2021

ANNUAL REPORT 2021

NORDEX acciona Windpower

KEY FIGURES AT A GLANCE

Nordex Group key figures

		2020	2021	Change
Earnings				
Sales	EUR million	4,650.7	5,444.0	17.1%
Gross revenue	EUR million	4,345.5	5,051.7	16.3%
EBITDA	EUR million	94.0	52.7	–43.9%
EBIT	EUR million	–61.8	–107.3	n/a
Free cash flow	EUR million	–120.4	–24.5	–79.6%
Capital expenditure	EUR million	162.9	168.7	3.6%
Consolidated net loss for the year	EUR million	–129.7	–230.2	n/a
Earnings per share [1]	EUR	–1.21	–1.68	n/a
EBITDA margin	%	2.0	1.0	–1.0 PP
Working capital ratio	%	–6.3	–10.2	–3.9 PP
Statement of financial position				
Total assets as at 31 Dec.	EUR million	4,410.1	4,107.6	–6.9%
Equity as at 31 Dec.	EUR million	773.5	1,062.4	37.3%
Equity ratio	%	17.5	25.9	8.4 PP
Employees				
Employees as at 31 Dec.		8,347 [2]	8,658	3.7%
Staff costs	EUR million	434.0	473.7	9.1%
Staff cost ratio	%	9.3	8.7	–0,6 PP
Company-specific performance indicators				
Order intake segment projects	EUR million	4,217.2	5,680.8	34.7%
Installed capacity	MW	5,546.1 [2]	6,678.7	20.4%

[1] Earnings per share = basic, based on average weighted shares for 2021: 137.224 million shares (2020: 107.584 million shares)

[2] Prior-year figures restated


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LETTER TO THE SHAREHOLDERS

José Luis Blanco
Chief Executive Officer

Dear shareholders,
business partners and friends
of the Company,

We made a strong start in 2021, with high installation volumes, rising sales and – initially – a growing profit margin. Demand for the Delta4000 platform likewise developed very encouragingly. The ongoing pandemic had also prompted us to take steps to stabilize our business processes for production and installation, and we were largely successful in this endeavor. I would like to extend special thanks to all employees who do their jobs every day with huge commitment and passion and made this success possible.

However, from mid-2021 onward, most sectors of industry began to see a massive deterioration in the market situation. The global wind industry was increasingly impacted by the instability in the logistics markets and the wider implications of the coronavirus pandemic, and Nordex was no exception. In particular, the unexpected spike in raw material and logistics costs, especially shipping, generated considerable problems in the second half of the year. This situation also forced us to revise our earnings forecast downwards in November to an EBITDA margin of around 1% instead of the 4.0 to 5.5% originally targeted. By contrast, consolidated sales at EUR 5.4 billion actually surpassed the top end of the target range of EUR 5.2 billion. Even so, this strong growth was unable to offset the higher material and logistics costs in full. Our operating profit therefore amounted to only around EUR 53 million, down from the EUR 94 million recorded in the previous year, though this figure had received a boost from the sale of the European project development business. We are pleased to report that the working capital ratio as a percentage of consolidated sales at minus 10.2% was still well below the forecast figure of minus 6%.

We also used 2021 to bring about lasting improvements in our financial and capital structure. In July, for example, we successfully implemented a capital increase with a rights offering, which raised nearly EUR 390 million. Moreover, our main shareholder Acciona S.A. contributed receivables fromconverted the vast part of the shareholder loan of just under EUR 197 million into equity as part of to this transaction as a contribution in kind. Despite the net loss recorded as of December 31, 2021, we were thus able to expand our equity ratio to 25.9%, up from 17.5% in the preceding year. The corporate actions enabled us to strengthen our balance sheet for the long term, especially as we have been able to significantly reduce our liabilities along with the increase in equity. All in all, we now have a net liquidity position. In addition to full repayment of the research and development loan from the European Investment Bank and significant reduction of the promissory note, we also terminated the revolving credit facility under the German government's loan guarantee program ahead of time because we no longer had a use for it.

In 2021, we increased our installations to 6.7 gigawatts and erected more than 1,600 turbines in 22 countries – sometimes under adverse conditions. We likewise raised production – also to 6.7 gigawatts. Furthermore, we achieved a very high order intake of nearly 8 gigawatts, which means we kicked off 2022 with well-filled order books.

On this basis, we expect to generate consolidated sales of between EUR 5.4 billion and EUR 6.0 billion in 2022 with an EBITDA margin of between 1.0 and 3.5%. This margin does not take into account any costs triggered by organizational reconfiguration or geopolitical events. Given the ongoing war started by Russia in Ukraine and the pressure on costs, we expect the market environment to remainbe difficult. Nevertheless, our goal of increasing our profitability remains unchanged. Amended customer contracts, passing on costs and a growing share of projects based on the Delta4000 platform will help us to achieve this. We will also continue to invest in our company and have earmarked around EUR 180 million for this, to be used primarily for the expansion of production and transport equipment for installations. As regards the working capital ratio as a percentage of consolidated sales, we are targeting a figure below minus 7% for the end of 2022.

The medium- and long-term prospects for our industry and our company are very positive even if the situation remains strained in the short term and will be exacerbated due to of the war in Ukraine. However, the latter will also ensure an increased quest for independent, reliable, clean power generation. The situation is similar with regard to acceptance of onshore wind energy, which continues to gain in importance in view of global climate change and the energy transition – also driven by strong political will, as is the case in Germany. Last year, we came closer to our goal of becoming the Top 3third-largest company in the onshore sector, namely in terms of order intake, which is a good indicator of our future growth. Our overriding goal is to increase the value of the Nordex Group – especially for you as shareholders – on a long-term, sustainable and continuous basis. I would like to thank you for your trust and look forward to your continued support as shareholders, business partners and friends of the Nordex Group.

Kind regards,

José Luis Blanco

Chief Executive Officer

Hamburg, March 2022

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
Chief Executive Officer (CEO)

Mr. Blanco was born on 17 July 1970 and is a Spanish citizen. 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, of COO at Gamesa USA, and of 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. His current appointment runs until 31 December 2022.

- 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 on 22 January 1973 and is a German citizen. 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 Ilya Hartmann moved to Hamburg with his family in order to join the Nordex Group, where he first took over the responsibility as Head of People & Culture. In March 2018 he was appointed as CEO of Division Europe. Mr. Hartmann has been a member of the Management Board of Nordex SE since 1 January 2021 and has been Chief Financial Officer since 1 March 2021. His current appointment runs until 31 December 2023.

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

Patxi Landa
Chief Sales Officer (CSO)

Mr. Landa was born on 18 April 1972 and is a Spanish citizen. 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. His current appointment runs until 31 December 2022.

- 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

Prof. Dr. Wolfgang Ziebart, Starnberg/Germany

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

Prof. 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, Prof. 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.

Prof. 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.

Prof. 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 2025.

› 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., BESTINVER, SOCIEDAD DE VALORES, S.A. and SCUTUM LOGISTIC, S.L. (SILENCE), Vice Chairman of the board of directors of BESTINVER GESTIÓN, S.A. SGIIC and BESTINVER, S.A., and member of the board of directors of QEV EXTREME, S.L., 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 2025.

› Chief Strategy & Corporate Development Officer of Acciona S.A. (publicly listed)
› Chairman of the board of directors of SCUTUM LOGISTIC, S.L. (Acciona Group)
› Member of the board of directors of QEV EXTREME, S.L.
› Vice Chairman of the board of directors of BESTINVER GESTIÓN, S.A. SGIIC

- Chairman of the board of directors of BESTINVER PENSIONES EGFP, S.A.
- Chairman of the board of directors of BESTINVER SOCIEDAD DE VALORES, S.A.
- Vice Chairman of the board of directors of BESTINVER, 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 2025.

- Managing shareholder of momentum Beteiligungsgesellschaft mbH

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.

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 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 regularly end with the General Meeting ratifying the acts of the members of the Supervisory Board holding office in the financial year 2025.

- 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
- Chairperson of the OECD Round Table on Sustainable Development
- 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)

Martin Rey, Traunstein/Germany

Chairman of the Audit Committee;
Lawyer and Managing Shareholder of Maroban 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. and the Chairman of Renerco Renewable Energy Concepts AG.

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 and the Chairman of the Investment Committee of BayWa r.e. AG, Munich, 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 2025.

- Attorney at law and Managing Shareholder of Maroban GmbH
- Member of the Supervisory Board of BayWa r.e. AG
- Member of the Supervisory Board of Kommunalkredit Austria AG (not publicly listed)
- Chairman of the Supervisory Board of clearvise AG – former: ABO Invest AG – (publicly listed)
- Chairman of the Advisory Board of O2 Power Ltd.

María Cordón, Bilbao/Spain

Member of the Strategy and Technology Committee of the Supervisory Board; Director of Corporate Transactions at Acciona S.A.

María Cordón, born 29 September 1982, is a Spanish citizen. She studied Business Administration at the Universidad Pontificia de Comillas (ICADE), Spain, gaining a degree with distinction in 2005. She began her professional career in 2005 working in the Investment Banking Division at Goldman Sachs (London). She started in Acciona S.A. in 2008 as a member of the Corporate Development team and has since then been involved in many relevant transactions for the Company. These include the sale of the 25% stake in Endesa and simultaneous acquisition of a portfolio of wind and hydro assets from Endesa, the disposal of 150 MW in Germany to Swisspower, the merger of Acciona Windpower with Nordex, the sale of toll road in Chile to Globalvía, the sale of a concessions portfolio to Meridiam and the IPO of Acciona Energía.

Ms. Cordón has taken the seat of Mr. Mateo in the strategy & technology committee of the Supervisory Board. She joined the Supervisory Board of Nordex SE for the first time on 2 September 2021. 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 2021.

THE NORDEX GROUP ON THE CAPITAL MARKET

During the 2021 trading year, the international capital markets were caught between waves of the COVID-19 pandemic on the one hand and the sometimes dramatic recovery of the global economy on the other. Despite the extensive disruption to global supply chains that continued beyond the end of the year, the surge in inflation, and mounting concerns throughout the year about a rapid turnaround in interest rates, stock markets performed very positively in 2021, with several national and international stock indices reaching new record highs.

Germany's leading DAX index began the 2021 trading year in the shadow of the pandemic at 13,727 points. Buoyed by the ramp-up of the vaccination campaign, the gradual easing of coronavirus restrictions and, above all, the widespread and emphatic economic recovery, stock markets boomed in the second quarter, prompting the DAX to close at a temporary high of 15,977 points in mid-August. The economic upturn was hampered by inflation and interest rate concerns, massive supply shortages and exploding precursor costs for the remainder of the year. Stock market volatility rose considerably during the year under review. Having suffered the setback of falling to 14,973 points as recently as early October, the DAX then surged to a new all-time high of 16,251 points on 17 November 2021. At the end of the year, the fourth wave of coronavirus (including the new Omicron variant) weighed on investor sentiment, with the DAX ultimately ending the year up 15.7% at 15,885 points.

