farm projects	362,802	0
Forward exchange transactions	37,283	11,904
Currency translation gains	26,847	9,970
Indemnity and damages paid	10,273	9,343
Gains from the disposal of assets	1,569	1,721
Reversal of impairment losses	1,407	590
Subleasing of right-of-use assets	1,021	439
Research and development grants	936	1,004
Others	9,272	8,474
	451,410	**43,445**

The Nordex Group has decided to accelerate the value creation from a part of its project development pipeline in a single transaction. Now, RWE and Nordex have agreed on a sale of this business to the German energy supplier. In total, the transaction includes a project pipeline with a volume of 2.7 GW in France, Sweden and Poland. The purchase price was EUR 402,500 thousand and the profit is EUR 344,243 thousand, of which EUR 362,802 thousand is attributable to other operating income, EUR –5,571 thousand to personnel expenses and EUR –12,988 thousand to other operating expenses. This transaction serves to strengthen

Nordex's capital structure and further support its growth prospects. The Nordex Group will be continuing its project development activities in other markets.

(30) OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

EUR thousand	2020	2019
Other staff costs	121,083	78,107
Loss of income	48,039	22,386
Legal and consulting costs	39,804	29,485
Maintenance	37,769	30,573
Currency translation losses	36,364	30,422
Forward exchange transactions	33,244	18,465
Travel expenses	28,142	32,154
Leases	16,373	11,333
Security service, occupancy and building costs	14,644	9,533
Expenses for the sale of internally developed wind farm projects	12,988	0
IT costs	12,274	10,925
Insurance	8,547	8,540
Other taxes	8,406	10,790
Patent fees	7,883	7,607
Telecommunications	5,343	4,460
Training	5,250	5,571
Impairment	5,133	2,846
Bank fees	2,164	1,663
Advertising	2,097	4,513
Office supplies	1,781	1,697
Losses from the disposal of assets	624	2,418
Others	22,868	10,905
	470,820	**334,393**

Of the expenses for leases, EUR 5,836 thousand (2019: EUR 5,867 thousand) relates to leases not recognized in the statement of financial position, of which EUR 4,282 thousand (2019: 4,606 thousand) is attributable to expenses for short-term leases, EUR 1,538 thousand (2019: EUR 1,148 thousand) is attributable to expenses for leases of low-value assets – not including expenses for short-term leases of leases of low-value assets – and EUR 16 thousand (2019: EUR 119 thousand) is attributable to expenses for variable lease payments not included in the measurement of lease liabilities.

(31) STAFF COSTS

Staff costs break down as follows:

EUR thousand	2020	2019
Wages and salaries	356,813	296,424
Social security and expenditure on retirement benefits and support	77,186	64,229
	433,999	**360,653**

Staff costs include expense of EUR 32 thousand (2019: EUR 185 thousand) for defined benefit plans and EUR 100 thousand (2019: EUR 88 thousand) for defined contribution plans.

The Group headcount was as follows:

	2020	2019	Change
Reporting date			
Office staff	3,590	3,159	431
Technical staff	4,937	3,721	1,216
	8,527	**6,880**	**1,647**
Average			
Office staff	3,437	2,940	497
Technical staff	4,470	3,422	1,048
	7,907	**6,362**	**1,545**

The increase in the number of employees is mainly due to the continued expansion of rotor blade production facilities in Spain and Germany.

(32) DEPRECIATION/AMORTIZATION

Depreciation and amortization breaks down as follows:

EUR thousand	2020	2019
Depreciation of property, plant and equipment	98,667	83,696
Amortization of capitalized development expenses	46,416	45,586
Amortization of other intangible assets	10,711	14,126
	155,794	**143,408**

Depreciation includes EUR 21,804 thousand for depreciation of lease assets (2019: EUR 17,987 thousand); of this amount EUR 15,216 thousand (2019: EUR 12,724 thousand) concern land and buildings and EUR 6,588 thousand (2019: EUR 5,263 thousand) other fixtures and fittings, tools and equipment.

(33) FINANCIAL RESULT

The financial result breaks down as follows:

EUR thousand	2020	2019
Income from investments	0	1,943
Profit/loss from equity-accounting method	6,006	−1,140
Impairment of financial assets	−421	−140
Net profit/loss from investments	**5,585**	**663**
Other interest and similar income	4,419	7,389
Interest and similar expenses	−98,434	−68,188
Interest result	**−94,015**	**−60,799**
	−88,430	**−60,136**

Net gains/losses from valuation using the equity method reflect the share of profit of associates.

The impairment of financial assets item concerns the impairment of long-term receivables from project companies.

Interest income and expense arises primarily from deposits with banks, and from guarantee commissions, the corporate bond, the revolving credit facility and factoring. Of the interest expense, EUR 3,876 thousand (2019: EUR 2,860 thousand) is attributable to leases.

(34) INCOME TAX

As at 31 December 2020, a tax rate of 31.82% (2019: 31.82%) was applied for the purpose of calculating domestic current taxes. The above tax rate was calculated using a rate of 15.83% (2019: 15.83%) including the solidarity surcharge for corporate tax and 15.99% (2019: 15.99%) for trade tax.

Income tax breaks down as follows:

EUR thousand	2020	2019
Domestic income tax	–1,832	–4,778
Foreign income tax	–32,474	–21,982
Current income tax	–34,306	–26,760
Deferred taxes	54,872	33,909
Total income tax	20,566	7,149
of which current income tax for other periods	1,278	–3,021

Tax income from deferred taxes in the amount of EUR 52,109 thousand (2019: EUR 33,909 thousand) is attributable to changes in temporary balance sheet differences and to unused tax losses.

The expected income tax that results from applying the tax rate of 31.82% (2019: 31.82%) on the net loss from ordinary activities of EUR –150,271 thousand (2019: EUR –79,719 thousand), differs from the total income tax as follows:

EUR thousand	2020	2019
Expected income tax expense	**47,816**	**25,367**
Differences in non-domestic tax rates	–8,947	–9,498
Tax-free income	52,320	3,563
Tax effects from equity-accounted investments	1,922	–365
Changes in tax rates and tax legislation	105	–4,078
Non-deductible expenses	–10,688	–12,246
Tax effects from previous years	652	–1,163
Impairments and loss carryforwards	–63,799	4,727
Other tax effects	1,185	842
Total income tax expense	**20,556**	**7,149**

(35) EARNINGS PER SHARE

Basic

Basic earnings per share (EPS) are calculated by dividing profit or loss attributable to the shareholders by the average number of shares outstanding:

		2020	2019
Consolidated net loss for the year	EUR thousand	–129,705	–72,570
of which shareholders of the parent company	EUR thousand	–129,705	–72,570
Weighted average number of shares		107,584,271	99,240,942
Basic earnings per share	**EUR**	**–1.21**	**–0.73**

Diluted

Diluted earnings per share are calculated, in contrast to basic earnings per share, by adding all conversion rights and options to the average number of ordinary shares outstanding. Diluted earnings per share also stand at EUR –1.21 (2019: EUR –0.73).

OTHER FINANCIAL OBLIGATIONS AND CONTINGENT LIABILITIES

There are no future cash outflows from leases which the Nordex Group has entered into but which have not yet begun.

Moreover, principally in the real estate segment there are lease contracts with extension and termination options. However, these are not considered to be reasonably certain and therefore have not been recognized. However, utilization of these extension and termination options is reviewed annually and they will be recognized in the statement of financial position in case of a change of view.

Contractual obligations of EUR 7 thousand (2019: EUR 0 thousand) apply as at the reporting date with respect to investments in property, plant and equipment for obligations which have not yet been settled.

The Nordex Group has not entered into any obligations for the acquisition of intangible assets as at the reporting date.

The Nordex Group has contingent liabilities arising from pending litigation in connection with its operating business; as the probability of an outflow of resources as of the reporting date was not sufficiently determinable, no provisions have been set aside in this connection.

There are also guarantees in the amount of EUR 954 thousand (2019: EUR 6,674 thousand) vis-à-vis non-consolidated project companies, which are not expected to be utilized; there are no contingent liabilities to associates.

RELATED PARTY DISCLOSURES

As at the reporting date, Acciona S.A. held a 33.6% (2019: 36.27%) share in Nordex SE.

