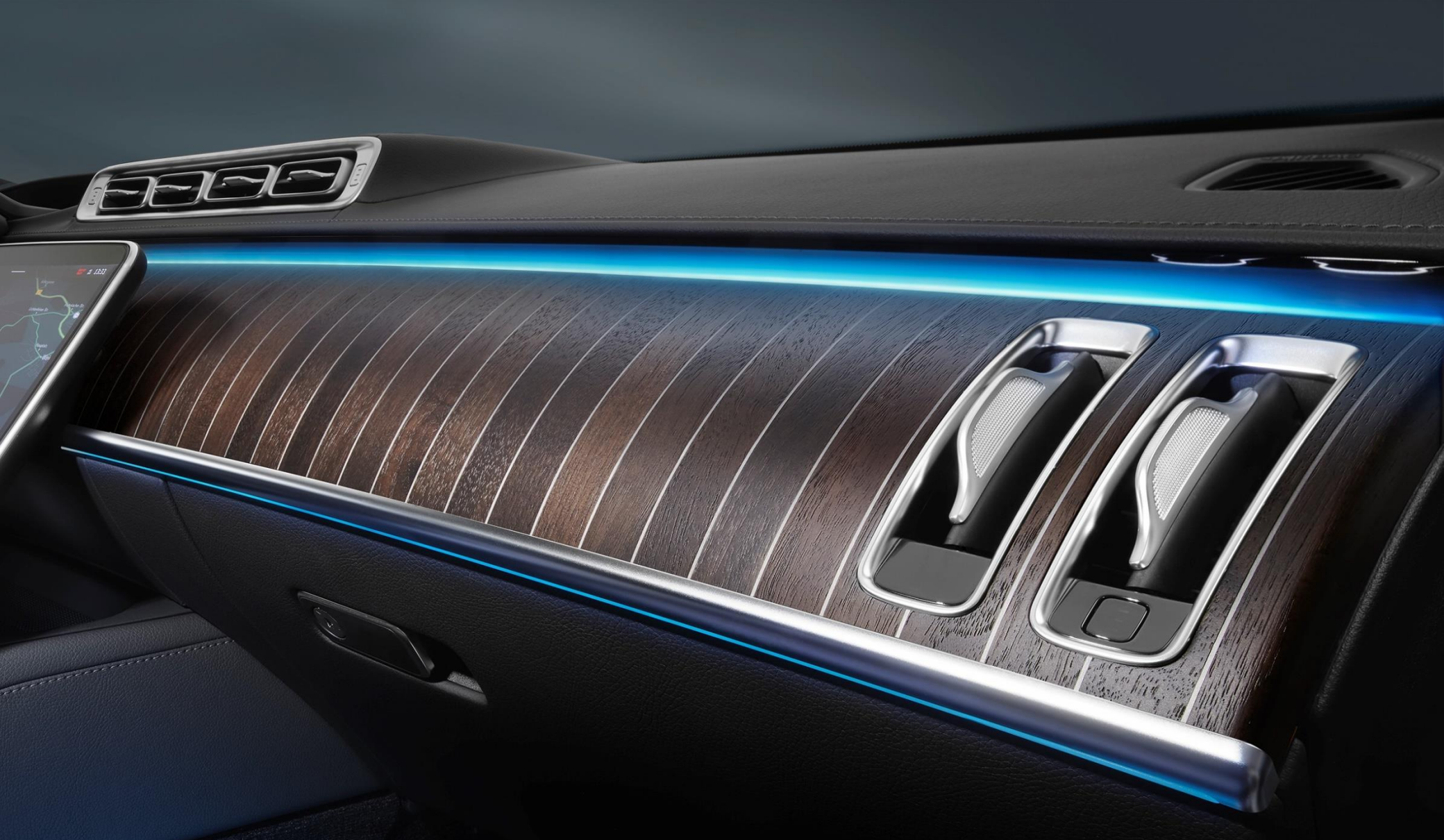




16 December 2021

HY 2021/22 Results












1 OVERVIEW

Q2 2021/22 key events








- Novem succeeded in acquiring a luxury SUV platform from Chinese premium customer Hongqi (FAW)
- Sales representation opened in Japan to be able to deal with local customer base more effectively
- Novem was able to take over a significant part of the aluminium interior trim business from Faurecia
- Challenging trading conditions in Q2 2021/22 due to fluctuating production volumes of OEMs
- Total revenue of €139.2m was down compared to the same reporting period last year by -18.3%
- Adj. EBIT margin at 8.9% was adversely affected by higher input costs and inefficiencies
- On a half-year basis, Adj. EBIT margin of 12.9% outperformed previous year by 4.0 percentage points
- Solid net leverage of 1.6x as of 30 September 2021 following the completion of the refinancing