Deutsche Börse completely overhauled its index regulations in 2021, which involved revising the criteria for DAX stocks and the composition of its most important indices. Since 20 September 2021, the DAX has consisted of 40 stocks instead of 30. At the same time, the number of stocks listed on the MDAX was reduced from 60 to 50, causing significant shifts within the stock indices. As part of this index reform, Nordex shares were reallocated to the SDAX after being admitted to the MDAX in March.

The benchmark indices relevant to Nordex shares during 2021 also performed very well during the past trading year. The TecDAX made impressive gains to end 2021 up 20.8% at 3,920 points, while the MDAX climbed by 13.5% to close the year at 35,123 points. Meanwhile the SDAX only rose by 10.5% to end 2021 at 16,415 points, lagging behind the other indices named above.

Nordex shares adversely impacted by uncertainty, resulting in disappointing 2021 performance

Nordex shares began the 2021 trading year at a price of EUR 21.88. Share price performance was initially impacted by investor uncertainty triggered by factors such as lockdown and the generally reticent mood on the stock markets. The share price slid to EUR 19.44 by the start of March. This was followed by a sharp rise in share prices as part of the stock market boom, pushing Nordex shares to an annual high of EUR 28.16. Numerous announcements about new orders received and the adoption of new EU climate targets for 2050 also boosted investor confidence. After hitting another temporary high of EUR 26.44 at the end of April, however, Nordex shares were unable to track the wider positive trend in the markets.

Amid high raw material and logistics costs, supply chain interruptions and project delays, investors became increasingly concerned that the Company was in danger of missing its profitability targets. Nordex successfully completed its capital increase and expanded its guarantee credit facility at the start of July. Despite this, various positive announcements from the operating business such as strong demand for the Delta4000 series in new orders and the Company's successful entry into the 6 MW class were not enough to spur on the share price. Nordex's demotion to the SDAX also prompted many investors to adjust their portfolios. By the start of November, the share price reached a low of EUR 13.15. Nordex shares ended the 2021 trading year at a closing price of EUR 13.96, resulting in a disappointing share price performance of –56.7%.

Capital increase successfully completed in early July 2021

The Company carried out a capital increase to take account of its growth trajectory, further strengthen its balance sheet structure, secure liquidity, reduce the interest burden and improve its financial flexibility. The total gross volume of this successful placement in July was over EUR 586 million. In addition to cash proceeds of nearly EUR 390 million, anchor investor Acciona S.A. made a non-cash contribution of around EUR 197 million from a shareholder loan. All shareholders were offered approximately 42.7 million new shares at a ratio of 11:4 for a subscription price of EUR 13.70 per new share. The number of new shares equated to more than one third of existing share capital. Shares in the capital of Nordex Group did not change as a result of the capital increase. Long-standing anchor investor Acciona S.A. holds 33.6% of the Company's capital. The remaining 66.4% of shares are in free float as defined by Deutsche Börse.

The other financing measures carried out during the past 2021 reporting year, such as the increase of the guarantee credit facility and the repayment of coronavirus subsidies to the government are outlined in more detail in the Group management report (page 53 f.) and the notes to the consolidated financial statements (page 120 ff.).

Nordex Group dividend policy

Nordex Group management has set itself the goal of enabling its shareholders to participate in the Company's success. One major prerequisite for this is to generate sustainable free cash flow (a cash surplus) to ensure that an appropriate dividend can be distributed to Nordex Group shareholders.

At this point it should always be noted that the distribution of any dividend is dependent on both the Company's strategic development and the achievement of its medium-term goals as well as the future sector environment. Future investments in research and development also play a significant role, as the Nordex Group is keen to continue offering its customers competitive and high-performance wind turbines. Due to the current profit and cash flow situation as well as the expected outlook for 2022, the Nordex Group is not yet able to distribute a dividend according to the Company's definition. As a result, a dividend distribution proposal will not be submitted to the Annual General Meeting in 2022.

The Nordex bond in the 2021 financial year

Nordex SE's 2018/2023 corporate bond (coupon 6.5%) remained largely stable in 2022 with a small loss of 1.2% despite the uncertainty in the market. This was an encouraging development given the increasing tension in the market caused by the pandemic and mounting inflation and interest rate concerns throughout the year. The current yield in Germany has been fluctuating between – 0.6% and – 0.2% in 2022.

The green bond was issued a B– rating with a "stable" outlook by the Standard & Poor's rating agency.

Active dialog with capital markets throughout pandemic

Despite the often widespread restrictions on travel and face-to-face meetings imposed due to the pandemic, the Nordex Group's Investor Relations team was able to continue its open and continuous dialog with the capital markets during the 2021 financial year. Communicating transparently with private shareholders, domestic and international investors and equity and credit analysts remained very important to Nordex.

Nordex was once again able to discuss its financial figures, Group strategy and operating business performance in the turbine and service businesses in numerous, often intensive discussions. Climate change and the increasingly ambitious decarbonization targets of various countries and regions (e.g. European Green Deal) meant that the capital markets focused more intently on sustainability as well as the EU Taxonomy at the end of the year, increasing the importance of these issues even further. Our meetings also addressed the change in Chief Financial Officer and the reasons behind this change, the capital increase and accompanying financial measures, and the specific steps taken to manage the Nordex Group amid the challenging conditions created by the pandemic. Our discussions also focused on supply shortages and dramatic increases in steel and logistics costs, particularly in relation to the growth and profitability targets formulated as part of the corporate strategy.

Management and the Investor Relations team sought to establish direct contact with current and potential investors at a number of investor and capital markets conferences as well as in individual meetings. Management presented the latest developments and quarterly figures in regular conference calls. Due to the pandemic, the majority of meetings and events in the past financial year were conducted virtually and via video conferencing.

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

Consistently high analyst coverage in 2021

The number of German and foreign brokers that regularly monitor and evaluate the Nordex stock remained at a consistently high 14 during the year under review.

This included the initiation of coverage by Stifel and the discontinuation of coverage by Commerzbank. Stifel published its first in-depth research report on Nordex together with a Buy recommendation in December.

Of the 14 analysts that monitor Nordex shares regularly in the form of in-house studies, reports and commentaries, nine brokers see the Nordex stock as a Buy, while five rate it as a Hold (as of 31 December 2021).

Based on relevant analyst valuations, the average target price across all 14 research firms is EUR 18.90 (as of 31 January 2022), which is below the prior-year figure of EUR 23.70.

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, ÖkoDAX, HASPAX, RENIX X
ISIN	DE000A0D6554
WKN (German securities identification number)	A0D655
Ticker symbol	NDX1

Nordex shares key figures

		2021	2020
Total number of shares as at 31 December	Units	160,021,035	117,348,759
Share capital as at 31 December	EUR	160,021,035.00	117,348,759.00
Opening price for the year	EUR	21.88	12.08
Year-end closing price	EUR	13.96	22.16
High	EUR	28.16	22.44
Low	EUR	13.15	5.66
Market capitalization as at 31 December	EUR million	2,233.9	2,600.4
Earnings per share	EUR	–1.68	–1.21

Nordex share price performance in % (indexed, 31.12.2020 = 0)

REPORT OF THE SUPERVISORY BOARD

THE SUPERVISORY BOARD

From left to right

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

The Nordex Group initially began the 2021 financial year as expected – with more installations and increasing sales compared to the previous year and a somewhat lower EBITDA margin caused by the low-margin order book, albeit with solid order intake. Although the anticipated earnings improvement began in the second quarter based on the increasing recognition of projects using the high-margin Delta4000 series, the persistent adverse supply chain effects caused by the pandemic and rising material costs had an increasingly negative impact on business performance. Above all, increases in the costs of shipping and certain raw materials as well as the unprecedented instability of global logistics markets posed massive operational challenges for the Group and placed unexpected pressure on profitability in the third and fourth quarters in particular.

Further reinforcement of the Nordex Group's financial structure in 2021 was particularly important given the Group's strong growth in recent years, making the capital increase with a rights offering to shareholders against cash or non-cash contributions successfully carried out in July a particularly crucial milestone. Main shareholder Acciona S.A. showed its support once again by contributing receivables from the shareholder loan issued in 2020 as a non-cash contribution, which also enabled the Group to significantly reduce its liabilities. As a result, the capital increase resulted in a net liquidity position and a strong equity ratio for the Nordex Group.

As in the previous year, the Nordex Group primarily has the tremendous commitment, flexibility and persistence of its entire workforce to thank for its ability to once again successfully process an extremely high number of installations despite significant challenges and major supply chain disruption. Another important indicator of the Group's strong performance was the exceptionally high order intake in 2021, which was mainly driven by robust international demand for the highly competitive and profitable Delta4000 series. This put the Nordex Group in a good competitive position and enabled it to make a strong start to the new financial year, while the global transition towards increased renewable energy production is expected to provide a further boost.

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 exchange 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 following changes occurred on the Supervisory Board during the reporting year: At the Annual General Meeting on 5 May 2021, Prof. Dr. Wolfgang Ziebart, Jan Klatten, Martin Rey, Juan Muro-Lara, Connie Hedegaard and Rafael Mateo were each re-elected until the conclusion of the Annual General Meeting that decides upon the Supervisory Board's formal discharge for the 2025 financial year. Mr. Rafael Mateo subsequently resigned from his position effective 25 June 2021. Ms. María Cordón was appointed to the Supervisory Board in his place by resolution of Rostock Local Court on 2 September 2021.

From a Management Board perspective, Dr. Ilya Hartmann was appointed to the Management Board by the Supervisory Board effective 1 January 2021. 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 2021 financial year, the Supervisory Board committees of Nordex SE comprised the following members:

Executive Committee
(Personnel and Nomination Committee):
Prof. 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 (until 25 June 2021)
Ms. Cordón (since 7 September 2021)
Prof. Dr. Ziebart

SUPERVISORY BOARD MEETINGS AND CONTENT

During the 2021 financial year, the Supervisory Board held a total of eight meetings. The Executive Committee met four times in the context of ordinary Supervisory Board meetings, while the Audit Committee and the Strategy and Technology Committee each held three meetings. With the exception of the ordinary meetings held in Madrid on 7 and 8 September 2021, all meetings of the Supervisory Board and its committees were conducted via video conferencing due to the COVID-19 pandemic. The ordinary Supervisory Board meetings were held on 18 and 19 March 2021, 5 May 2021, 7 and 8 September 2021, and 30 November and 1 December 2021.