The balances and transactions with companies from the Acciona Group are set out in the following table:

	Balances outstanding Receivables (+) / liabilities (–)		Transaction amount Income (+) / expense (–)	
EUR thousand	**31.12.2020**	**31.12.2019**	**2020**	**2019**
Acciona Energia Chile SpA	164,970/–156,711	163,775/–150,054	3,285/–681	66,067/0
Acciona Energia Mexico S.r.l.	1,232/–44	646/–38	0/0	0/0
Acciona Energia S.A.	69,304/–33,011	8,685/–13,746	62,641/–473	23,426/–844
Acciona Energia Servicios Mexico S. de RL de C.V.	139,351/–131,456	97,174/0	72,385/–1	66,879/0
Acciona Energy Australia Global Pty. Ltd.	0/0	0/–210	0/–867	0/–1,475
Acciona Energy Oceania Construction Pty. Ltd.	48/–106,372	587/–28,688	61,230/0	0/0
Acciona Energy USA Global LLC	69/–31	322/–173	0/0	792/–1,510
Acciona Facility Services S.A.	0/–75	0/–29	0/–151	0/–157
Acciona Forwarding Peru S.A.	0/–6	0/–6	0/–85	6/–48
Acciona Forwarding S.A.	0/–977	59/–812	0/–1,950	0/–365
Acciona Green Energy Developments S.L.	0/–88	0/–34	0/–179	0/–663
Acciona S.A.	0/–1,088	0/–309	0/0	0/–279
Acciona Solar S.A.	0/0	0/0	0/–229	0/–303
Ceolica Hispania S.L.	0/–84	14/–84	252/–3	0/0
Mt. Gellibrand Wind Farm Holding Pty. Ltd.	25/0	448/0	1,696/0	3,127/–12
San Roman Wind I LLC	532/0	496/0	0/0	0/0
Valdivia Energia Eolica S.A.	133/0	197/0	492/0	769/0
Other	20/–7	3,650/–352	13/–3	5/–3

During the financial year, one order to deliver and assemble wind power systems in Spain amounting to EUR 186,315 thousand (2019: EUR 461,418 thousand) was placed by Acciona Energia S.A.

In 2014, Supervisory Board member Jan Klatten indirectly acquired an interest of 44.20% in the Polish wind farm company C&C Wind Sp. z o.o. in a market-wide tender process. The Nordex Group holds a 40.00% share of this company. Accordingly, C&C Wind Sp. z o.o. is classed as an associated company. As in the previous year, there were no business transactions with Mr. Klatten or companies attributable to him.

In addition, the shares in GN Renewable Investments S.a.r.l. (30.00%) are also classified as associated companies.

The balances and transactions with these companies are set out in the following table:

	Balances outstanding Receivables (+) / liabilities (–)		Transaction amount Income (+) / expense (–)	
EUR thousand	**31.12.2020**	**31.12.2019**	**2020**	**2019**
C&C Wind Sp. z o.o.	363/0	0/0	6,635/–3	570/–1,221
GN Renewable Investments S.a.r.l.	0/0	0/0	0/–11	2,053/0

The business relations with C&C Wind Sp. z o.o. and GN Renewable Investments S.a.r.l. result from the project business.

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2020 attached to the notes to the consolidated financial statements.

IAS 24.17 requires that key management personnel remuneration in the Company is disclosed; this includes remuneration of the members of the Management Board and the Supervisory Board in office during the year under review. This is shown in the following table:

EUR thousand	2020	2019
Short-term employee benefits	1,605	2,064
Post-employment benefits	0	0
Other long-term benefits	841	0
Termination benefits	800	0
Share-based payment	890	730
	4,136	**2,794**

CONSOLIDATED CASH FLOW STATEMENT

The consolidated cash flow statement analyses changes in the cash and cash equivalents in the course of the year as a result of cash inflows and outflows. The changes in the items of the statement of financial position used for determining changes in the consolidated cash flow statement cannot be directly derived from the statement of financial position as currency translation effects, changes to the companies consolidated and non-cash transactions are eliminated.

Cash flow from operating activities is calculated using the indirect method, i.e. net profit is adjusted for non-cash income and expenses. Of the cash flow from operating activities in the amount of EUR −352,197 thousand (2019: EUR 37,983 thousand) EUR 26,510 thousand (2019: EUR 70,978 thousand) result from the consolidated loss including depreciation/amortization. Changes in working capital resulted in payments made of EUR 6,107 thousand (2019: EUR payments received of 194,879 thousand). Payments made for other operating activities stand at EUR 372,600 thousand (2019: EUR 227,874 thousand). This figure takes into account the presentation of the sale of some of the internally developed wind farm projects to RWE in cash flow from investing activities.

Cash flow from investing activities in the financial year ended amounted to EUR 231,822 thousand (2019: EUR −163,941 thousand) and is mainly influenced by the sale of some of the internally developed wind farm projects to RWE. There were also investments of EUR 134,098 thousand (2019: EUR 134,208 thousand) in property, plant and equipment, which mainly related to the establishment and expansion of blade production in Mexico, India and Brazil and the procurement of installation and transportation equipment for international projects. Development projects of EUR 24,714 thousand (2019: EUR 27,834 thousand) were capitalized.

Cash flow from financing activities amounted to EUR 405,796 thousand (2019: EUR 30,618 thousand) and is attributable to payments received from the granting of the revolving credit facility, the capital increase and the issuance of the employee bond. The partial repayment of the revolving credit facility, the repayment of lease liabilities, and the repayment of cash drawdowns of the syndicated multi-currency guarantee facility and of the research and development loan were the main items having an offsetting effect.

The reconciliation of cash flow from financing activities to changes in liabilities from financing activities is as follows:

EUR thousand	2020	2019
Cash flows from financing activities	405,796	30,618
Capital increase	−198,566	−97,305
Leases	19,531	16,964
Accrued interest	3,035	1,676
Foreign currency translation	−4,474	−268
Changes in liabilities from financing activities	**225,322**	**−48,315**

EVENTS AFTER THE REPORTING DATE

There were no significant events after the end of the reporting period.

CORPORATE GOVERNANCE CODE STATEMENT PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and the Supervisory Board issued the declaration of conformance for 2020 pursuant to Section 161 of the Stock Corporation Act on 20 November 2020 and made it available for examination by the shareholders on the Internet at *http://ir.nordex-online.com/websites/Nordex/English/6100/declaration-of-conformity.html*.

UTILIZATION OF PRACTICAL EXPEDIENTS

Nordex Belgium GmbH, Nordex Beteiligungen GmbH, Nordex Grundstücksverwaltung GmbH, Nordex Lithuania GmbH, Nordex Netherlands GmbH, Nordex Norway GmbH, Nordex Portugal GmbH and Nordex Windpark Beteiligung GmbH are exempt from disclosure requirements in accordance with Section 325 HGB due to the application of the provisions contained in Section 264 (3) HGB, and Nordex Energy SE & Co. KG is exempt from disclosure requirements in accordance with Section 264b HGB.

NORDEX SE MANAGEMENT BOARD AND SUPERVISORY BOARD

Management Board

José Luis Blanco, Hamburg/Germany
Chief Executive Officer (Chairman of the Management Board

Dr. Ilya Hartmann, Hamburg/Germany
Chief Financial Officer (since 1 March 2021)
Member of the Management Board(since 1 January 2021)

Patxi Landa, Pamplona/Spain
Chief Sales Officer

Christoph Burkhard, Hamburg/Germany
Chief Financial Officer (until 28 February 2021)

Supervisory Board

Prof. Dr. Wolfgang Ziebart, Starnberg/Germany
Chairman of the Supervisory Board, chairman of the Executive Committee and member of the Strategy & Technology Committee

- Self-employed consultant
- Member of the board of directors of Veoneer Inc. (listed)
- Member of the supervisory board of Webasto SE

Juan Muro-Lara, Madrid/Spain
Deputy chairman of the Supervisory Board, member of the Executive Committee and member of the Audit Committee

- Chief Strategy & Corporate Development Officer of Acciona S.A. (Acciona Group, listed)
- Chairman of the board of directors of Bestinver Pensiones EGFP S.A.
- Chairman of the board of directors of Fidentiis Equities Sociedad de Valores S.A.
- Deputy Chairman of the board of directors of Bestinver Gestion S.A. SGIIC
- Deputy Chairman of the board of directors of Bestinver S.A.
- Deputy Chairman of the board of directors of Fidentiis Gestión S.A. SGIIC
- Member of the board of directors of Acciona Energia Internacional S.A. (Acciona Group)
- Member of the board of directors of Acciona Global Renewables S.A. (Acciona Group)
- Member of the board of directors of Bestinver Sociedad de Valores S.A.
- Member of the board of directors of Grupo Bodegas Palacio 1984 S.A.