Unpredictable trading environment will last longer than expected

Q2 2021/22 financial highlights

	Q2 Sep 2020/21		Q2 Sep 2021/22
Revenue (€m)	170.4		139.2
Adj. EBIT (€m)	24.0		12.4
Adj. EBIT margin (%)	14.1%		8.9%
Free cash flow (€m)	45.2		0.9
Cash conversion (%)	88.9%		81.9%
Net leverage (x Adj. EBITDA)	2.8x		1.6x

HY 2021/22 financial highlights

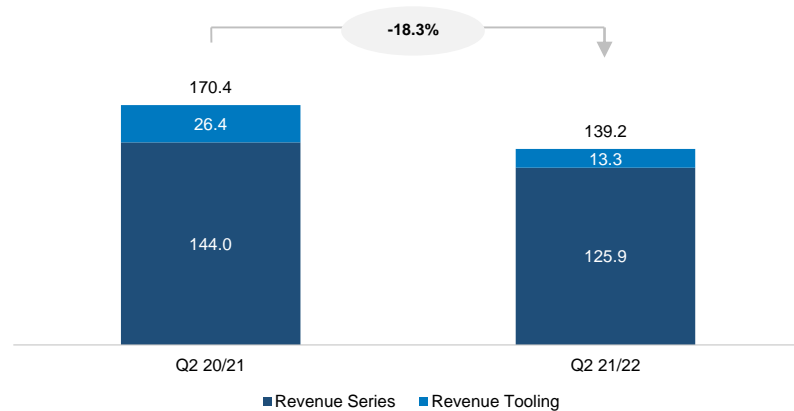
	HY Sep 2020/21		HY Sep 2021/22
Revenue (€m)	256.3		295.3
Adj. EBIT (€m)	22.9		38.2
Adj. EBIT margin (%)	8.9%		12.9%
Free cash flow (€m)	31.7		11.0
Cash conversion (%)	78.7%		89.4%
Net leverage (x Adj. EBITDA)	2.8x		1.6x



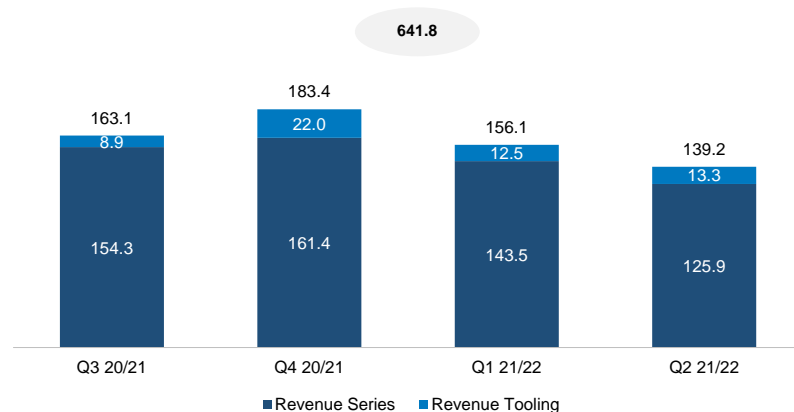
2 GROUP RESULTS

Revenue

Revenue (€m)



LTM revenue (€m)