The members of the Supervisory Board attended the meetings of the Supervisory Board and the committees of which they were members as follows:

Attendance of Supervisory Board members at Supervisory Board and committee meetings in 2021

Supervisory Board members	Supervisory Board	Attendance rate, Supervisory Board	Executive Committee	Audit Committee	Strategy and Technology Committee
Wolfgang Ziebart	8/8	100%	4/4		3/3
Juan Muro-Lara	8/8	100%	4/4	3/3	
Jan Klatten	8/8	100%	4/4		3/3
Connie Hedegaard	7/8	88%		2/3	
Rafael Mateo	6/6	100%			1/1
Martin Rey	8/8	100%		3/3	
María Cordón	2/2	100%			2/2
Attendance rate		**98%**	**100%**	**89%**	**100%**

During the 2021 financial year, all Supervisory Board members attended more than half of the meetings of the Supervisory Board and the committees to which they belong.

In addition to reviewing the annual and consolidated financial statements of Nordex SE for the 2020 financial year, the non-financial report and the dependent company report at its financial statements approval meeting on 18 and 19 March 2021, meetings focused on the following key issues on an ongoing basis during the year under review: (i) current business performance, with a particular focus on the impact of the COVID-19 pandemic on the Group's operational situation; (ii) Management Board matters, and in particular, deciding on the achievement of targets for the past financial year ahead of the financial statements approval meeting and working with members of the Management Board to set targets for the current financial year; (iii) internal audit and risk management reports; (iv) information and advice on quality, occupational health and safety and environmental protection; and (v) compliance issues, information and cyber security, key projects and important staff changes.

Additional topics included regular strategic considerations of financing issues and discussing the reports received from each of the committees. At the video conference held for the financial statements approval meeting on 18 and 19 March 2021, the Supervisory Board adopted a new remuneration system for members of the Management Board and approved the unchanged and continued application of the remuneration system for members of the Supervisory Board in accordance with the provisions of the Second Shareholder Rights Directive (ARUG II), further discussed the idea of a transformation and incentivization program for management, and decided to hold the upcoming 2021 Annual General Meeting as a virtual event. The Supervisory Board also addressed the ongoing restructuring of the Group in Europe due to the Company's growth.

At an extraordinary meeting on 27 April 2021, the Supervisory Board adopted an exceptional, one-time incentivization program for members of the Management Board for the transformation program introduced across the Group. At its meeting on 5 May 2021, the Supervisory Board held its inaugural meeting following the Supervisory Board election at the Annual General Meeting and decided on the composition of the committees.

At an extraordinary meeting on 25 June 2021, the Supervisory Board addressed the financing measures being considered by the Management Board and Mr. Mateo's resignation from his Supervisory Board post. At the extraordinary meeting on 30 June 2021, the Supervisory Board then approved the capital measures adopted on this date and the corresponding update to the Articles of Incorporation.

At its ordinary meeting on 7 and 8 September 2021, the advice provided by the Supervisory Board primarily focused on the Nordex Group's sustainability strategy and the Management Board's thoughts on new business areas of potential relevance for Nordex. At its ordinary meeting on 30 November and 1 December 2021, the Supervisory Board addressed issues such as the appointment of the auditor for the 2021 annual financial statements and the external audit of the non-financial report. The Supervisory Board also approved a stock option program for employees of the Nordex Group at this meeting, while the Management Board reported on the total loss of a wind turbine in Haltern, Germany, as well as the latest cost developments. Finally, the Supervisory Board also approved the submission of the declaration of conformity with the German Corporate Governance Code at this meeting.

TRAINING AND CONTINUING PROFESSIONAL DEVELOPMENT ACTIVITIES OF SUPERVISORY BOARD MEMBERS

Members of the Supervisory Board independently carry out most of 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. For example, changes to the regulatory framework are presented and explained during Supervisory Board meetings to help provide targeted training.

New members of the Supervisory Board 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 reported that Supervisory Board member Rafael Mateo abstained from voting on the Supervisory Board resolution on waiving the one-month notice period for resigning from his Supervisory Board mandate in accordance with Article 11 of the Articles of Incorporation. Furthermore, Supervisory Board members Juan Muro-Lara and Rafael Mateo, as well as his successor María Cordón from 2 September 2021, abstained from voting on Supervisory Board resolutions concerning transactions with Acciona S.A. or its affiliated companies as a purely precautionary measure.

There were no other indications of conflicts of interest during the 2021 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 in accordance with Section 161 of the German Stock Corporation Act (AktG) was submitted by the Supervisory Board and Management Board on 23 March 2022 *(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 2021, as well as the combined management report of Nordex SE and the Group for the 2021 financial year, together with the accounting system, were audited and each issued with an unqualified audit report by the auditing firm PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, appointed by the Annual General Meeting on 5 May 2021 and engaged by the Supervisory Board to audit the annual and consolidated financial statements. The audit reports were signed jointly by the auditors Mr. Thomas Ull and Mr. Harald van Voorst. Mr. van Voorst signed the audit reports for the second time, and Mr. Ull, after a three-year break, also signed the audit reports for both the annual and consolidated financial statements for the second time.

In the auditor’s report on the annual financial statements, the auditor 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 SE and the 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 applicable statutory requirements. PricewaterhouseCoopers GmbH’s report on the limited assurance engagement for the (consolidated) non-financial report is included in the Sustainability Report.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Hamburg, also performed a formal audit of the remuneration report of Nordex SE in accordance with Section 161 (3) AktG on behalf of the Management Board and did not raise any objections to the reporting and compliance with the imposed statutory requirements. PricewaterhouseCoopers GmbH's report on the audit of the remuneration report will be published together with the 2021 Annual Report and can be inspected therein.

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, the remuneration report and the report of PricewaterhouseCoopers GmbH on the remuneration 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 23 March 2022 in the presence of the auditor, who was also available to answer questions. Following intensive discussions, the Supervisory Board and the 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 2021 prepared by the Management Board as well as the combined management report. The 2021 Annual Report of Nordex SE has therefore been adopted.

The Supervisory Board also noted and approved 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 2021. 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 departed member of the Supervisory Board, Mr. Mateo, for his great dedication and constructive support of the Company over the past few years. I would also like to thank the Management Board in office and all of our employees around the world for their tremendous personal commitment.

Hamburg, March 2022

Prof. 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

- **A leading global specialist in onshore wind turbines**
- **Technology focus on efficient turbines in the 4 to 6 MW+ class**
- **Integrated full-service provider with global production network and a strong service business**

OPERATING ACTIVITIES

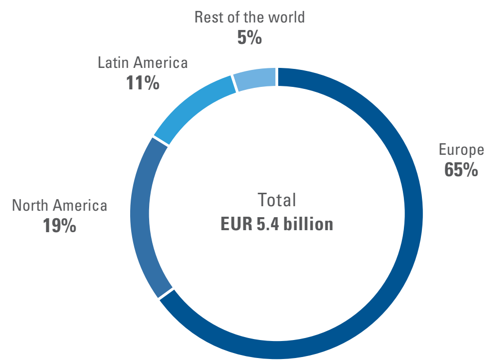
Business model

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, mainly outside Europe, 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 almost 39 GW in over 40 countries. The Group's own service organization supports 9,765 wind turbines worldwide with a total nominal output of more than 27 GW on the basis of typically long-term maintenance agreements. This makes the Nordex Group's products and services an essential driver 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 6+ MW, with rotor diameters of up to 163 meters. More than 80% of the order intake is now attributable to the various products of the efficient and competitive Delta4000 platform with a hub height of up to 164 meters. Since 2021, Nordex has also served the 6 MW+ class. 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 specialist manufacturers. From a technical perspective, the Nordex Group is focused squarely 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.

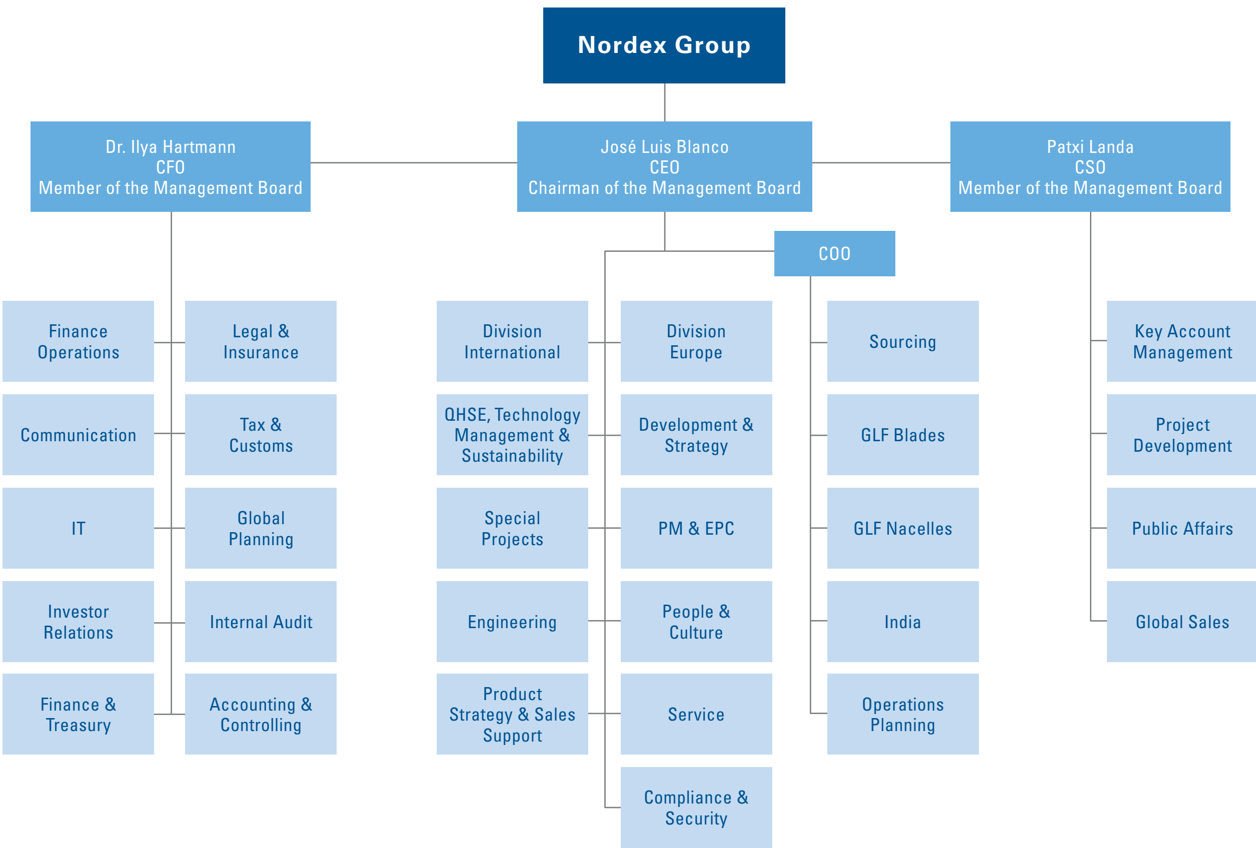
Sales by region in 2021 in %



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.