Jan Klatten, Munich/Germany
Member of the Executive Committee and chairman of the Strategy & Technology Committee

- Managing shareholder of momentum Beteiligungsgesellschaft mbH

Connie Hedegaard, Copenhagen/Denmark
Member of the Audit Committee
- Chairwoman of the board of the Berlingske Media A/S
- Chairwoman of the board of the KR Foundation
- Chairwoman of the board of the University of Aarhus
- Chairwoman of the Danish green think tank CONCITO
- Chairwoman of the OECD Round Table on Sustainable Development
- Member of the board of directors of Cadeler A/S (listed)
- Member of the board of directors of Danfoss A/S

Rafael Mateo, Teruel/Spain
Member of the Strategy & Technology Committee
- Chairman of the board of directors of Acciona Energia Internacional S.A. as legal representative (Acciona Group)
- Chairman of the board of directors of Acciona Global Renewables S.A. as legal representative (Acciona Group)
- Chairman of the board of directors of AT Operadora Puerto Libertad S.A.P.I. de C.V. (Acciona Group)
- Chairman of the board of directors of AT Solar I S.A.P.I. de C.V. (Acciona Group)
- Chairman of the board of directors of AT Solar II S.A.P.I. de C.V. (Acciona Group)
- Chairman of the board of directors of AT Solar III S.A.P.I. de C.V. (Acciona Group)
- Chairman of the board of directors of AT Solar V S. de R.L. de C.V. (Acciona Group)
- Chairman of the board of directors of Iniciativas Energeticas Renovables S.L. as legal representative (Acciona Group)
- Chairman of the board of directors of Tuto Energy I S.A.P.I. de C.V. (Acciona Group)
- Chairman of the board of directors of Tuto Energy II S.A.P.I. de C.V. (Acciona Group)
- Member of the board of directors of Acciona Energia S.A. as legal representative (Acciona Group)
- Member of the board of directors of Acciona Energy Australia Global Pty. Ltd. (Acciona Group)
- Member of the board of directors of Acciona Energy Oceania Construction Pty Ltd. (Acciona Group)
- Member of the board of directors of Acciona Energy Oceania Pty Ltd. (Acciona Group)
- Member of the board of directors of Corporacion Acciona Energia Renovables S.L. as legal representative (Acciona Group)
- Member of the board of directors of Desarrollo de Energias Renovables de Navarra S.A. as legal representative (Acciona Group)
- Member of the board of directors of Energias Renovables Mediterraneas S.A. as legal representative (Acciona Group)
- Member of the board of directors of Eolicas Mare Nostrum S.L. as legal representative (Acciona Group)
- Member of the board of directors of Operador del Mercado Iberico – Polo Espanol S.A.

Martin Rey, Traunstein/Germany
Chairman of the Audit Committee
- Attorney at law and managing shareholder of Maroban GmbH
- Managing shareholder of Babcock & Brown GmbH
- Chairman of the advisory board of O2 Power Ltd.
- Member of the board of directors of BayWa r.e. LLC
- Member of the supervisory board of clearvise AG, formerly ABO Invest AG (listed)
- Member of the supervisory board of Kommunalkredit Austria AG
- Member of the advisory board of Groenleven B.V.

REMUNERATION REPORT

GENERAL INFORMATION

The remuneration report presents the components and effects of the remuneration system and outlines the individual amounts of remuneration paid to the Management Board and Supervisory Board.

MANAGEMENT BOARD

Basic principles of Management Board remuneration

The Management Board remuneration system was designed to provide Management Board members with incentives to pursue sustainable corporate governance. It is set up to ensure that Management Board members have a long-term interest in the development of the Company's enterprise value.

The Supervisory Board decides on the remuneration system, the structure of remuneration and the remuneration amounts for the Management Board, and reviews these regularly. In determining this remuneration, the Supervisory Board is guided by the size and complexity of Nordex, its economic and financial position, the structure and amount of management remuneration at comparable companies as well as internal salary structures. Further criteria include the duties and performance of the individual members of the Management Board. This approach fulfills the requirements of the German Stock Corporation Act and the provisions of the GCGC.

Components of Management Board remuneration

The remuneration paid to Management Board members comprises non-performance-related (fixed) and performance-related (variable) components. The latter reflect the Company's business performance in a given year as well as its long-term business performance.

Non-performance-related remuneration

The fixed components comprise an annual base salary paid out in equal monthly installments and fringe benefits as usual in the market. These include the provision of a company car, which may also be used privately, and the payment of insurance premiums for invalidity and death coverage.

Performance-related remuneration

Performance-related remuneration consists of two components:

- a bonus with a one-year performance period and
- a phantom stock plan (Performance Share Unit Plan) with a three-year performance period.

Bonus

An individual target amount is set for each Management Board member annually. Target achievement depends on reaching financial and non-financial targets. In the calculation of target achievement, equal weighting is placed on the achievement of the financial target and the non-financial targets. The financial target is defined as earnings before tax (EBT) for the relevant financial year and is identical for all Management Board members. The Supervisory Board defines the non-financial targets for each member of the Management Board at the beginning of each financial year and determines their achievement after the end of each financial year.

In addition, the Supervisory Board can adjust the individual bonuses. To this end, the Supervisory Board evaluates the Company's performance and the performance of individual Management Board members. The adjustment involves multiplying the bonuses by a performance factor between 0.8 and 1.2.

Bonuses can differ from the target amount in the case of overperformance or underperformance of targets. If the targets are not met, the bonus may not be paid at all. The amount of bonuses paid is capped at 200% of the relevant target amount.

Performance Share Unit Plan

The long-term variable remuneration component is structured as a Performance Share Unit Plan.

An individual target amount is agreed with each Management Board member for the Performance Share Unit Plan. This amount is converted into phantom shares. To do so, the target amount is divided by the average price of Nordex shares in the last 20 trading days prior to the start of the performance period.

The performance criterion is a comparison of the performance of the total shareholder return (TSR) of Nordex stock with the arithmetic mean of the performance of the DAX, MDAX and TecDAX indices. Target achievement is calculated over a three-year performance period beginning with the grant date. It can be between 50% and 200%.

The final number of performance share units equals the number of performance share units granted multiplied by the target achievement percentage. This number is converted into the total payout using the average price of Nordex shares in the last 20 trading days prior to the end of the performance period. The amount is capped at 300% of the individual target amount.

Each Management Board member is also required to invest 33% of their payout after tax and social security contributions in Nordex shares. These shares must be held for a period of at least two years.

Payments upon early termination of employment

If an employment contract is terminated early by the Company without good cause, Management Board members have the contractual right to claim severance. The amount of the severance payment is calculated using the target remuneration to be paid for the remaining term of the employment contract. It is limited to two annual target salaries.

The following table shows the remuneration in accordance with GAS 17. The performance-related long-term incentive component is allocated to the individual financial years on a pro rata temporis basis:

	Non performance-related component		Performance-related (bonus) component		Performance-related long-term incentive component		Total	
EUR thousand	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
José Luis Blanco	593,591	564,583	325,710	258,930	1,306,966	513,820	2,226,267	1,337,333
Christoph Burkhard	387,537	358,372	207,575	140,460	753,063	298,114	1,348,175	796,946
Patxi Landa	363,106	310,607	224,650	170,000	753,063	294,179	1,340,819	774,786

As of 31 December 2020, the total carrying amount of the obligation from the performance-related component with a long-term incentive was EUR 4,078,953 (31 December 2019: EUR 1,480,690).