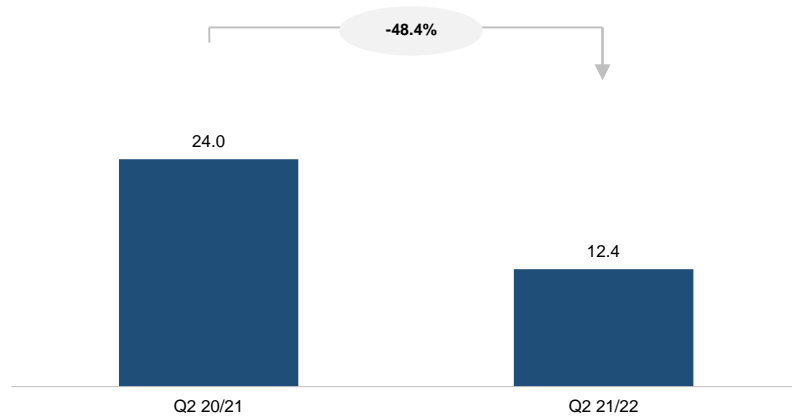


Highlights

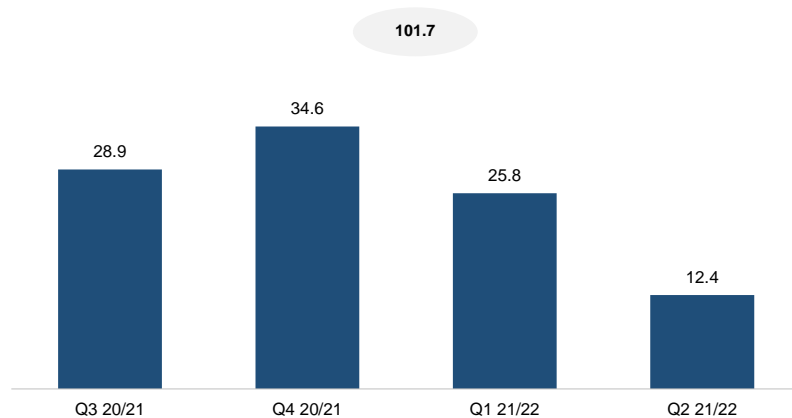
- In Q2 2021/22, overall revenue of €139.2m down by -18.3% in comparison to prior year (PY)
- Revenue Series declined by -12.6% to €125.9m due to reduced production volumes of OEMs
- While LMC market data suggested a reduction by -17.8% y/y for the relevant period, Novem could beat the general trend
- In Q2 2021/22 several projects completed, however, PY turnover was inflated by catch-up effect in relation to Covid-19
- If FX rates had remained constant at PY level, reported revenue would have been higher by +0.6%
- In a twelve months view, Q2 2021/22 marked the weakest quarter affected by temporary production suspension of OEMs

Adj. EBIT

Adj. EBIT (€m)



LTM Adj. EBIT (€m)

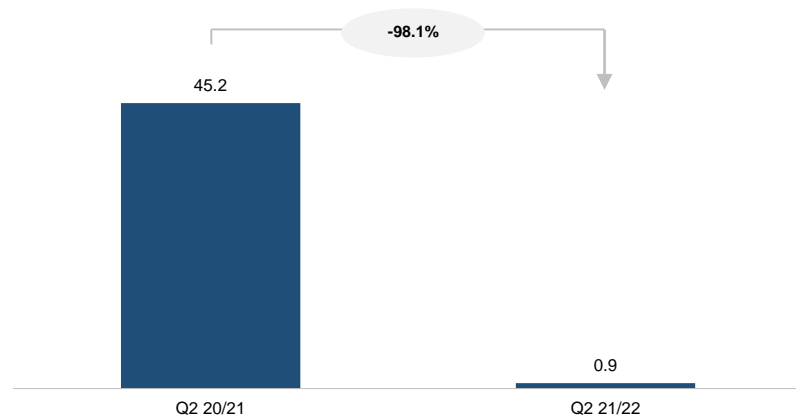


Highlights

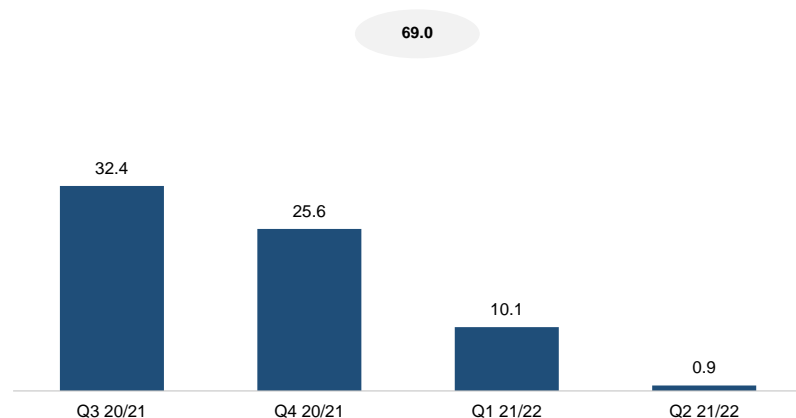
- Adj. EBIT in Q2 2021/22 decreased by €-11.6m which resulted in a margin of 8.9% for the period under review
- Revenue as main driver for the reduced Adj. EBIT in Q2 2021/22 compared to last year
- Volatile call-offs at short notice led to inefficiencies in managing personnel costs (unproductivity) and leased workers
- Cost pressure from material price inflation of certain raw materials and purchased parts weighed high on the bottom line
- Key commodities with the highest price hikes include aluminium, granulates, surface materials and adhesive films
- In addition significantly increased freight expenses due to soaring transport costs, especially for overseas containers

Free cash flow

Free cash flow (€m)



LTM free cash flow (€m)