Organizational structure of the Nordex Group (simplified presentation)

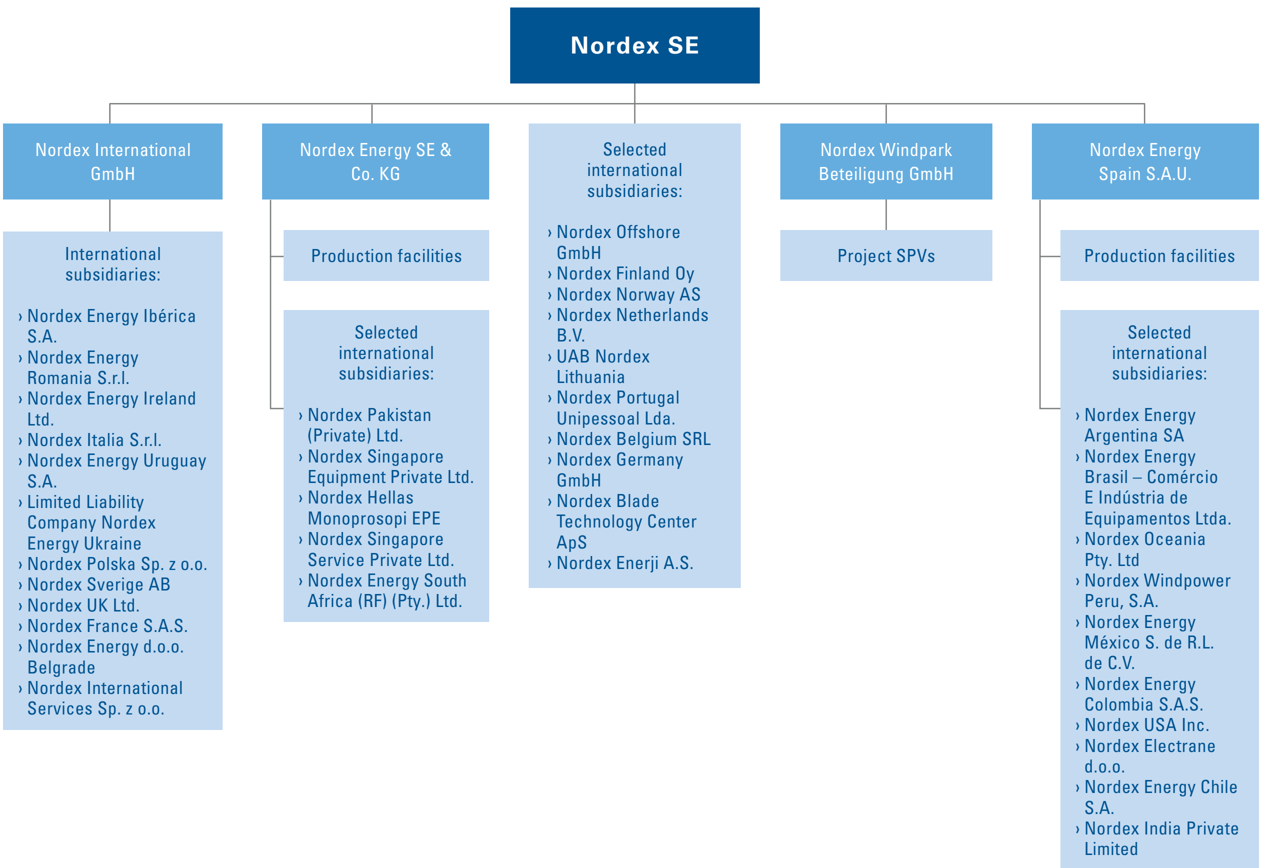


The Management Board manages the Group via Nordex SE as the strategic management holding company. Additional administrative services in the areas of accounting & controlling, finance, IT, internal audit, investor relations, communications, human resources, legal matters and tax are also performed by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

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), Dr. Ilya Hartmann, is responsible for accounting & controlling, finance, internal audit, investor relations, communications, legal matters, tax, and the ITO and Finance PM/EPC global lead functions. He succeeded Christoph Burkhard on 1 March 2021, who had resigned from his position on the Management Board as of 28 February 2021 for personal reasons.

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

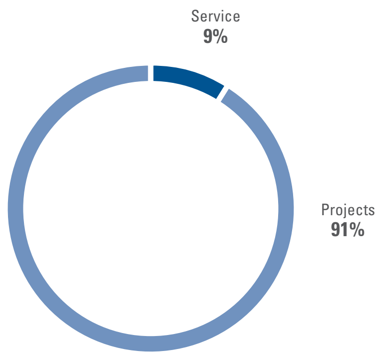
Legal structure of the Nordex Group (simplified presentation)



markets. Significant consolidated companies and their respective subsidiaries are Nordex Energy SE & Co. KG (formerly: Nordex Energy GmbH) and Nordex Energy Spain, S.A.U.

The Nordex 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 in 2021 in %, before consolidation

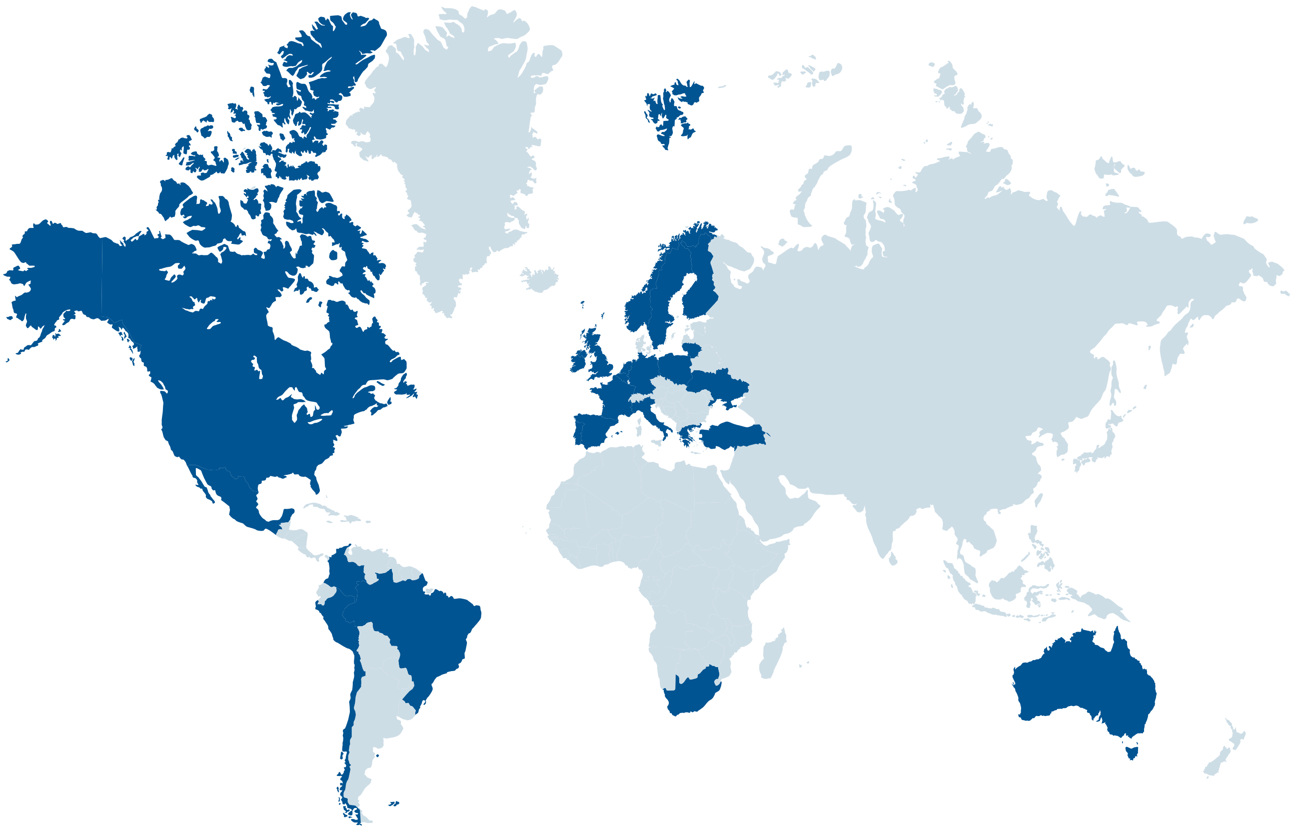


Sales markets and competition

The climate-friendliness of wind energy due to its very low carbon emissions is an important environmental argument for this type of power generation and offers an economic incentive with regard to the taxation of carbon emissions. Another key factor driving the dynamic growth in 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. Modern onshore wind turbines therefore have advantages in terms of ecology and economy. These factors play an important role both in industrialized nations as well as in emerging and developing countries. Global 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). More and more onshore wind farms are reaching a point in their lifecycle where they need to be replaced and updated to the latest technological and economic standards, starting with those in pioneering wind energy countries in Europe and North America. Given the major technological advances made in this area over the last few decades, the repowering of onshore turbines to generate electricity efficiently and profitably is a sensible approach that will become increasingly important in the future.

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 (mainly on the production side for now), 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.

Key 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 2021 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 regularly installs wind turbines.