The following table shows the figures in accordance with the requirements of the previously applicable 2017 version of the GCGC. In addition to the target figures, the table also lists the possible minimum and maximum figures for the bonus and the Performance Share Unit Plan. The multi-year variable remuneration granted is shown at fair value at the time it was granted:

Benefits granted

	José Luis Blanco				Christoph Burkhard			
EUR thousand	**2020**	**2019**	**Min. 2020**	**Max. 2020**	**2020**	**2019**	**Min. 2020**	**Max. 2020**
Fixed remuneration	585,000	550,000	585,000	585,000	379,167	350,000	379,167	379,167
Fringe benefits	8,591	14,583	8,591	8,591	8,370	8,372	8,370	8,370
Fixed income	**593,591**	**564,583**	**593,591**	**593,591**	**387,537**	**358,372**	**387,537**	**387,537**
Bonus	**420,000**	**350,000**	**0**	**840,000**	**250,000**	**200,000**	**0**	**500,000**
Performance Share Unit Plan 2020–2022	406,405	0	0	1,260,000	241,908	0	0	750,000
Performance Share Unit Plan 2019–2021	0	340,449	0	0	0	194,543	0	0
Multi-year variable remuneration	**406,405**	**340,449**	**0**	**1,260,000**	**241,908**	**194,543**	**0**	**750,000**
Total remuneration	**1,419,996**	**1,255,032**	**593,591**	**2,693,591**	**879,445**	**752,915**	**387,537**	**1,637,537**

	Patxi Landa			
EUR thousand	**2020**	**2019**	**Min. 2020**	**Max. 2020**
Fixed remuneration	362,500	310,000	362,500	362,500
Fringe benefits	606	607	606	606
Fixed income	**363,106**	**310,607**	**363,106**	**363,106**
Bonus	**250,000**	**200,000**	**0**	**500,000**
Performance Share Unit Plan 2020–2022	241,908	0	0	750,000
Performance Share Unit Plan 2019–2021	0	194,543	0	0
Multi-year variable remuneration	**241,908**	**194,543**	**0**	**750,000**
Total remuneration	**855,014**	**705,150**	**363,106**	**1,613,106**

The following table shows the benefits received from the fixed income, the bonus, and the multi-year variable remuneration, the scheduled term of which ended in the reporting year:

Benefits received

	José Luis Blanco		Christoph Burkhard		Patxi Landa	
EUR thousand	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Fixed remuneration	585,000	550,000	379,167	350,000	362,500	310,000
Fringe benefits	8,591	14,583	8,370	8,372	606	607
Fixed income	**593,591**	**564,583**	**387,537**	**358,372**	**363,106**	**310,607**
Bonus	**325,710**	**258,930**	**207,575**	**140,460**	**224,650**	**170,000**
Performance Share Unit Plan 2018–2020	1,050,000	0	600,000	0	600,000	0
Performance Share Unit Plan 2017–2019	0	95,475	0	63,654	0	55,699
Multi-year variable remuneration	**1,050,000**	**95,475**	**600,000**	**63,654**	**600,000**	**55,699**
Total remuneration	**1,969,301**	**918,888**	**1,195,112**	**562,486**	**1,187,756**	**536,306**

Under the agreements on participation in the German government's guarantee program by way of protection against the consequences of the COVID-19 pandemic, from August 2020 the contractually agreed basic remuneration which was paid from January 2020 was reduced to the level of basic remuneration applicable as at 31 December 2019. This reduction applies until at least 75% of the guaranteed loan has been repaid. The shortfall amount vis-à-vis the contractually agreed basic remuneration will be deferred and will not be paid out to the members of the Management Board until the guaranteed loan has been repaid in full. Moreover, for the term of this loan the members of the Management Board may not receive any variable remuneration components until the loan has been repaid in full. For this reason, in 2021 no payment was made for the bonus for the 2020 financial year or under the Performance Share Unit Plan 2018-2020. These variable remuneration components which had accumulated as of the end of 2020 will likewise be deferred and will only be paid out following full repayment of the guaranteed loan.

The Company arranges for D&O insurance on behalf of the members of the Management Board. The amount of the insurance is determined by the Supervisory Board. Pursuant to the German Stock Corporation Code and the recommendations of the GCGC, the policy stipulates a deductible.

The members of the Management Board have not been granted benefits as part of a company pension plan.

The Company did not extend any loans to members of the Management Board nor has it assumed any sureties or guarantees on their behalf.

CHANGE OF PERSONNEL ON THE MANAGEMENT BOARD

Mr. Burkhard's employment contract was prematurely terminated in November 2020, with effect as at 28 February 2021. By way of compensation for the premature termination of his employment, a settlement of EUR 800,000 has been agreed in order to cover his remuneration entitlements. However, this will only be paid out following repayment in full of the loan guaranteed on the basis of the above-mentioned guarantee granted by the German government and the federal states of Hamburg and Mecklenburg-West Pomerania. The above comments on the Management Board members' basic remuneration apply in regard to Mr. Burkhard's entitlements to basic remuneration in the period up to the premature termination of his contract. The same applies for his right to a bonus for the year 2020 as well as payments under the Performance Share Unit Plan 2018-2020. Nor will any payment be made for (pro rata) entitlements under the Performance Share Unit Plan 2019-2021 and 2020-2022 until such time as the guaranteed loan has been repaid in full. Mr. Burkhard will not receive either a (pro rata) bonus or an entitlement to performance share units for the year 2021.

Supervisory Board

Under Article 18 (1) to (4) of the Articles of Incorporation, all members of the Supervisory Board are entitled to fixed remuneration of EUR 30,000 (2019: EUR 30,000) in consideration of the performance of their duties for each full financial year in which they are members of the Supervisory Board. The chairman of the Supervisory Board receives twice this amount and his deputy one-and-a-half times this amount.

Each member of the Supervisory Board receives fixed remuneration for membership in Supervisory Board committees. This amounts to EUR 3,000 (2019: EUR 3,000) for each full financial year in which the member belonged to the committee. The chairman of a committee receives twice this amount.

Persons joining or leaving the Supervisory Board or one of its committees during the year for each full or partial month of service receive one twelfth of the amount they are entitled to due to their membership.

According to Article 18 (5) of the Articles of Incorporation, the Supervisory Board members receive reimbursement for expenses arising during exercise of their duties. They are also reimbursed for any VAT incurred. The Company also pays the premiums for the D&O liability insurance of the members of the Supervisory Board.

The remuneration of the Supervisory Board breaks down as follows in accordance with GAS 17:

	Non performance-related component		Performance-related (bonus) component		Performance-related long-term incentive component		Total	
EUR thousand	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Prof. Dr. Wolfgang Ziebart	69,000	69,000	0	0	0	0	69,000	69,000
Juan Muro-Lara	51,000	51,000	0	0	0	0	51,000	51,000
Jan Klatten	39,000	39,000	0	0	0	0	39,000	39,000
Connie Hedegaard	33,000	33,000	0	0	0	0	33,000	33,000
Rafael Mateo	33,000	33,000	0	0	0	0	33,000	33,000
Martin Rey	36,000	36,000	0	0	0	0	36,000	36,000
	261,000	**261,000**	**0**	**0**	**0**	**0**	**261,000**	**261,000**

No remuneration had been paid to the members of the Supervisory Board as at 31 December 2020.

FORMER MEMBERS OF THE MANAGEMENT BOARD

Provisions of EUR 452 thousand (2019: EUR 435 thousand) have been set aside as at the reporting date for two former members of the Management Board.

AUDITOR'S FEE

The following fees were incurred for services provided by the auditor of the financial statements, PricewaterhouseCoopers:

EUR thousand	**2020**	**2019**
Auditing services	616	570
Tax advisory services	117	63
Other assurance services	89	48
Other services	119	33
	941	**714**

The auditing services include the fees for the audit of the consolidated financial statements and the statutory audit of Nordex SE and its subsidiaries. Tax advisory services primarily include fees for the audit of processes related to taxes and internal transfer pricing. Other assurance services mainly comprise fees for statutory or contractually agreed assurance services, while other services mainly concern fees paid for project-related consultancy services.