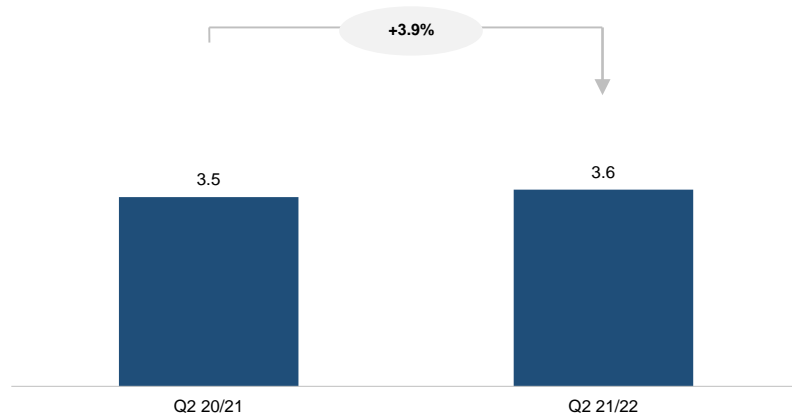


Highlights

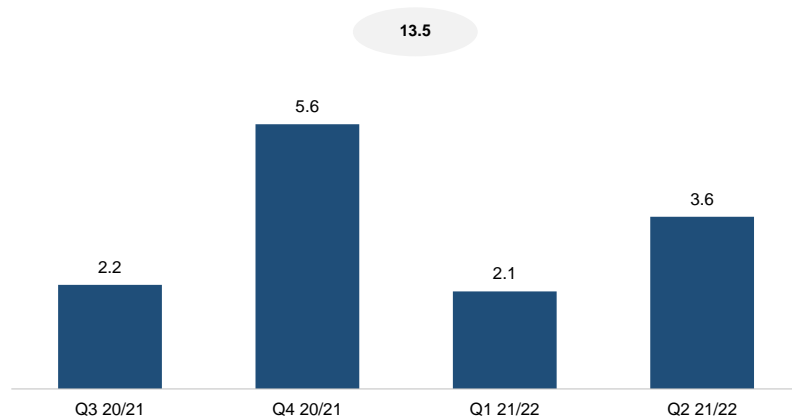
- Free cash flow came down significantly by €-44.3m from last year and resulted in €0.9m in Q2 2021/22
- Apart from the lower profit for the period, the decline was largely driven by the deliberate build-up of stock to ensure the deliveries to the OEMs and the massive rise of trade payable last year after the global lockdown
- Unfavourable development of cash flow from operating activities (€-38.8m) due to the lower profit for the relevant period (€-8.9m), stock (€-12.6m), trade payables (€-11.5m) and Others (€-5.8m)
- Higher cash out-flow for investing activities of €5.5m due to higher investments (€+6.2m), conversely higher cash received from disposals (€-0.4m), tooling interest (€-0.2m) and Others (€-0.2m)

Capital expenditure

Capital expenditure (€m)



LTM capital expenditure (€m)

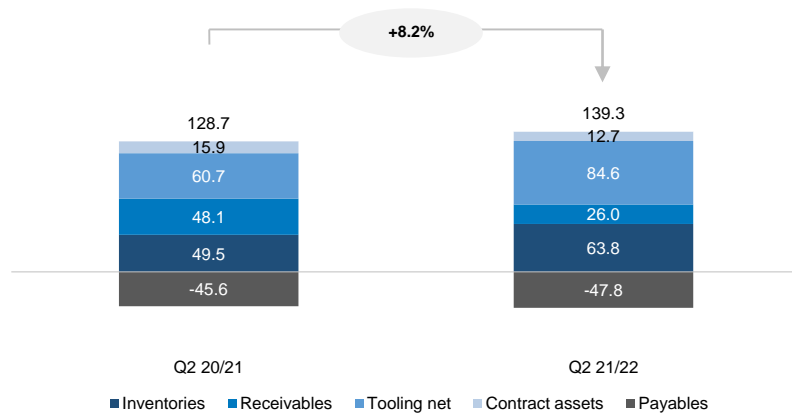


Highlights

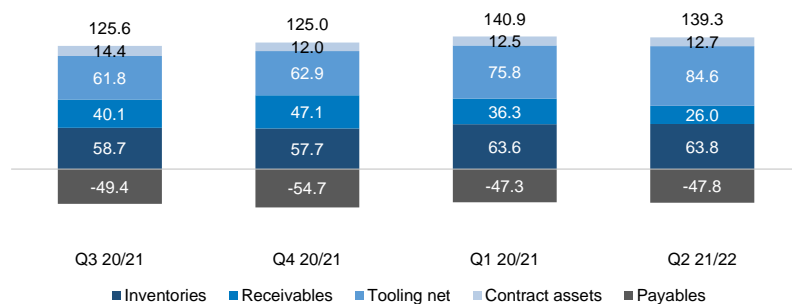
- Compared to last year, capital expenditure slightly increased in Q2 2021/22 by €+0.1m to €3.6m
- In view of the lower revenue, the underlying capex ratio rose by +0.5pp to 2.6% (2.1% PY)
- Given the challenging trading conditions, Novem tightly controlled investments which led to a LTM capex ratio of 2.1%
- Additional investments expected in connection with the takeover of the Faurecia business in H2 2021/22 (c.€4.0m)
- Apart from project related capex, Novem also took the opportunity to acquire equipment to cover future growth capex
- It should be noted that, in this presentation, capital expenditure excludes any currency translation effects