Locations, products and services

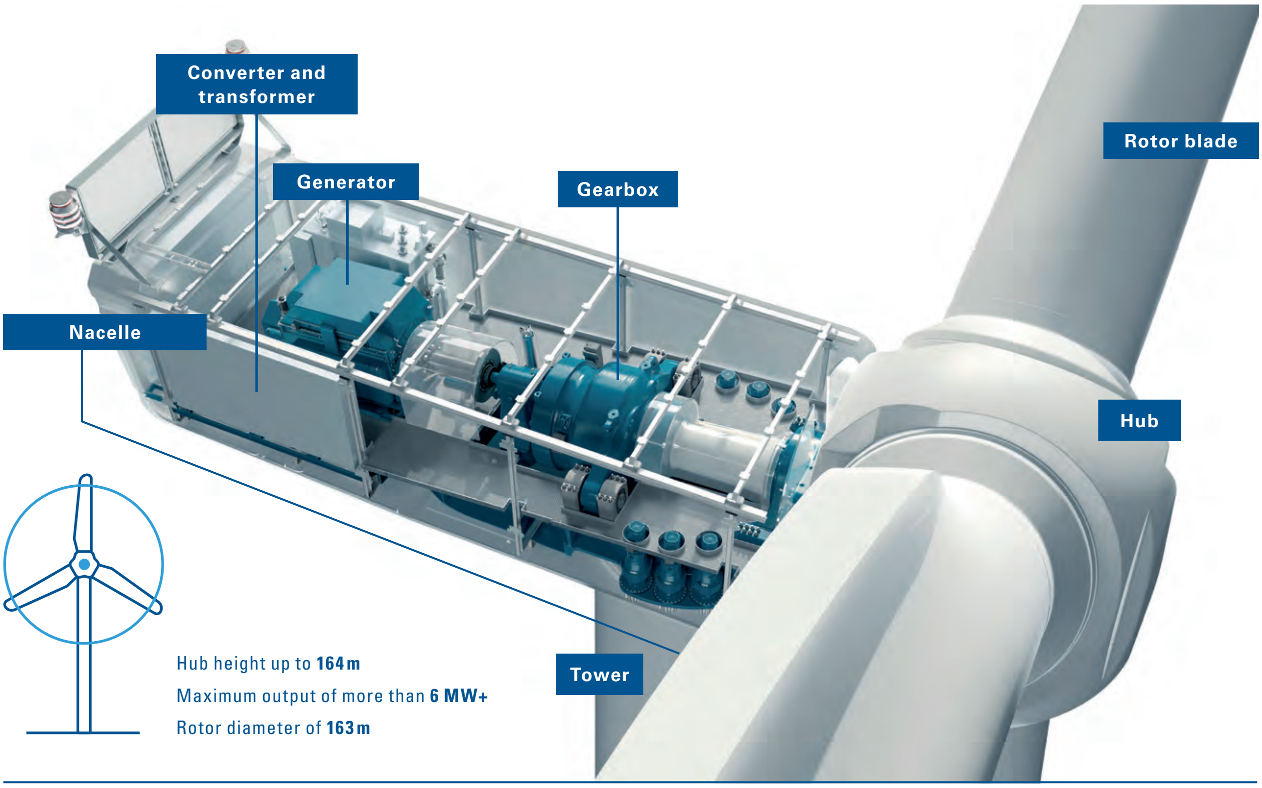
The Nordex Group's head office is located in Hamburg. The head office is home to the Group's core functions and parts of development, procurement, project management, services and sales. Nacelles and rotor blades are developed and produced at the Group's site in Rostock. In Spain, the Group operates two factories for the assembly of nacelles (Barásoain and La Vall d'Uixó), one for the production of rotor blades (Lumbier) and a tower production plant. Additional administrative and development functions are also located at Barásoain. The Nordex Group also manufactures nacelles in Brazil (Simões Filho) and India (Chennai). The Group also produces rotor blades at its Indian site. The assembly plant in the USA (West Branch) is still inactive. In July 2021, Nordex ensured the continuation of rotor blade production in Matamoros, Mexico, as part of a new partnership with

US manufacturer TPI. This cooperation is initially scheduled to run for three years. The site will also serve the North American market. Nordex also operates two wholly-owned concrete tower production sites in Brazil. 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 the strategically important establishment of 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 most climate zones. 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. In support of the sales activities, the Company's finance department also advises customers in their efforts to raise project finance via national and international commercial banks. The Nordex Group is also positioned as an integrated full-service provider.

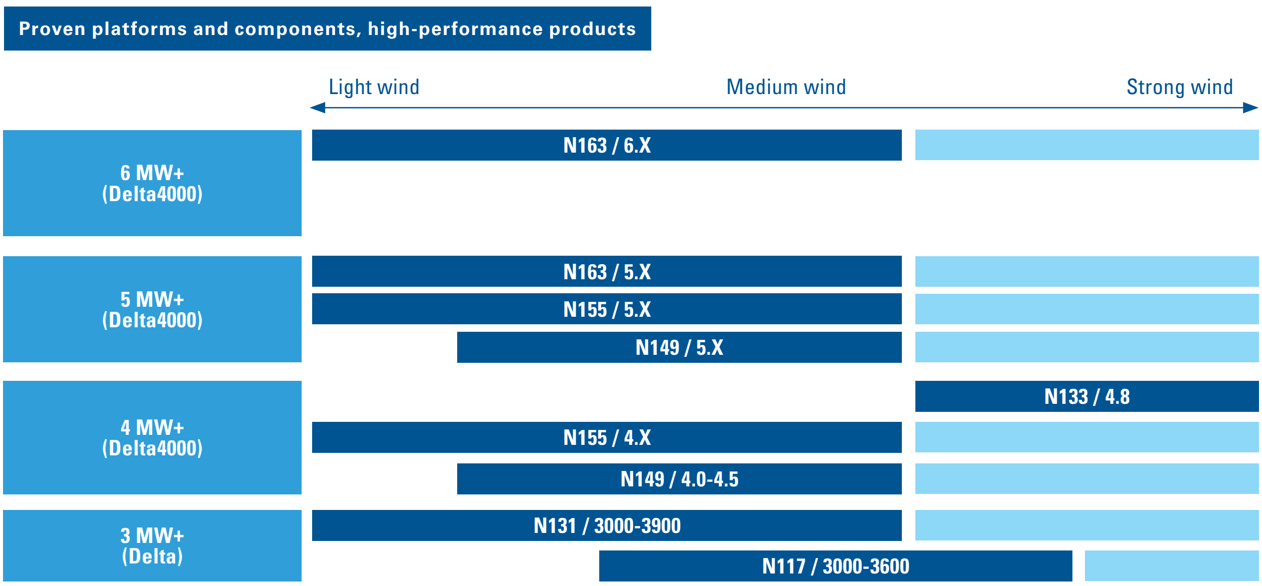
Nordex Delta4000 series wind turbine



Its core product is the highly efficient Delta4000 series with its turbine variants in the 4 MW and 5 MW classes and, since September 2021, in the 6 MW+ class as well. The variable Delta4000 series, which is already being used for projects in Europe, North and South America and Australia, accounted for 83% of the order intake in 2021. The series currently comprises seven 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, the cold climate variant or on-demand obstruction lighting. The remaining 17% of the order intake comprises turbines mainly in the 3 MW class. 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.

Wind turbine product portfolio



The Nordex Group's service unit ensures reliable and cost-effective operation of the powerful wind power systems for customers. Nordex operates 320 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 serves 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 and the IT sector as well as financial investors such as insurance companies and pension funds. In 2021, the ten largest individual customers accounted for approximately 45% 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 12 to 18 months, in exceptional cases nine months or 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. Due to the adverse impact of coronavirus-related contact restrictions in individual countries and global disruption to industrial supply and value chains that was significant in some cases, plus extremely volatile precursor costs, the Group was unable to prevent some project delays in 2021 despite its concerted efforts. Nevertheless, the Nordex Group ensures the project management of all activities even in difficult times 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 and costs incurred over the course of a project.

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. The current project pipeline is focused on non-European activities, mainly in Latin America, South Africa and India. However, project work is currently considered to be of secondary importance but Nordex plans to gradually expand its regional project development business.

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. As one of the world's leading manufacturers of onshore wind turbines, Nordex therefore believes it should play a significant role in the transition to sustainable power generation and a sustainable economy.

Our vision is to use our products and commercial activities to advance and shape the shift toward sustainable energy generation. With this in mind, we are committed to further consolidating our position in relevant markets and establishing ourselves as a top three company generating profitable growth.

As one of the world's leading manufacturers, we consider it our mission to create long-term value for our customers, employees, shareholders and society as a whole. We can do this by continuing to enhance our products and services so that they allow power to be generated entirely from renewable sources and ensure that our commercial activities have a positive impact on our stakeholders and the Nordex Group. Sustainability is not only a core value for the Company in environmental terms but also with regard to all of its business activities – 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. When formulating its strategy and carrying out its activities, the Company is always guided by its core values: integrity, colleagueship, respect and ownership. These values represent the DNA of Nordex. They shape the culture in which people work together at Nordex and thus feed into all of its activities.

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.

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, tariff-based trade barriers and extreme price increases for some raw materials and services, the Nordex Group has made significant progress with its internal strategic development. It has successfully enhanced the Delta4000 platform – which now comprises eight different versions of the product – in the 4 MW to 6 MW+ performance range and systematically adjusted its supply chain to meet the requirements of a global company. The Group also succeeded in considerably reinforcing its financing structure in 2021.

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 during the reporting year continued to develop the corporate strategy reflected in the previous progress outlined above and also formulated specific medium-term targets. These are:

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

These targets are based both on various internal and external drivers that are relevant to the Nordex Group and on 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 its sustainability strategy. 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 2021 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 transformation of the energy supply. 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) and the USA's climate policy strategies and statutory requirements are of particular importance for the Nordex Group. These include the EU'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. The newly elected government in Germany is also expected to provide positive momentum for renewable energy. Likewise, the USA's return to the Paris Climate Agreement is also likely to boost the use of renewables, as already specifically expressed in the Infrastructure Law passed in 2021 that includes USD 65 billion of investments in sustainable energy infrastructure.

Key drivers for achieving medium-term targets

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'. According to the German Wind Energy Association (BWE), in Germany alone onshore wind turbines generating around 10,000 MW will no longer qualify for funding and will largely reach the end of their technical useful life by 2025. 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 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 aspects 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 6 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. Nordex also entered the 6 MW+ segment in 2021 by launching the N163/6.X, Which positions the Company for the next development step in the onshore market.

› **Strong market positioning and high momentum in order intake:** Nordex continued to improve its excellent position in its core markets. Nordex has a solid position in the USA and is the market leader in Latin America. These strong competitive positions provide a basis for benefiting from upturns in demand and increasing business volumes. This strategy was validated by an order intake of almost 8 GW in 2021. The majority of this lively increase in demand has already been secured in the form of firm orders for 2022.

› **Supply chain transformation:** Together with growing its global business, another key issue for Nordex is to expand and optimize its global production footprint and supply chain. Nordex 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 stepping up production capacity in India are substantial increases in volume and significant cost savings.

› **Group-wide improvement program:** The Management Board has launched a wide-ranging corporate program consisting of several initiatives and numerous specific measures. Several of these initiatives had already begun by the end of 2020, while others were launched in 2021. They all help to create and ensure cost savings while boosting efficiency and sales. The goals set for the program were achieved in the 2021 financial year. 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 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, which continued without any significant changes in 2021. 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. The steering committee meets with the Management Board to ensure that the Group achieves its strategic goals.

All strategic initiatives are aimed at successfully developing the Nordex Group, i. e. at 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. Against this backdrop, the Company launched a stock option program in December 2021 to enable managers (below Management Board level) to share in the Company's success and retain them in the long term. This program is designed to run for four years and provides for a four-year period until the options can be exercised.

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.

The Nordex Group's financial management is taking on particular importance given the dynamic developments of recent years. Our efforts in this area primarily focus on securing liquidity and ensuring long-term access to necessary funding. Working capital is a key parameter in this regard. Generally speaking, the Company aims to finance its ongoing investments in property, plant and equipment from its operating cash flow. At the end of 2021, cash and cash equivalents amounted to EUR 784.4 million.