Nordex SE, Rostock, 19 March 2021

José Luis Blanco, Chairman of the Management Board

Dr. Ilya Hartmann, Member of the Management Board

Patxi Landa, Member of the Management Board

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

For the period from 1 January to 31 December 2020

EUR thousand	Opening balance 01.01.2020	Additions	Disposals	Reclassifi-cations	Currency translation	Opening balance 31.12.2020	Opening balance 01.01.2020
	Cost						
Property, plant and equipment							
Technical equipment and machinery	341,143	64,852	8,708	12,487	−20,493	389,281	181,021
Land and buildings	237363	13,148	1,822	63	−2,662	246,090	55,659
Other fixtures and fittings, tools and equipment	127,200	57544	3,832	315	−3,833	177394	73,196
Assets under construction and prepayments made [1]	44,261	18,312	15,535	−12,865	−4,557	29,616	1
Total	**749,967**	**153,856**	**29,897**	**0**	**−31,545**	**842,381**	**309,877**
Intangible assets							
Goodwill	552,259	0	0	0	0	552,259	4,501
Capitalized development expenses	444,214	24,714	0	0	−105	468,823	255,724
Prepayments made and other intangible assets [2]	165,481	4,112	128	0	−12,450	157015	138,157
Total	**1,161,954**	**28,826**	**128**	**0**	**−12,555**	**1,178,097**	**398,382**

[1] Of which prepayments made with a carrying amount as at 31 December 2020 of EUR 4,410 thousand
[2] Of which prepayments made with a carrying amount as at 31 December 2020 of EUR 1,706 thousand

Depreciation / amortization				Carrying amount
Additions	Disposals	Currency translation	Closing balance 31.12.2020	31.12.2020
51,668	4,954	−10,122	217,613	171,668
21,400	253	−436	76,370	169,720
25,592	2,949	−1,600	94,239	83,155
7	0	−8	0	29,616
98,667	**8,156**	**−12,166**	**388,222**	**454,159**
0	0	0	4,501	547,758
46,416	0	6	302,146	166,677
10,711	155	−11,644	137,069	19,946
57,127	**155**	**−11,638**	**443,716**	**734,381**

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

For the period from 1 January to 31 December 2019

	Cost						
EUR thousand	**Opening balance 31.12.2018**	**Transition from IAS 17 to IFRS 16**	**Opening balance 01.01.2019**	**Additions**	**Initial consoli-dation**	**Disposals**	**Reclassifi-cations**
Property, plant and equipment							
Technical equipment and machinery	267,644	0	267,644	68,401	0	10,945	17,446
Land and buildings	140,098	70,438	210,536	47,011	0	20,581	283
Other fixtures and fittings, tools and equipment	91,977	7,021	98,998	36,481	0	5,372	–2,841
Assets under construction and prepayments made [1]	24,445	0	24,445	28,825	7,382	1,225	–14,888
Total	**524,164**	**77,459**	**601,623**	**180,718**	**7,382**	**38,123**	**0**
Intangible assets							
Goodwill	552,259	0	552,259	0	0	0	0
Capitalized development expenses	416,503	0	416,503	27,834	0	104	0
Prepayments made and other intangible assets [2]	149,867	0	149,867	10,469	8,017	3,695	0
Total	**1,118,629**	**0**	**1,118,629**	**38,303**	**8,017**	**3,799**	**0**

[1] Of which prepayments made with a carrying amount as at 31 December 2019 of EUR 21,486 thousand

[2] Of which prepayments made with a carrying amount as at 31 December 2019 of EUR 5,350 thousand

		Depreciation / amortization							Carrying amount
Currency translation	Opening balance 31.12.2019	Opening balance 01.01.2019	Additions	Initial consoli-dation	Disposals	Reclassifi-cations	Currency translation	Closing balance 31.12.2019	31.12.2019
–1,403	341,143	146,922	44,517	0	9,624	–1	–793	181,021	160,122
114	237,363	51,753	20,339	0	16,573	0	140	55,659	181,704
–66	127,200	57,778	19,124	0	3,733	1	26	73,196	54,004
–278	44,261	1,600	–378	0	1,225	0	4	1	44,260
–1,633	**749,967**	**258,053**	**83,602**	**0**	**31,155**	**0**	**–623**	**309,877**	**440,090**
0	552,259	4,501	0	0	0	0	0	4,501	547,758
–19	444,214	209,965	45,762	0	2	0	–1	255,724	188,490
823	165,481	125,251	14,044	641	2,640	0	861	138,157	27,324
804	**1,161,954**	**339,717**	**59,806**	**641**	**2,642**	**0**	**860**	**398,382**	**763,572**

LIST OF SHAREHOLDINGS

As at 31 December 2020

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Nordex SE, Rostock (Group parent)[1]	EUR	–	68,050,965.42	1,019,781,298.00	–
Alfresco Renewable Energy Private Limited, Bangalore/India[2]	EUR	99.99/0.01	–685,744.76	1,115.32	Nordex Windpark Beteiligung GmbH/Nordex Energy Internacional S.L.
Component Purchasing Company LLC, Dover/USA[3]	EUR	100.00	–80,673.99	166,652.08	Nordex USA Inc.
Component Purchasing Company II LLC, Dover/USA[3]	EUR	100.00	–267.53	–549.62	Nordex USA Inc.
Component Purchasing Company III LLC, Dover/USA[3]	EUR	100.00	–267.53	–549.62	Nordex USA Inc.
Corporacion Nordex Energy Spain S.L., Barasoain/Spain[3]	EUR	100.00	–5,538.39	7,619,760.00	Nordex SE
Eolicos R4E S.A. de C.V., Tegucigalpa/Honduras[3]	EUR	100.00	–53,945.04	–8,196,418.83	Nordex USA Management LLC
Industria Toledana de Energias Renovables S.L., Barasoain/Spain[3]	EUR	100.00	–8,188.16	350,000.00	Nordex Energy Spain S.A.
Limited Liability Company Nordex Energy Ukraine, Kiew/Ukraine[3]	EUR	100.00	–5,615,922.36	–9,554,769.60	Nordex Energy B.V.
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Beijing/VR China[3]	EUR	100.00	–415,000.74	662,232.36	Nordex Energy SE & Co. KG
Nordex Belgium GmbH, Hamburg[3]	EUR	100.00	–2,000.00	28,000.00	Nordex SE
Nordex Beteiligungen GmbH, Hamburg[3]	EUR	100.00	991.10	24,008.90	Nordex SE
Nordex Blade Technology Centre ApS, Kirkeby/Denmark[3]	EUR	100.00	1,336,556.72	6,719.62	Nordex SE

List of shareholdings (continued)

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Nordex Blades Spain S.A., Barasoain/Spain [3]	EUR	100.00	–10,470,943.48	5,883,653.15	Nordex Energy Spain S.A.
Nordex (Chile) SpA, Santiago/Chile [3]	EUR	100.00	–828,061.64	–5,707,829.28	Nordex Windpark Beteiligung GmbH
Nordex Education Trust, Cape Town/South Africa [3]	EUR	100.00	–525,772.44	–519,461.88	Nordex Energy South Africa RF (Pty.) Ltd.
Nordex Electrane d.o.o., Split/Croatia [3]	EUR	100.00	1,113,427.71	1,925,849.16	Nordex Energy Internacional S.L.
Nordex Employee Holding GmbH, Hamburg [3]	EUR	100.00	–55,201.95	214,527.41	Nordex SE
Nordex Energy Brasil – Comercio e Industria de Equipamentos Ltda., São Paulo/Brazil [3]	EUR	99.00/1.00	–35,034,191.05	33,871,929.97	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.
Nordex Energy B.V., Rotterdam/Niederlande [3]	EUR	100.00	38,241,589.61	57,516,815.94	Nordex SE
Nordex Energy Chile S.A., Santiago/Chile [3]	EUR	99.00/1.00	–9,881,309.33	–6,564,106.84	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.
Nordex Energy Colombia S.A.S., Bogotá/Columbia [3]	EUR	100.00	348,008.71	2,320.00	Nordex Energy Internacional S.L.
Nordex Energy Iberica S.A., Barcelona/Spain [3]	EUR	100.00	202,796.43	8,699,889.66	Nordex Energy B.V.
Nordex Energy Internacional S.L., Barasoain/Spain [3]	EUR	100.00	–1,870,042.38	6,553,100.00	Nordex Energy Spain S.A.
Nordex Energy Ireland Ltd., Dublin/Ireland [3]	EUR	100.00	5,512,787.47	11,959,136.50	Nordex Energy B.V.
Nordex Energy Romania S.r.l., Bucharest/Romania [3]	EUR	99.98/0.02	907,956.47	3,300,191.45	Nordex Energy B.V./ Nordex Energy SE & Co. KG
Nordex Energy SE & Co. KG, Hamburg [4, 5]	EUR	100.00	0.00	37,420.61	Nordex SE
Nordex Energy South Africa RF (Pty.) Ltd., Cape Town/ South Africa [3]	EUR	80.00/20.00	–19,372,762.34	–22,387,181.87	Nordex Energy SE & Co. KG/ Nordex Education Trust
Nordex Energy Spain S.A., Barasoain/Spain [3]	EUR	100.00	–3,264,135.66	28,520,243.36	Corporacion Nordex Energy Spain S.L.
Nordex Energy Uruguay S.A., Montevideo/Uruguay [3]	EUR	100.00	–8,785,955.48	–50,045,597.36	Nordex Energy B.V.