Total working capital

Total working capital (€m)



LTM total working capital (€m)

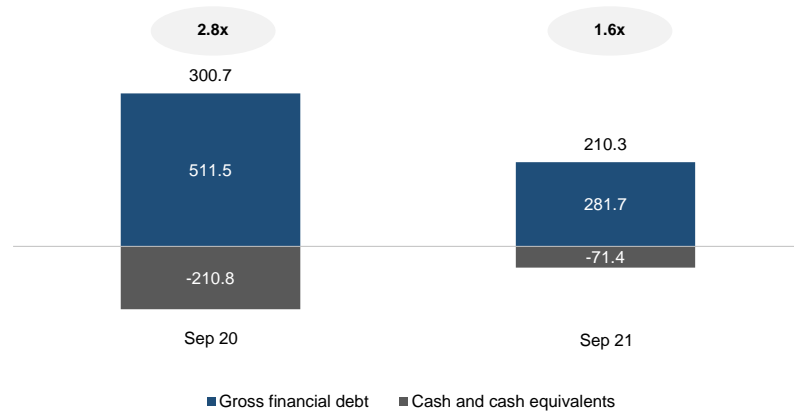


Highlights

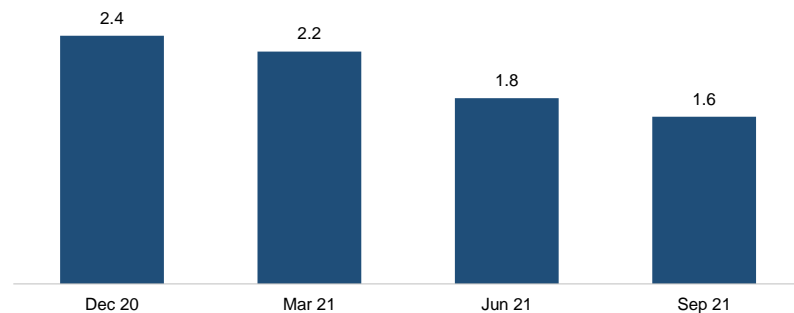
- As of 30 September 2021, total working capital stood at €139.3m which marked an increase of +8.2% y/y
- Deviation of €-10.6m compared to PY resulted from higher tooling net (€-23.9m), higher inventories (€-14.3m) as well as higher trade payables (€+2.2m), conversely lower trade receivables (€+22.1m) and contract assets (€+3.3m)
- As % of LTM revenue, total working capital stood at 21.7% as of 30 September 2021
- Trade working capital (excluding tooling net and contract assets) showed a favourable decline of -19.2% from €52.1m to €42.0m
- Measured in days outstanding, DSO of 28 (40 PY) and DPO of 54 (52 PY) developed satisfactorily
- However, DIO ratio of 46 days (31 PY) deteriorated as a result of the deliberately higher safety stock levels across all regions

Capital structure

Net financial debt (€m)



LTM net leverage (€m)



Highlights

- As of 30 September 2021, both gross financial debt and cash showed a significant decrease compared to 30 September 2020
- On 26 July 2021 subsequent to the IPO, Novem fully repaid the €400.0m bond including accrued interest
- As of 30 September 2021, the principal sources of funds were €71.4m cash (30 September 2020: €210.8m) and €51.5m derived from non-recourse factoring (30 September 2020: €43.3m)
- Through the new financing structure, the net leverage ratio could be improved from 2.8x to 1.6x in the last twelve months
- It should be noted that the definition of net leverage has changed in accordance with the new senior facilities agreement as of this reporting date and now includes lease liabilities