The Nordex Group used 2021 to consistently enhance its financial structure. To this end, the Company carried out a combined capital increase and debt transaction to take account of its growth trajectory in recent years, strengthen its balance sheet and capital structure, increase its equity ratio, improve its financial flexibility, and support future profitable growth. These measures will also enable the Group to save interest costs in the future. As part of this transaction, Nordex issued almost 42.7 million new shares at a subscription ratio of 11 existing shares to four new shares, and generated gross issuing proceeds of EUR 586.1 million. These proceeds are divided into cash contributions of EUR 389.6 million and a non-cash contribution of EUR 196.6 million provided by the main shareholder in the form of loan receivables arising from a shareholder loan, thus leaving their equity interest in Nordex SE unchanged at 33.63%. Parallel to this capital increase, the Nordex Group increased its existing guarantee credit facility assessed according to sustainability criteria by EUR 171 million to EUR 1.41 billion by exercising a top-up option. This top-up also makes up to EUR 100 million available to the Company in the form of guaranteed cash credit lines. In addition, the Nordex Group extended the majority of its guarantee credit facility for a further year until 2024. In this context, Nordex also terminated the EUR 350 million state-guaranteed revolving credit facility and thus withdrew from state subsidies related to the coronavirus pandemic ahead of schedule. Overall, these transactions enabled the Nordex Group to comprehensively improve its financial structure in 2021.

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	Business
Cost of materials ratio	Production output (turbines)
Consolidated net profit/loss	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, services

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

CORPORATE RESPONSIBILITY

As a producer of wind turbines that enable energy to be generated increasingly efficiently under a wide variety of conditions worldwide, the fight for a sustainable transition to renewable energy sources and thus the fight against climate change drives the Nordex Group each day and is the foundation of its business model. 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 initiatives are set out in its sustainability strategy. Nordex successfully achieved the targets it set itself as part of its strategy for 2019–2021. In order to advance the key issues in this dynamic field in the future, the Company outlined its sustainability ambitions and initiatives until 2025 as part of a comprehensive strategy process, based on a materiality analysis and with the involvement of its most important internal and external stakeholders. The Nordex Group reports on its environmental, social and corporate governance (ESG) activities and progress as well as the issue of “sustainable products” 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

2021 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 2021 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 2021 Sustainability Report.

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

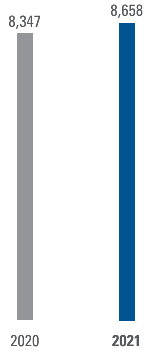
Based on an extensive materiality analysis, the Nordex Group prioritizes the following five focus topics for sustainability management:

- Sustainable products
- Environment (climate change and decarbonization; environmental protection)
- Social matters (fair & attractive employer; occupational health & safety)
- Corporate governance (responsible sourcing; business ethics, integrity & compliance)

Employee structure

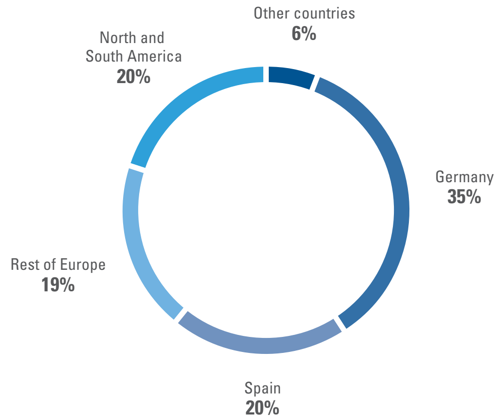
The Nordex Group increased its production and installation volumes considerably once again during the 2021 reporting year, despite the coronavirus pandemic and supply chain interruptions. The Company's headcount only rose slightly from 8,347 at the end of the previous year to 8,658 employees as of 31 December 2021. A total of 461 temporary staff were also employed as at the reporting date (2020: 461). As a result, the average number of permanent employees increased further to 8,475 (2020: 7,791). Most new staff were hired in service, project management and rotor blade and turbine production roles. Geographically speaking, the new hires were primarily made in Germany and India.

Employee figures



The Nordex Group's workforce is regionally distributed as follows: As of the end of 2021, 35% of staff were employed in Germany, as in the previous year. The share of Nordex Group employees based in Spain was 20% (2020: 23%), The rest of Europe accounted for a further 19% (2020: 16%) of the workforce. At the end of the reporting period, 20% of employees were based in North and South America (2020: 21%). 6% of staff worked in Asia, Africa and Australia (2020: 5%).

Distribution of employees by region in 2021 in %



At the end of the year under review, the breakdown into specialist areas was as follows: A total of 30% of employees worked in the production and purchasing units for blades, nacelles and towers (2020: 40%), and 35% in the service and sales units combined (2020: 32%). Engineering and project management accounted for a total of 25% of employees in 2021 (2020: 18%). The share of employees working in administration remained steady at 10%. 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 2021; their share in administration was 50% (2020: 48%). A total of 97% of permanent employees were employed on a full-time basis in 2021 (2020: 95%). 88% of employees had an unlimited employment contract (2020: 81%).

Employee structure (selected figures)

	31.12.2021	31.12.2020
Total workforce	**8,658**[1]	**8,347**
By gender		
Male	84%	84%
Female	16%	16%
By age		
Under 30 years of age	20%	22%
Between 30 and 50 years of age	69%	66%
Over 50 years of age	11%	12%
By working hour model		
Full-time	97%	95%
Part-time	3%	5%
By type of contract		
Permanent staff	88%	81%
Temporary staff	12%	19%

[1] Working students, trainees and employees on leave have no longer been included in the number of employees in 2021. The prior-year figures have been adjusted accordingly.

RESEARCH AND DEVELOPMENT

One of the global wind energy industry's strengths is a capacity for innovation that drives steady technological progress. Around the world, wind energy now successfully competes with other energy technologies, largely without government support. This means that wind energy must not only offer environmental benefits but must also be profitable, placing significant demands on engineers and technology alike. Efficient wind turbines that enable cost-effective power production for their entire operational lifecycle are therefore key for the Nordex Group's capability to maintain its competitive strength. This is why the systematic and comprehensive reduction of the cost of energy of wind turbines for all wind classes and target markets 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.

The Nordex Group has developed a technology concept based on series production, the centerpiece of which is the successfully established Delta4000 series. This turbine platform, which can be used anywhere in the world and can be flexibly adjusted depending on requirements, enables power generation in the 4 MW, 5 MW and now 6 MW classes. In individual cases, Nordex also develops project-specific solutions and adjustments. The Group's R&D activities also include innovations in the production, logistics and service processes, and in the erection of wind power systems. The Group's development work also focuses on extending the useful life of its turbines, which has now reached 35 years for certain projects. The Company is also involved in projects concerning the grid integration of renewable energies.

ORGANIZATION AND KEY R&D INDICATORS

At the end of 2021, the Nordex Group had a global headcount of 628 employees in engineering (2020: 613 employees). The main 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 focused on innovations in the field of rotor blades and related manufacturing technologies.

The development expenses recognized in the balance sheet amounted to EUR 163.6 million as at 31 December 2021 (31 December 2020: EUR 166.7 million). In financial year 2021, development expenses of EUR 35.1 million were newly capitalized (2020: EUR 24.7 million). The additions mainly concerned the enhancement of the Delta4000 series. They include borrowing costs of EUR 1.4 million (2020: EUR 1.4 million) at a funding rate of 5.81% (2020: 4.52%). Other development expenses incurred during the reporting year amounting to EUR 23.4 million (2020: EUR 23.0 million) do not meet the criteria for capitalization and were therefore expensed. The capitalization ratio for the year under review amounts to 59.99% (2020: 51.84%). Amortization of capitalized development expenses amounted to EUR 38.3 million in the 2021 financial year (2020: EUR 46.4 million).

PRODUCT DEVELOPMENT

The Group's development activities in financial year 2021 continued to focus on enhancing the Delta4000 series to include additional turbine versions in the future. Nordex reached a major milestone in this area in September 2021 by entering the 6 MW+ class with the introduction of the N163/6.X turbine. This turbine is able to produce a particularly high annual energy yield. The Group's new and further development activities generally involve developing and testing new rotor blade types, using new materials in blade production and developing new turbine variants with a higher nominal output. In addition, the Nordex Group constantly strives to implement measures aimed at reducing the cost of energy of its existing turbine types. The Nordex OS™ data platform launched in 2019 is being enhanced continuously. As an IIoT (Industrial Internet of Things) platform, Nordex OS™ allows for more flexible data connections and more centralized data. The new control center is run based on this platform, enabling service staff to monitor the entire fleet in real time. Analyses such as the Predict2Prevent program (assessments designed to predict malfunctions) also benefit from simplified access to data. Meanwhile Nordex OS™ SCADA EDGE enables the platform to be used on wind farms themselves. Nordex OS™ SCADA EDGE is the latest generation of SCADA and serves as a local data acquisition and remote monitoring system. As a traditional SCADA system, it is also fully operational when it is not connected to the central platform. High-frequency data is also optionally available via the new SCADA system.

REPORT ON ECONOMIC POSITION

- **2021 financial year dominated by global pressures and disruption in the second half of the year**
- **Significant increase in production, installations and sales**
- **Supply shortages and cost explosion hamper structural margin improvement**

MACROECONOMIC AND SECTOR-SPECIFIC ENVIRONMENT

Macroeconomic environment: Broad economic recovery in 2021 despite ongoing pandemic and breakdown of global supply chains

The global economy continued to be impacted by the coronavirus pandemic in 2021. The first quarter was dominated by strict measures to contain infection rates, particularly in industrialized nations. The continuing rollout of vaccinations and the easing of these restrictions triggered a robust economic recovery worldwide in the spring. However, this broad global upturn ground to a halt from the middle of the year onwards. Firstly, infection rates in Asia rose in the summer, including sharp increases in countries such as India. Secondly, global supply chains suffered significant disruption. Serious and persistent supply shortages and an explosion in the cost of commodities, precursors and transport services stopped the upturn in the previously bustling industrial sector, with some production equipment temporarily shut down. Inflation also accelerated considerably, driven by bottlenecks and a shortage of materials in many areas of the economy. During the final quarter of the year, a sharp rise in infection rates in industrialized nations led to fresh lockdowns that placed a corresponding strain on the economy. The global economy was listless heading into 2022.

According to International Monetary Fund (IMF) estimates, the global economy ultimately grew by 5.9% in 2021 (2020: –3.1%). Despite all the pressures, the economy performed even better than originally forecast due to the powerful upturn in the spring. Industrialized nations (2021: +5.0%) as well as emerging markets and developing countries (2021: +6.5%) overcame the previous year's recession to recover significantly overall in 2021.

In this global environment, economic performance in the Nordex Group's core markets was generally characterized by recovery, but also alternated between negative and positive external influences. While Germany's economy grew by 2.7% in 2021 (2020: –4.6%), private consumption stagnated and did not contribute to this growth, with most of the momentum coming from exports and investments. In addition, 50 basis points of GDP growth were attributable to coronavirus vaccine manufacturer BioNTech alone – an exceptional effect. The economic pressure triggered by supply shortages prevented a better performance in the second half of the year. According to official data, economic output in the eurozone rose by 5.2% (2020: –6.4%). According to IMF estimates, France (2021: +6.7%) and Italy (2021: +6.2%) experienced a particularly pronounced recovery, while Spain also recorded robust growth of +4.9% and Poland's economy grew briskly.