List of shareholdings (continued)

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Nordex Enerji A.S., Istanbul/Turkey[3]	EUR	17.15/82.31/0.18/0.18/0.18	14,373,969.51	46,947,842.07	Nordex Energy B.V./Nordex SE/Nordex Energy SE & Co. KG/Nordex Windpark Beteiligung GmbH/Nordex Grundstücksverwaltung GmbH
Nordex Finland Oy, Helsinki/Finland[3]	EUR	100.00	–18,884,765.19	–19,886,232.53	Nordex SE
Nordex Forum II GmbH & Co. KG, Hamburg[3]	EUR	100.00	–94,450.58	312,190.92	Nordex Energy SE & Co. KG
Nordex Forum II Verwaltungs GmbH, Hamburg[3]	EUR	100.00	1,723.52	17,603.88	Nordex Energy SE & Co. KG
Nordex France S.A.S., Paris/France[3]	EUR	100.00	52,649,129.56	118,044,371.22	Nordex Energy B.V.
Nordex Grundstücksverwaltung GmbH, Hamburg[1, 3]	EUR	100.00	0.00	52,000.00	Nordex SE
Nordex Hellas Monoprosopi EPE, Athen/Greece[3]	EUR	100.00	–5,522,912.08	–8,936,777.60	Nordex Energy SE & Co. KG
Nordex India Manufacturing Private Limited, Bangalore/India[2]	EUR	99.99/0.01	–318,306.89	1,115.32	Nordex Offshore GmbH/Nordex Energy B.V.
Nordex India Private Limited, Bangalore/India[2]	EUR	99.99/0.01	–36,546,191.00	35,830,277.13	Nordex Energy Internacional S.L./Nordex Energy Spain S.A.
Nordex Italia S.r.l., Rom/Italy[3]	EUR	100.00	–979,692.51	25,421,162.19	Nordex Energy B.V.
Nordex Lithuania GmbH, Hamburg[3]	EUR	100.00	–2,000.00	28,000.00	Nordex SE
Nordex Netherlands GmbH, Hamburg[3]	EUR	100.00	–2,000.00	28,000.00	Nordex SE
Nordex Norway GmbH, Hamburg[3]	EUR	100.00	–2,000.00	28,000.00	Nordex SE
Nordex Oceania Pty. Ltd., Melbourne/Australia[3]	EUR	100.00	–2,642,503.15	–12,045,290.98	Nordex Energy Internacional S.L.
Nordex Offshore GmbH, Hamburg[3]	EUR	100.00	–474,652.93	–12,149,949.45	Nordex SE
Nordex Pakistan (Private) Ltd., Islamabad/Pakistan[3]	EUR	100.00	12,070.73	–11,228,402.57	Nordex Energy SE & Co. KG
Nordex Polska Sp. z o.o., Warsaw/Poland[3]	EUR	99.00/1.00	–2,121,732.76	10,340,215.00	Nordex Energy B.V./Nordex Energy SE & Co. KG
Nordex Portugal GmbH, Hamburg[3]	EUR	100.00	–2,000.00	28,000.00	Nordex SE

List of shareholdings (continued)

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Nordex Singapore Equipment Private Ltd., Singapore/Singapore [3]	EUR	100.00	–573,485.41	7,890,302.73	Nordex Energy SE & Co. KG
Nordex Singapore Service Private Ltd., Singapore/Singapore [3]	EUR	100.00	–293,103.56	–2,003,872.11	Nordex Energy SE & Co. KG
Nordex Sverige AB, Uppsala/Sweden [3]	EUR	100.00	–24,463,441.78	–51,491,478.08	Nordex Energy B.V.
Nordex Towers Spain S.L., Barasoain/Spain [3]	EUR	100.00	–17,752.46	580,000.00	Nordex Energy Spain S.A.
Nordex UK Ltd., Manchester/United Kingdom [3]	EUR	100.00	271,235.03	–9,061,027.42	Nordex Energy B.V.
Nordex USA Inc., Chicago/USA [3]	EUR	78.35/21.65	–48,225,779.25	36,502,279.46	Nordex Energy Internacional S.L./ Nordex Energy B.V.
Nordex USA Management LLC, Chicago/USA [3]	EUR	100.00	0.00	–86,972.82	Nordex USA Inc.
Nordex Windpark Beteiligung GmbH, Hamburg [1, 3]	EUR	100.00	0.00	74,825.12	Nordex SE
Nordex Windpower Peru S.A., Lima/Peru [3]	EUR	99.99/0.01	601,238.91	787.83	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.
Nordex Windpower Rüzgar Enerjisi Sistemleri Anonim Sirketi, Istanbul/Turkey [3]	EUR	100.00	–262,802.71	–5,758,072.50	Nordex Energy Internacional S.L.
Nordex Windpower S.A., Buenos Aires/Argentina [3]	EUR	98.17/1.83	–40,346,858.15	–44,048,781.20	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.
NPV Dritte Windpark GmbH & Co. KG, Hamburg [3]	EUR	100.00	–13,674.47	–33,352.78	Nordex Grundstücks-verwaltung GmbH
NX Energy Mexico S. de R.L. de C.V., Mexico City/Mexico [3]	EUR	99.97/0.03	–269,952.30	122.87	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.
Parque Eolico Llay-Llay SpA, Santiago/Chile [3]	EUR	100.00	–3,464.94	–2,318,868.38	Nordex (Chile) SpA
Ravi Urja Energy India Private Limited, Bangalore/India [2]	EUR	100.00	–312,544.09	7,381,207.50	Nordex Windpark Beteiligung GmbH
Shanghai Nordex Windpower Co. Ltd., Shanghai/VR China [3]	EUR	100.00	283,505.79	186,974.10	Nordex Energy Internacional S.L.
Solar Fields Energy Photo Voltaic India Private Limited, Bangalore/India [2]	EUR	100.00	–29,877.80	1,550,735.24	Nordex Windpark Beteiligung GmbH

List of shareholdings (continued)