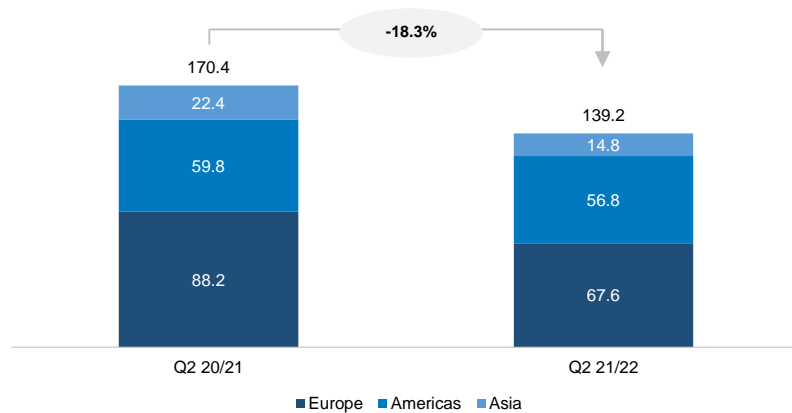


3

RESULTS BY OPERATING SEGMENTS

Revenue by operating segments

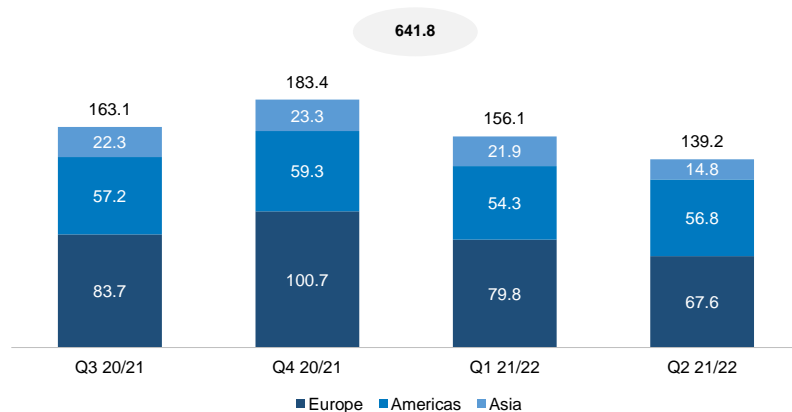
Revenue by region (€m)



Highlights

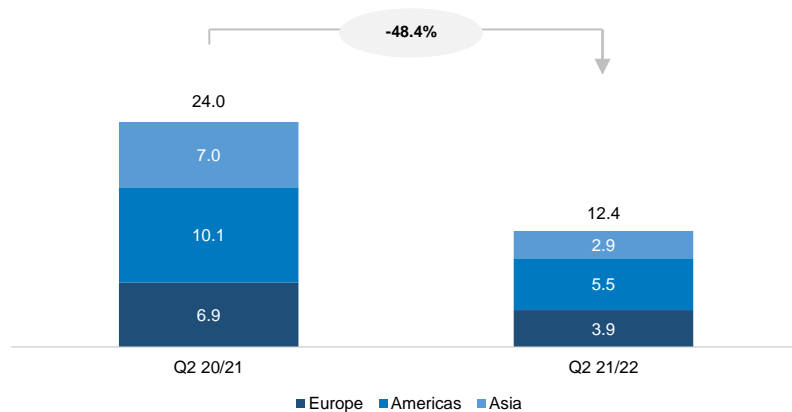
- Revenue decreased in all regions (in total by -18.3% or €-31.2m), to the largest extent in Europe (€-20.5m y/y)
- Amongst others, lower revenue particularly with Daimler platforms (E-class and C-class), partly offset by higher revenue of Daimler S-class and Volvo XC90 in Europe and GM Escalade in Americas
- Decrease in Asia was impacted by catch-up effect in Q2 2020/21 when business picked up strongly after the global lockdown
- LTM revenue could be allocated to the regions as follows: 51.7% Europe, 35.5% Americas and 12.8% Asia
- LTM revenue received great momentum in Q4 2020/21 being the strongest quarter in the last twelve months

LTM revenue by region (€m)

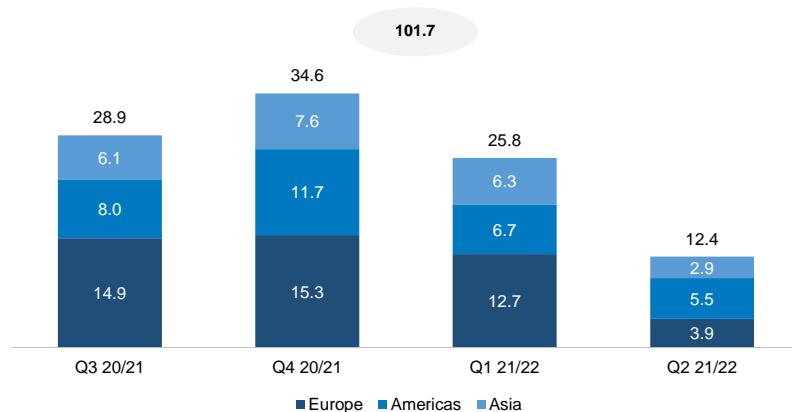


Adj. EBIT by operating segments

Adj. EBIT by region (€m)



LTM Adj. EBIT by region (€m)



Highlights

- In line with the revenue trend, Adj. EBIT decreased in all regions with the biggest impact in Asia -57.8% y/y
- As a consequence, Adj. EBIT margin decreased strongly, starting with Europe 5.8% (7.8% PY), followed by Americas 9.7% (16.9% PY) and Asia 19.8% (31.0% PY)
- In Europe the Adj. EBIT of €3.9m (€6.9m PY) was mainly affected by the lower revenue, inefficiencies (in particular with the Daimler S-class in Vorbach), higher freight costs and a negative mix
- In Americas the Adj. EBIT of €5.5m (€10.1m PY) was driven by increased material expenses, inefficiencies, higher freight costs and a negative FX impact
- In Asia the Adj. EBIT of €2.9m (€7.0m PY) was mainly attributable to the reduced top line, lower governmental grants than previous year and higher social contributions
- LTM Adj. EBIT hit by weak Q2 2021/22 and stands at €101.7m