The US economy recovered considerably from the previous year's slump with growth of 5.7% in 2021, with exports, private consumption and investments all driving this powerful upturn. Buoyed by this momentum, neighbors Canada (2021: +4.7%) and Mexico (2021: +5.3%) also performed well. The largest countries in Latin America were also on the road to recovery. Economic output grew robustly in Brazil (2021: +4.7%) and sharply in Argentina after the previous year's dramatic slump (2021: +10.0%). The Indian economy also moved out of its deep recession to record dynamic growth (2021: +9.0%).

In light of the robust economic upturn and positive developments in the labor market, the US Federal Reserve (Fed) signaled clearly in 2021 that it would bring its extremely relaxed monetary policy to an end. The rapid rise in inflationary pressure during the year strengthened the case for an imminent turnaround in interest rates by the Fed. During 2021, this increased the pressure on numerous emerging markets in particular to prop up their local currencies and limit inflation with significantly higher interest rates in some cases. However, several major industrialized nations – the United Kingdom, Norway and Poland – also increased their key interest rates. Despite high inflation in 2021, the European Central Bank (ECB) bucked this trend by continuing to pursue its expansive monetary policy. The external value of the euro against key currencies fell during 2021. Compared to the 2021 year-end exchange rate of USD 1.1319, the euro lost 7.9% against the US dollar during the reporting year.

Driven by the broad and initially highly dynamic economic recovery, prices for important commodities rose noticeably in the first half of the year, before surging for the rest of 2021 in response to the collapse of global supply chains and serious materials shortages. According to the IMF, non-oil commodities were another 26.7% more expensive on average than in the recession year of 2020, when their prices had already risen by 6.7%. The prices of key raw materials required for the construction of wind turbines, including steel, copper and aluminum, peaked in the second half of the year before either stabilizing at a high level or falling slightly. In each case, Nordex secures the price for the necessary commodities immediately following the signing of a contract, but fluctuations or rapid short-term increases in commodity prices can have a significant impact on earnings margins.

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. Oil prices rose drastically in 2021. According to the IMF, the annual average price per barrel increased by 67.3% to USD 69.07 (UK Brent, Dubai Fateh, WTI). Wholesale prices for base load electricity in Germany rose sharply over the course of 2021. At the end of 2021, the Epex Spot Germany index was at 82.58 EUR/MWh (2020: 48.40 EUR/MWh), with an annual average price of 96.94 EUR/MWh (2020: 30.52 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 the reduction of greenhouse gas emissions and thus limiting global warming. Leading the way are the Kyoto Protocol of 1997, the 2015 Paris Agreement and its follow-up conferences, most recently COP26 in Glasgow in November 2021, which tightened up the targets set out in the Paris Agreement and declared the intention to phase out the use of coal and fossil fuels. This will trigger massive support for renewable energy sources of the kind outlined by the new German federal government, especially as it is estimating a significantly higher electricity requirement than the previous government of 715 TWh in 2030. The aim is for Germany to generate 80% of its electricity from renewable energy sources by this point.

Meanwhile, auction processes dominate the awarding of feed-in tariffs by governments in most markets. The structure of these auctions differs significantly from country to country. However, project developers can generally apply for an award with their wind farm projects and the lowest feasible electricity supply prices. The Bloomberg New Energy Finance (BNEF) database shows that 31.23 GW of new wind capacity was allocated worldwide via auction processes in 2021, compared with 31.46 GW in 2020. As in the previous year, the first two of three onshore wind energy auctions carried out in Germany by the German Federal Network Agency in 2021 suffered from a lack of approved projects, which meant that they were ultimately undersubscribed. The last auction in September 2021 was oversubscribed. However, it remains to be seen whether this marks the beginning of a reversal in trends.

In addition, there are still numerous systems for promoting renewable energy and onshore wind power in particular. So far, the USA has relied heavily on its system of tax credits (PTC). In many countries, major projects are also realized without any kind of tax privileges or 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: Global wind energy market partly under pressure in 2021 – but strong onshore performance in Europe, Latin America and Australia

The competitive strength of wind energy achieved by technical innovations and more intense initiatives to expand the use of renewable energy in almost all countries are creating robust structural demand for wind energy and placing the global market on course for long-term growth.

When looking at 2021, however, it is important to note that the special economic conditions in China and the USA that led to an exceptional boom in these countries in the previous year are slowly fading away. In addition, the pandemic and its impact as well as global supply shortages and the exorbitant cost increases resulting from the shortage of materials, particularly for steel and transport services, had an adverse impact on the wind industry irrespective of the prospects for its long-term expansion. Many ongoing projects experienced significant delays while others slowed down due to the explosion in costs. This prevented an even greater expansion of the global wind energy market in 2021.

Despite this, the sector exceeded the original expectations for 2021 (87.5 GW of new installations) and achieved its second-best year of all time when it came to building new power generation capacity. According to the Global Wind Energy Council's (GWEC) updated preliminary estimate in November, total new installations were expected to reach a level of 91.9 GW in 2021 (onshore plus offshore wind turbines), missing the previous year's record of 93.0 GW by just over 1%. By contrast, GWEC predicted that new onshore installations would fall by almost 9% to 79.2 GW in 2021. However, this was almost entirely due to market corrections in China (–33%) and the USA (–17%). Meanwhile, the onshore market performed very well in 2021, particularly in Europe, Latin America and Australia.

GWEC estimates that European onshore installations rose by around a third to 15.9 GW due to factors such as a boom in Scandinavia. While installations in Spain declined, they were expected to increase to 1.5 GW in France (2020: 1.3 GW). According to the German Wind Energy Association (BWE), 484 onshore wind turbines with 1,925 MW of installed capacity were constructed in Germany, an increase of 34.5%. According to GWEC, Latin America is predicted to have installed onshore wind turbines with output of 5.7 GW in 2021, compared to 4.7 GW in the previous year. In addition to ongoing auctions, this growth was driven by a number of private auctions and a growing number of power purchase agreements (PPAs) with major electricity consumers. Brazil, Mexico, Chile, Argentina and Colombia are the most important markets here. Installations in Brazil are expected to have remained very high at 2.2 GW (2020: 2.3 GW). GWEC anticipates installations of 0.9 GW for Mexico, representing an increase of around 50%. According to GWEC, new onshore installations jumped to 2.0 GW in Australia (2020: 1.1 GW) and more than doubled in India (2.3 GW, up from 1.1 GW).

SIGNIFICANT EVENTS DURING THE REPORTING PERIOD

Despite persistently strong demand, the market environment for manufacturers of wind power systems such as the Nordex Group deteriorated very quickly and more sharply than expected in the third quarter of 2021. The growing instability and extreme volatility on the global logistics markets in particular have had a noticeable impact on the international wind industry and its value chain from the summer months onwards. The resulting increases in commodity prices and logistics costs put companies under significant pressure. Shipping costs in particular have exploded. For example, the Baltic freight index rose by 348% from July 2020 to July 2021, and then by another 56% from this very high level to unprecedented freight rates. In addition to other after-effects of the coronavirus pandemic, which need to be considered, for example, in processes in the production, transport and installation of wind turbines, delivery delays for raw materials and precursors also had a negative impact in some cases. Despite generally encouraging developments in production, installation and sales, margins came under pressure from external factors, prompting Nordex to revise its earnings forecast in November (see “Comparison of actual and forecast business performance” section on page 49).

Despite the noticeable deterioration in the market environment, it is worth highlighting several events that underlined the Nordex Group’s strategic development and reinforced the Company’s financial resilience. Specifically, the following events were particularly significant for the business performance of the Nordex Group and its communications with the capital markets during the reporting year:

VERY BRISK DEMAND – ORDER INTAKE CLEARLY DOMINATED BY DELTA4000 PLATFORM

In 2021, the Nordex Group received numerous significant orders for new wind farm projects in Europe, Latin America and the USA. We are experiencing particularly strong demand for the Delta4000 range, which is of paramount importance for the future profitability of the Nordex Group. At 83%, this series accounted for a large 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 *(ir.nordex-online.com/websites/Nordex/English/4000/financial-news.html)*.

OUTSTANDING MARKET SUCCESS: CONTRACT WON FOR RECORD PROJECT

The MacIntyre project stands out among the numerous contracts won by Nordex. In Australia, Nordex secured orders for two wind farms with an aggregate total output of more than 1 GW in July. For the MacIntyre project alone (over 923 MW), orders were placed for 162 N163/5.X wind turbines from Nordex’s Delta4000 series. This is the largest single project for this turbine to date.

NORDEX ENTERS THE 6MW CLASS

Nordex also reached a significant technological milestone in September by entering the 6 MW+ class with the launch of the N163/6.X turbine. This new turbine continues Nordex's successful approach of offering wind turbines with flexible output that has been established with the Delta4000 series. Compared to its sister model in the 5 MW class, the N163/6.X is able to produce an up to 7% higher annual energy yield thanks to its considerably higher nominal output. The proven logistics and installation processes for the turbines in the Delta4000 series can be utilized as before.

COOPERATION IN ROTOR BLADE PRODUCTION LAUNCHED WITH TPI

In July, the Nordex Group agreed a further strategic partnership with US-based TPI Composites (a leading expert in rotor blade process technology) in addition to the existing collaboration in Turkey and India. In July, the Nordex Group transferred operation of its rotor blade production in Matamoros, Mexico, to TPI for three years with the goal of further increasing the efficiency and capacity of rotor blade production. Going forward, the Nordex Group will be able to focus its resources on other strategic production start-up activities. This will further strengthen the Group's global production presence and add flexibility to the supply chain for key components.

CHANGE TO MANAGEMENT BOARD – DR. HARTMANN BECOMES CFO

Nordex SE's long-serving CFO, Christoph Burkhard, ended his tenure prematurely for personal reasons and resigned from his position on the Management Board as of the end of February. His successor is Dr. Ilya Hartmann, who previously served as CEO of the Nordex Group's Europe division and has been a member of the Management Board since 1 January 2021. Dr. Hartmann took charge of the Finance unit on 1 March 2021.

CAPITAL INCREASE SUCCESSFULLY PLACED, GUARANTEE CREDIT FACILITY INCREASED, CORONAVIRUS SUBSIDIES REPAID

By successfully completing its capital increase in July, the Nordex Group strengthened its balance sheet and improved its financial flexibility. Nordex's falling net leverage will reduce its interest expenditure. The total gross volume of the capital increase was over EUR 586.1 million (cash proceeds of nearly EUR 389.6 million, non-cash contribution from Acciona of approximately EUR 196.6 million). Acciona exercised its pre-emption rights for its 33.63% share of share capital and contributed loan receivables of EUR 196.6 million arising from a shareholder loan instead of making cash contributions. As a result of this corporate action, the guarantee credit facility assessed according to sustainability criteria increased by more than EUR 170 million to EUR 1.41 billion. The Nordex Group also terminated the EUR 350 million state-guaranteed revolving credit facility (RCF) and thus withdrew from coronavirus-related state subsidies ahead of schedule. The Nordex Group also fully repaid its loan from the European Investment Bank and reduced the promissory note from EUR 242.4 million to EUR 25.9 million as of the end of the year.