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Non-consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Eoles Futur Eurowind France S.A.S., Paris/France[3]	EUR	100.00	6,103.69	636,113.86	Nordex France S.A.S.
Farma Wiatrowa Kwidzyn Sp. z o.o., Warsaw/Poland[3]	EUR	99.00/ 1.00	−124,507.99	−2,287,427.56	Nordex Windpark Beteiligung GmbH/Nordex Energy SE & Co. KG
Farma Wiatrowa NXD V Sp. z o.o., Warsaw, Poland[3, 6]	EUR	99.00/ 1.00	−14,855.40	−111,577.88	Nordex Windpark Beteiligung GmbH/Nordex Energy SE & Co. KG
Farma Wiatrowa Wymyslow Sp. z o.o., Warsaw/Poland[3, 6]	EUR	99.00/ 1.00	−18,629.36	−177,887.81	Nordex Windpark Beteiligung GmbH/Nordex Energy SE & Co. KG
Gregal Power Private Limited, Bangalore/India[2]	EUR	99.99/ 0.01	−4,023.48	34,574.92	Nordex India Private Limited/ Nordex Energy Internacional S.L.
Leveche Energy Private Limited, Bangalore/India[2]	EUR	99.99/ 0.01	−3,592.92	34,574.92	Nordex Windpark Beteiligung GmbH/ Nordex Energy Internacional S.L.
NAWM Servicios Administrativos, Mexico City/Mexico[3]	EUR	0.05/ 99.95	90,374.03	819.09	Nordex Energy Internacional S.L./NX Energy Mexico S. de R.L. de C.V.
NAWM Servicios de Obra, Mexico City/Mexico[3]	EUR	0.0025/ 99.9975	186,876.73	1,638.23	Nordex Energy Internacional S.L./NX Energy Mexico S. de R.L. de C.V.
NAWM Servicios Operacion y Mantenimiento, Mexico City/Mexico[3]	EUR	0.005/ 99.995	0.00	0.00	Nordex Energy Internacional S.L./NX Energy Mexico S. de R.L. de C.V.
NAWM Servicios Tecnicos, Mexico City/Mexico[3]	EUR	0.0025/ 99.9975	16,808.56	0.00	Nordex Enerrgy Internacional S.L./NX Energy Mexico S. de R.L. de C.V.
Nordex Energy Cortes S.L., Barasoain/Spain[3]	EUR	100.00	−1,523.52	740.83	Nordex Energy Spain S.A.
Nordex Windpark Verwaltung GmbH, Hamburg[3]	EUR	100.00	213.18	49,564.67	Nordex SE
Parc Eolien Nordex 85 S.A.S., Paris/France[3, 6]	EUR	100.00	−2,158.41	32,826.18	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 95 S.A.S., Paris/France[3]	EUR	100.00	−2,125.91	32,886.42	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex 100 S.A.S., Paris/France[3, 6]	EUR	100.00	−2,185.91	32,820.78	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex I S.A.S., Paris/France[3, 6]	EUR	100.00	−2,293.44	4,873.82	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex III S.A.S., Paris/France[3]	EUR	100.00	−37,311.44	−107,522.91	Nordex Windpark Beteiligung GmbH

List of shareholdings (continued)

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Non-consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Parc Eolien Nordex X S.A.S., Paris/France [3, 6]	EUR	100.00	−2,320.84	5,299.09	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex XXIX S.A.S., Paris/France [3]	EUR	100.00	−3,523.54	3,427.43	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex XXX S.A.S., Paris/France [3]	EUR	100.00	−25,884.83	−76,394.49	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex LVII S.A.S., Paris/France [3, 6]	EUR	100.00	−4,771.28	18,082.56	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex LXIII S.A.S., Paris/France [3, 6]	EUR	100.00	−2,234.59	24,613.64	Nordex Windpark Beteiligung GmbH
Parc Eolien Nordex Belgique I (SPRC), Brussels/Belgium [3, 6]	EUR	99.00/ 1.00	−6,403.44	−35,020.28	Nordex Windpark Beteiligung GmbH/ Nordex Energy SE & Co. KG
Parc Eolien Nordex Belgique II (SPRC), Brussels/Belgium [3, 6]	EUR	99.00/ 1.00	−6,540.83	−21,401.90	Nordex Windpark Beteiligung GmbH/ Nordex Energy SE & Co. KG
Parque Eolico Hacienda Quijote SpA, Santiago/Chile [3]	EUR	100.00	0.00	0.00	Nordex (Chile) SpA
Parque Eolico Vasco Viejo S.A., Buenos Aires/Argentina [3]	EUR	60.00	−40,331.33	−9,293.18	Nordex Windpower S.A.
Qingdao Huawei Wind Power Co. Ltd., Qingdao/VR China [3]	EUR	66.67	398,124.00	2,811,512.08	Nordex Energy SE & Co. KG
San Marcos Colon Holding, Inc., Chicago/USA [3]	EUR	100.00	0.00	0.00	Nordex Windpark Beteiligung GmbH
San Marcos Wind Energy S.A. de C.V., Tegucigalpa/Honduras [3]	EUR	100.00	0.00	0.00	San Marcos Colon Holding, Inc.
Sechste Windpark Support GmbH & Co. KG, Hamburg [3]	EUR	100.00	−14,224.82	−79.560.00	Nordex Grundstücks-verwaltung GmbH
Shri Saai Pasumai Private Limited, Bangalore/India [2]	EUR	99.99/ 0.01	−60,982.52	903,409.20	Nordex Windpark Beteiligung GmbH/Nordex Energy Internacional S.L.
South Kinetic Wind Energy Private Limited, Bangalore/India [2]	EUR	99.99/ 0.01	−4,056.01	34,574.92	Nordex India Private Limited/ Nordex Energy Internacional S.L.
Terral Energy Private Limited, Bangalore/India [2]	EUR	99.99/ 0.01	−3,610.29	34,574.92	Nordex Windpark Beteiligung GmbH/ Nordex Energy Internacional S.L.
Vent d’est S.a.r.l., Paris/France [3]	EUR	100.00	−946.46	−11,462.36	Nordex France S.A.S.

List of shareholdings (continued)

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Non-consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Vientos de Chinchayote, S.A. de C.V., Tegucigalpa/Honduras [3]	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V.
Vientos de la Baranquilla, S.A. de C.V., Tegucigalpa/Honduras [3]	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V.
Vientos de la Cahuasca, S.A. de C.V., Tegucigalpa/Honduras [3]	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V.
Vientos de la Quesera, S.A. de C.V., Tegucigalpa/Honduras [3]	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V.
Vientos de la Roble, S.A. de C.V., Tegucigalpa/Honduras [3]	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V.
Vientos de San Juan, S.A. de C.V., Tegucigalpa/Honduras [3]	EUR	99.20/0.80	0.00	0.00	Nordex Windpark Beteiligung GmbH/Nordex Energy B.V.

List of shareholdings (continued)

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Associates (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
C&C Wind Sp. z o.o., Natolin/Poland [3]	EUR	40.00	−1,427,414.15	16,976,486.86	Nordex Windpark Beteiligung GmbH
GN Renewable Investments S.a.r.l., Luxembourg/Luxembourg [3]	EUR	30.00	−36,954.09	232,475.10	Nordex Windpark Beteiligung GmbH

	Currency	Share capital in %	Net profit/loss 01.01.–31.12.2020	Equity 01.01.–31.12.2020	Equity investment via
Other shareholdings (non-consolidated) (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Eoliennes de la Vallee S.A.S., Amiens/France [3]	EUR	50.00	2,102.00	15,548.00	Nordex France S.A.S.
Farma Wiatrowa Stogi Sp. z o.o., Kwidzyn/Poland [3, 6]	EUR	50.00	0.00	−58,409.45	Nordex Windpark Beteiligung GmbH
Parc Eolien du Val Aux Moines, Paris/France [7, 8]	EUR	34.92	420,741.00	1,019,007.00	Nordex Employee Holding GmbH
Rose Windfarm AB, Stockholm/Sweden [3]	EUR	50.00	−734,500.54	407,180.81	Nordex Sverige AB
Ventus Kwidzyn Sp. z o.o., Gorki/Poland [3]	EUR	50.00	−41,072.44	−896,151.06	Farma Wiatrowa Kwidzyn Sp. z o.o.

1 Profit and loss transfer agreement; net profit/loss and equity after transfer of profit or loss
2 Different financial year from 1 April to 31 March; financial statements as at 31 March 2020
3 Preliminary annual financial statements as at 31 December 2020
4 Formerly Nordex Energy GmbH, Hamburg
5 Loss absorption agreement, net profit/loss and equity after loss absorption
6 In liquidation
7 Formerly Parc Eolien Nordex II S.A.S., Paris/France
8 Preliminary annual financial statements as at 31 December 2019

RESPONSIBILITY STATEMENT

RESPONSIBILITY STATEMENT IN ACCORDANCE WITH SECTIONS 297 (2) 4 AND 315 (1) 6 OF THE GERMAN COMMERCIAL CODE

To the best of our knowledge, and in accordance with the applicable reporting principles for financial reporting, the consolidated financial statements give a true and fair view of the Group, and the management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Nordex SE, Rostock, 19 March 2021

José Luis Blanco, Chairman of the Management Board

Dr. Ilya Hartmann, Member of the Management Board

Patxi Landa, Member of the Management Board

The following copy of the auditor's report also includes a "Report on the audit of the electronic renderings of the financial statements and the management report prepared for disclosure purposes in accordance with § 317 Abs. 3b HGB" ("Separate report on ESEF conformity "). The subject matter (ESEF documents) to which the Separate report on ESEF conformity relates is not attached. The audited ESEF documents can be inspected in or retrieved from the Federal Gazette.