4 QUESTIONS & ANSWERS



5 APPENDIX

Profit and loss statement

Profit and loss statement (€m)				
	Q2 2020/21	Q2 2021/22	HY 2020/21	HY 2021/22
Revenue	170.4	139.2	256.3	295.3
Increase or decrease in finished goods and work in process	-15.6	3.2	-12.2	12.2
Total operating performance	154.8	142.4	244.1	307.5
Other operating income	2.6	6.8	3.2	9.5
Cost of materials	74.5	74.3	118.6	153.1
Personnel expenses	36.0	39.1	65.6	79.1
Depreciation, amortization and impairment	7.6	7.6	15.2	15.2
Other operating expenses	15.4	15.8	25.0	31.4
Adj. EBIT	24.0	12.4	22.9	38.2
Adjustments	0.2	2.5	0.3	3.1
Operating result (EBIT)	23.8	9.8	22.6	35.0
Finance income	3.3	1.1	5.3	1.8
Finance costs	13.0	11.7	25.6	22.2
Financial result	-9.7	-10.6	-20.3	-20.4
Income taxes	7.2	3.2	14.2	9.5
Deferred taxes	0.4	-1.6	1.1	-0.6
Income tax result	7.6	1.6	15.2	8.9
Profit for the period	6.5	-2.4	-12.9	5.8

Balance sheet

Balance sheet (€m)

	30 Sep 2020	30 Sep 2021		30 Sep 2020	30 Sep 2021
			Total equity	-532.2	19.9
Intangible assets	3.3	3.4	Pensions and similiar obligations	32.0	36.4
Property, plant and equipment	190.3	179.9	Tax liabilities		
Trade receivables	49.6	45.1	Other provisions	8.1	5.1
Other non-current assets	14.4	14.4	Financial liabilities	843.4	247.9
Deferred tax assets	15.3	8.5	Other liabilities	33.4	31.6
			Deferred tax liabilities	13.4	2.5
Total non-current assets	272.8	251.2	Total non-current liabilities	930.3	323.4
Inventories	90.1	113.0	Tax liabilities	22.4	17.6
Trade receivables	53.5	35.8	Other provisions	44.8	46.9
Other receivables	20.3	30.0	Financial liabilities	77.6	1.4
Other current assets	18.7	13.9	Trade payables	49.1	51.9
Cash and cash equivalents	210.8	71.4	Other liabilities	74.2	55.3
Asset held for sale		1.2			
Total current assets	393.5	265.2	Total current liabilities	268.1	173.1
Assets	666.3	516.4	Equity and liabilities	666.3	516.4

Cash flow statement

Cash flow statement (€m)

	Q2 2020/21	Q2 2021/22	HY 2020/21	HY 2021/22
Profit for the period	6.5	-2.4	-12.9	5.8
Income tax expense (+)/income (-)	7.2	3.2	14.2	9.5
Financial result (+)/(-) net	12.1	7.8	24.0	19.8
Depreciation, amortization and impairment	7.6	7.7	15.2	15.3
Other non-cash expenses (+)/income (-)	-14.2	-2.0	-24.5	-8.8
Increase (-)/decrease (+) in inventories	4.5	-8.1	4.5	-24.1
Increase (-)/decrease (+) in trade receivables	-7.9	9.5	8.3	21.6
Increase (-)/decrease (+) in other assets	3.7	-1.2	-3.6	-2.6
Increase (-)/decrease (+) in deferred taxes	0.5	-1.7	1.3	-0.7
Increase (-)/decrease (+) in prepaid expenses/deferred income	0.3	2.3	-1.1	-1.1
Increase (+)/decrease (-) in provisions	10.4	-1.8	17.9	4.7
Increase (+)/decrease (-) in trade payables	12.8	1.3	-8.8	-10.0
Increase (+)/decrease (-) in other liabilities	3.3	-4.6	4.5	-4.3
Gain (-)/loss (+) on disposals of non-current assets	-0.0	-0.0	0.0	-0.0
Cash received from (+)/cash paid for (-) for income taxes	-2.5	-4.4	-5.1	-6.7
Cash flow from operating activities	44.2	5.4	33.8	18.4

Cash flow statement (cont'd)

Cash flow statement (€m)				
	Q2 2020/21	Q2 2021/22	HY 2020/21	HY 2021/22
Cash received (+) from disposals of intangible assets		0.1		0.1
Cash received (+) from disposals of property, plant and equipment	-0.4	-0.1	-0.4	-0.1
Cash paid (-) for investments in intangible assets	-0.3	-0.1	-0.3	-0.2
Cash paid (-) for investments in property, plant and equipment	0.7	-5.5	-3.0	-8.9
Interest received (+)	0.9	1.1	1.5	1.8
Dividends received (+)				0.0
Cash flow from/(used in) investing activities	0.9	-4.6	-2.2	-7.4
Cash repayments of loans	-0.4	250.7	-2.2	250.7
Cash received from loans				
Cash repayments (-) to shareholders of the parent company	0.0	49.2	0.0	49.2
Cash repayments (-) of shareholders loans	0.0	-0.0	0.0	0.0
Cash received from (+) issuance of bonds	0.3	-400.4	0.9	-400.0
Cash paid for (-) subsidies/grants	-0.0	-0.0	-0.0	-0.0
Cash paid for (-) finance leases	-2.5	-1.6	-4.1	-4.0
Interest paid (-)	-6.0	-5.2	-11.6	-10.8
Dividends paid (-)		0.0		
Cash flow from/(used in) financing activities	-8.6	-107.2	-17.0	-114.8
Net increase (+)/ decrease (-) in cash and cash equivalents	36.5	-106.4	14.6	-103.9
Effect of exchange rate fluctuations on cash and cash equivalents	0.1		0.1	
Cash and cash equivalents at the beginning of the reporting period	174.2	177.8	196.2	175.3
Cash and cash equivalents at the end of the reporting period	210.8	71.4	210.8	71.4

EBIT adjustments

EBIT adjustments (€m)				
	Q2 2020/21	Q2 2021/22	HY 2020/21	HY 2021/22
Revenue	170.4	139.2	256.3	295.3
EBIT	23.8	9.8	22.6	35.0
EBIT margin	14.0%	7.1%	8.8%	11.9%
Restructuring				
Exceptional ramp-up costs				
Material quality claims		-0.1		-0.1
Single impairments				
Covid-19 costs		0.1		0.4
Transaction costs		2.2		2.4
Others	0.2	0.3	0.3	0.4
Exceptional items	0.2	2.5	0.3	3.1
Discontinued operations				
Adjustments	0.2	2.5	0.3	3.1
Adj. EBIT	24.0	12.4	22.9	38.2
Adj. EBIT margin	14.1%	8.9%	8.9%	12.9%
Depreciation, amortization and impairment				
Adj. EBITDA	31.5	20.0	38.1	53.4
Adj. EBITDA margin	18.5%	14.4%	14.9%	18.1%

Definitions and basis of preparation of the financial information

- **Adj. EBIT** is defined as EBIT as adjusted for certain adjustments which management considers to be non-recurring in nature, as Novem believes such items are not reflective of the ongoing performance of the business
- **Adj. EBITDA** is defined as profit for the year before income tax result, financial result and amortization, depreciation and write-downs as adjusted for certain adjustments which management considers to be non-recurring in nature, as Novem believes such items are not reflective of the ongoing performance of the business
- **Adj. EBIT margin** is defined as Adj. EBIT divided by revenue
- **Adj. EBITDA margin** is defined as Adj. EBITDA divided by revenue
- **Capital expenditure** is defined as the sum of cash paid for investments in property, plant and equipment and cash paid for investments in intangible assets excluding currency translation effects
- **Cash conversion rate** is defined as Adj. EBITDA less capital expenditure divided by Adj. EBITDA
- **Days inventory outstanding (DIO)** is defined by dividing inventories (as shown in the consolidated statement of financial position, but excluding tooling) by revenue generated from the sale of series trim elements in the last three months
- **Days sales outstanding (DSO)** is defined by dividing trade payables (as shown in the consolidated statement of financial position, but excluding tooling) by revenue generated from the sale of series trim elements in the last three months
- **Days payables outstanding (DPO)** is defined by dividing trade payables (as shown in the consolidated statement of financial position, but excluding tooling) by net costs series incurred in the three months
- **EBIT** is defined as profit for the year before income tax result and financial result
- **EBITDA** is defined as profit for the year before income tax result, financial result and amortization, depreciation and write-downs
- **Gross financial debt** is defined as the sum of liabilities to banks, hedging and lease liabilities
- **Net leverage ratio** is defined as the ratio of net financial debt to Adj. EBITDA
- **Net financial debt** is defined as gross financial debt less cash and cash equivalents
- **Free cash flow** is defined as the sum of cash flow from operating and investing activities
- **Trade working capital** is defined as the sum of inventories non-tooling and trade receivables related to non-tooling less trade payables related to non-tooling
- **Total operating performance** is defined as the sum of revenue and increase or decrease in finished goods
- **Total working capital** is defined as the sum of inventories, trade receivables and contract assets excluding expected losses less trade payables, tooling received advance payments received and other provisions related to tooling
- **Net financial debt** is defined as the sum of liabilities from bonds and liabilities to banks less cash and cash equivalents

Further information and disclaimer

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