INDEPENDENT AUDITOR'S REPORT

To Nordex SE, Rostock

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS AND OF THE GROUP MANAGEMENT REPORT

Audit Opinions

We have audited the consolidated financial statements of Nordex SE, Rostock, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and the consolidated statement of changes in equity for the financial year from 1 January to 31 December 2020, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Nordex SE, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2020. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2020, and of its financial performance for the financial year from 1 January to 31 December 2020, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1. Recoverability of goodwill

2. Accounting for revenue

Our presentation of these key audit matters has been structured in each case as follows:

1. Matter and issue

2. Audit approach and findings

3. Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of goodwill

1. In the Company's consolidated financial statements goodwill amounting in total to € 548 million (12.4% of total assets) is reported under the "Goodwill" balance sheet item. Goodwill is tested for impairment by the Company once a year or when there are indications of impairment to determine any possible need for write-downs. The impairment test is carried out at the level of the groups of cash-generating units to which the relevant goodwill is allocated. The carrying amount of the relevant cash-generating units, including goodwill, is compared with the corresponding recoverable amount in the context of the impairment test. The recoverable amount is generally determined on the basis of fair value less costs of disposal. The present value of the future cash flows from the respective group of cash-generating units normally serves as the basis of valuation. Present values are calculated using discounted cash flow models. For this purpose, the adopted medium-term business plan of the Group forms the starting point which is extrapolated based on assumptions about long-term rates of growth. Expectations relating to future market developments and assumptions about the development of macroeconomic factors are also taken into account. The discount rate used is the weighted average cost of capital for the respective group of cash-generating units. The impairment test determined that no write-downs were necessary.

The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

2. As part of our audit, we assessed the methodology used for the purposes of performing the impairment test, among other things. After matching the future cash inflows used for the calculation against the adopted medium-term business plan of the Group, we assessed the appropriateness of the calculation, in particular by reconciling it with general and sector-specific market expectations. We discussed and examined supplementary adjustments to the medium-term business plan for the purposes of the impairment test with the members of the Company's staff responsible. In addition, we assessed the appropriate consideration of the costs of Group functions. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated in this way, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. In order to reflect the uncertainty inherent in the projections, we evaluated the sensitivity analyses performed by the Company. Taking into account the information available, we determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future cash flows.

Overall, the valuation parameters and assumptions used by the executive directors are in line with our expectations and are also within the ranges considered by us to be reasonable.

3. The Company's disclosures on goodwill are contained in Note (8) in the section "Balance Sheet Disclosures" of the notes to the consolidated financial statements.

2. Accounting for revenue

1. In the Company's consolidated financial statements revenues amounting in total to € 4,651 million are reported. Revenues are mainly attributable to the production and erection of wind turbines (project business) and the subsequent servicing (service business). Revenue recognition and deferral is significantly affected by the Company's assessment of the time or period to satisfy its performance obligations. The timing of revenue recognition from service contracts is based on the expected cost distribution over the corresponding contract term (recognition over time), while the performance obligations and revenue recognition on the sale of wind turbines depend on the respective contract specifications. The Group has implemented group-wide processes to account for revenue in accordance with IFRS 15.

Revenue recognition and deferral in accordance with IFRS 15 is to be considered complex and relies on the estimates and assumptions of the executive directors. Against this background, accounting for revenue was of particular significance in the context of our audit.

2. As part of our audit, we evaluated the appropriateness and effectiveness of the adopted group-wide processes and controls of the relevant internal control system over revenue recognition and deferral throughout the financial year. We have also assessed the accounting methodology and estimates of the executive directors especially in relation to the timing of revenue recognition. In this context, we have also reviewed customer contracts, verified the identification of performance obligations and concluded if these are satisfied over or at a point in time.

We were able to satisfy ourselves that the established processes and internal controls are adequate and that the estimates and assumptions of the executive directors are sufficiently documented and substantiated to ensure the appropriate accounting for revenue.

3. The Company's disclosures on the accounting for revenue in accordance with IFRS 15 are contained in Note (26) in the section "Notes to the income statement" of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

› the statement on corporate governance pursuant to § 289f and § 315d HGB included in section "Corporate Governance Report" of the group management report

› the separate non-financial group report pursuant to § 315b Abs. 3 HGB

The other information comprises further the remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report.

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information and, in so doing, to consider whether the other information

› is materially inconsistent with the consolidated financial statements, with the group management report or our knowledge obtained in the audit, or

› otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition, the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with §317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. 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 and this group management report.

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 and of the group management report, 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 audit opinions. 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 of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.

- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' 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 the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able 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 present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to §315e Abs. 1 HGB.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

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 the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

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

OTHER LEGAL AND REGULATORY REQUIREMENTS

Assurance Report in Accordance with §317 Abs. 3b HGB on the Electronic Reproduction of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes

Reasonable Assurance Conclusion

We have performed an assurance engagement in accordance with §317 Abs. 3b HGB to obtain reasonable assurance about whether the reproduction of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the attached electronic file Nordex_SE_KA+KLB_ESEF-2020-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance engagement only extends to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within this reproduction nor to any other information contained in the above-mentioned electronic file.

In our opinion, the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file and prepared for publication purposes complies in all material respects with the requirements of §328 Abs. 1 HGB for the electronic reporting format. We do not express any opinion on the information contained in this reproduction nor on any other information contained in the above-mentioned electronic file beyond this reasonable assurance conclusion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2020 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above.

Basis for the Reasonable Assurance Conclusion

We conducted our assurance engagement on the reproduction of the consolidated financial statements and the group management report contained in the above-mentioned attached electronic file in accordance with §317 Abs. 3b HGB and the Exposure Draft of IDW Assurance Standard: Assurance in Accordance with §317 Abs. 3b HGB on the Electronic Reproduction of Financial Statements and Management Reports Prepared for Publication Purposes (ED IDW AsS 410) and the International Standard on Assurance Engagements 3000 (Revised). Accordingly, our responsibilities are further described below in the "Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents" section. Our audit firm has applied the IDW Standard on Quality Management: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic reproduction of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The executive directors of the Company are also responsible for the submission of the ESEF documents together with the auditor's report and the attached audited consolidated financial statements and audited group management report as well as other documents to be published to the operator of the German Federal Gazette [Bundesanzeiger].

The supervisory board is responsible for overseeing the preparation of the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Engagement on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance engagement. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance conclusion.

- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.

- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version applicable as at the balance sheet date on the technical specification for this electronic file.

- Evaluate whether the ESEF documents enables a XHTML reproduction with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) enables an appropriate and complete machine-readable XBRL copy of the XHTML reproduction.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 26 May 2020. We were engaged by the supervisory board on 26 November 2020. We have been the group auditor of the Nordex SE, Rostock, without interruption since the financial year 2008.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Thomas Ull.

Hamburg, 19 March 2021

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull	ppa. Harald van Voorst
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

FINANCIAL CALENDAR, PUBLISHING INFORMATION AND CONTACT

FINANCIAL CALENDAR

Date	
23 March 2021	Publication of 2020 Annual Report
5 May 2021	Annual General Meeting
11 May 2021	Publication of quarterly financial report (call-date Q1)
12 August 2021	Publication of half-yearly financial report
15 November 2021	Publication of quarterly financial report (call-date Q3)

PUBLISHING INFORMATION AND CONTACT

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Disclaimer

This Annual Report contains forward-looking statements that relate to macroeconomic developments, the business and the net assets, financial position and results of operations of the Nordex Group. Forward-looking statements by definition do not depict the past and are in some instances indicated by words such as “believe”, “anticipate”, “predict”, “plan”, “estimate”, “aim”, “expect”, “assume” and similar expressions. Forward-looking statements are based on the Company’s current plans, estimates, projections and forecasts, and are therefore subject to risks and uncertainties that could cause actual development or the actual results or performance to differ materially from the development, results or performance expressly or implicitly assumed in these forward-looking statements. Readers of this Annual Report are expressly cautioned not to place undue reliance on these forward-looking statements, which apply only as of the date of this Annual Report. Nordex SE does not intend and does not undertake any obligation to revise these forward-looking statements. The English version of the Group Annual Report constitutes a translation of the original German version. Only the German version is legally binding.

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