OVERVIEW OF THE FINANCIAL YEAR

NORDEX GROUP EXPANDS PRODUCTION

In 2021, the Nordex Group increased its production output compared to the prior-year period in terms of both turbines (in MW) and rotor blades (in units). However, the coronavirus pandemic also caused frequent production interruptions during the year under review, particularly in India. Supply shortages for important precursors also resulted in delays in some cases. One key focus area for the production expansion strategy is India, where the Nordex Group is increasing its capacity to up to 4 GW in order to satisfy demand in international markets.

The Nordex Group produced 1,480 turbines (2020: 1,488 turbines) during the year under review. Due to the greater average capacity of the wind turbines, the nominal output of assembled turbines rose by 15.6% to 6,686 MW (2020: 5,786 MW). Production consisted of 1,129 turbines from the Delta4000 platform, 20 from the AW platform and 331 in the Gamma and Delta3000 series.

In 2021, Nordex Group manufactured a total of 1,680 rotor blades in its own plants (2020: 1,545 blades). The Company sourced 2,822 rotor blades (2020: 2,816 blades) from external suppliers who produce the blades according to Nordex design and specifications.

	Turbines (MW)		Rotor blades (units)	
	2021	2020	2021	2020
Germany	3,381.4	3,264.8	665	724
Spain	2,648.1	1,695.8	466	163
Brazil	166.1	273.7	–	–
India	490.4	517.1	298	289
Mexico	–	–	251	369
Argentina	–	34.7	–	–
Total	**6,686.0**	**5,786.0**	**1,680**	**1,545**

SUBSTANTIAL INCREASE IN INSTALLATIONS

In 2021, the Nordex Group installed a total of 1,619 wind turbines in 22 countries (2020: 1,533 turbines in 24 countries) with a total nominal output of 6,679 MW (2020: 5,546 MW). The previous year's installation figures have been adjusted due to changes in the calculation method. On a MW basis, 58% of turbines were attributable to Europe (2020: 45%), 10% to Latin America (2020: 25%) and 23% to the USA and thus the North America reporting region (2020: 25%), while the remaining 9% of installations were in India, South Africa and Australia (Rest of the World reporting region, 2020: 5%).

The most important individual markets were the USA with 1,512 MW (2020: 1,369 MW) of installed capacity, Turkey with 794 MW (2020: 479 MW) and Sweden with 726 MW (2020: 194 MW). Other key markets in Europe included Norway, Germany, France, the Netherlands and Spain. Outside Europe and apart from the USA, South Africa, Brazil, Chile, Mexico and Australia all played a significant role.

As in the two previous years, the United States represented the single most important market in the world for the Nordex Group in 2021 with 329 turbines (2020: 362 turbines), followed by Turkey with 172 turbines (2020: 107 turbines), Sweden with 153 turbines (2020: 46 turbines), South Africa with 124 turbines (2020: 37 turbines) and France with 115 turbines (2020: 50 turbines). Although the number of installations in the German market rose from 59 in 2020 to 105 during the year under review, this figure was still well below the strong performances recorded in 2016 or 2017.

	Installed capacity (MW)	
Country	**2021**	**2020 [1]**
USA	1,512.0	1,369.0
Turkey	794.4	478.8
Sweden	726.3	194.4
Norway	451.1	0.0
Germany	430.5	233.1
South Africa	389.6	111.5
France	356.1	147.0
Netherlands	285.6	326.7
Brazil	250.6	727.9
Chile	220.8	78.0
Mexico	211.2	300.3
Spain	203.7	283.1
Australia	139.5	18.0
Finland	124.2	135.0
Poland	114.9	142.8
United Kingdom	109.0	24.0
Ukraine	95.4	180.0
Italy	71.4	40.8
Belgium	69.9	13.2
India	66.0	156.0
Croatia	32.4	119.4
Portugal	24.0	0.0
Argentina	0.0	271.5
Greece	0.0	101.4
Ireland	0.0	87.5
Luxembourg	0.0	6.6
Total	**6,678.7**	**5,546.1**

[1] 2020 – prior-year figures restated
Installations are now counted based on mechanical erection to reflect the operational business as accurately as possible.

FURTHER INCREASE IN ORDER INTAKE AND ORDER BOOK IN 2021

The Nordex Group's order intake rose sharply in the Projects segment (turbine business) in 2021, primarily driven by strong demand for the Delta4000 platform. Demand was particularly brisk in European markets as well as in Brazil and Australia, but fell in the USA. In the Projects segment, the Company received orders from 22 countries totaling EUR 5,681 million, a 35% increase from the previous year, when the Company received EUR 4,218 million in orders from 22 countries. Geographically speaking, order volumes (in EUR) were distributed as follows in 2021: the majority of orders came from Europe at 64% (2020: 62%), followed by Latin America with 19% (2020: 19%), North America with 8% (2020: 19%) and 9% from Australia, which belongs to the rest of the world region (2020: 0%). The most important individual markets in Europe were Germany, Finland, France, Turkey and Poland, while the key international markets included Brazil, Australia and the USA.

The Nordex Group increased its order intake by 32% during the year under review to a nominal output of 7,945 MW (2020: 6,020 MW), its best performance to date. The average turbine price per megawatt of output rose to EUR 0.72 million/MW during the 2021 financial year (2020: EUR 0.70 million/MW). This average turbine selling price depends on numerous factors, including different levels of service for a project, the number and type of turbines, or even the region involved. The significant increase in the nominal output of the turbines also plays a major role. In this respect, it is not possible to draw direct conclusions about a project's profitability. For example, this applies to the major MacIntyre Wind Farm project in Australia, which has a volume of more than 1 GW but a much lower average selling price due to the narrower scope of services provided.

The book-to-bill ratio in the Projects segment (i. e. the ratio of order intake to sales excluding the Service business) rose to 1.14 in 2021, an increase of 14% on the previous year's figure of 1.0 and an indication of future growth.

The Nordex Group significantly expanded its book of confirmed orders in the Projects segment by 20.3% from EUR 5,137.5 million to EUR 6,177.9 million at the end of the 2021 reporting year. Geographically speaking, the order book was distributed as follows: the vast majority was once again attributable to European markets with 61% (2020: 62%), followed by Latin America with 24% (2020: 16%), the rest of the world with 8% (2020: 7%) and North America with 7% (2020: 15%).

Order intake and order book in the Projects segment

	Order intake		Order book [1]	
Region / EUR million	**2021**	**2020**	**2021**	**2020 [2]**
Europe	3,629.7	2,620.0	3,795.4	3,167.2
North America	474.4	781.6	399.8	750.9
Latin America	1,068.9	816.5	1,470.7	852.1
Rest of world	507.7	0	512.1	367.4
Total	**5,680.8**	**4,218.1**	**6,177.9**	**5,137.5**

[1] As at 31 December
[2] The order book has changed due to the change in the way installations are counted and has been adjusted.

In the Service segment, the Nordex Group increased its order intake to EUR 624.7 million (2020: EUR 607.6 million). This order intake includes both service contracts for new turbines and extensions for expired contracts. The Nordex Group concluded a record number of service contracts for newly delivered turbines in 2021. However, these contracts will only be included in order intake once the turbines are commissioned in 2022. The segment's order book grew by a further 7.7% to EUR 3,037 million during the year under review (2020: EUR 2,819.3 million). This figure includes contracts for turbines that were active at the end of the year. Contracts taking effect after this point are not yet included in this performance indicator.

At the end of 2021, the Nordex Group's Service segment had 9,765 wind turbines with a nominal output of 27 GW under service worldwide (31 December 2020: 8,383 turbines with output of 21 GW). The average system availability of the turbines serviced by the Nordex Group across all platforms and markets was 97.1% in 2021 (2020: 97.3%). Overall, unplanned downtimes of serviced turbines remained virtually at the same low level as in the previous year.

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."

In the reporting year, the Projects segment generated sales of EUR 4,986.7 million (2020: EUR 4,217.2 million) and the Service segment EUR 468.0 million (2020: EUR 437.6 million). Before unallocated sales and consolidation, the Projects segment accounted for 91.4% and the Service segment for 8.6% of consolidated sales.

Segment performance key data

	Projects		Service		Group	
EUR million	**2021**	**2020**	**2021**	**2020**	**2021**	**2020**
Order intake	5,680.8	4,218.1	624.7	607.6	6,305.5	4,825.7
Order book	6,177.9	5,137.5 [1]	3,037.3	2,819.3	9,215.2	7,956.8
Sales	4,986.7	4,217.2	468.0	437.6	5,444.0	4,650.7
EBIT	46.9	120.4	77.8	69.2	–107.3	–61.8

[1] Prior-year figures restated

COMPARISON OF ACTUAL AND FORECAST BUSINESS PERFORMANCE

The Nordex Group published its guidance for the 2021 financial year on 23 March 2021. At this point, the Management Board expected consolidated sales of between EUR 4.7 and 5.2 billion. This expectation of year-on-year sales growth was primarily based on high order intake in 2020, which provided a basis for forecasting significantly higher installations in line with planning as well as a correspondingly sharp increase in production during the year under review. Against this backdrop, the Management Board anticipated an EBITDA margin of 4.0% to 5.5% for 2021, which it expected to increase gradually over the course of the year. It highlighted two drivers for this development: first, the fact that many low-margin projects were coming to an end in 2021; and secondly, the fact that the share of projects using the more profitable Delta4000 platform was steadily rising. The Nordex Group also expected the COVID-19 pandemic's impact on the ordinary course of business to lessen from the second quarter onwards (e.g. fewer business interruptions or travel restrictions). The stabilized supply chain and tried-and-tested concepts also helped to ensure that all areas of the Company could work efficiently and effectively under pandemic conditions.

The Company also anticipated a working capital ratio as a percentage of consolidated sales of below –6.0% and investments of around EUR 180 million for the further expansion of the supply chain. Order intake and activity levels also had an impact on the amount of working capital.

The Nordex Group initially began the 2021 financial year as expected, with rising installations and a year-on-year increase in sales as well as solid order intake and a low EBITDA margin that was still influenced by old low-margin orders. The Company generally performed well and in line with expectations during the second quarter, particularly with regard to sales and the EBITDA margin. However, the sharp increase in costs, particularly for shipping and raw materials, increasingly made itself felt, prompting the Management Board to state that an EBITDA margin at the lower end of the forecast range would be realistic. The unfavorable and rapidly developing cost situation escalated dramatically during the third quarter, with shipping costs reaching unprecedented levels that had a significant impact on profitability. Contrary to the original guidance, the EBITDA margin did not continue to rise but instead remained at the level of 2.5% that it reached in the second quarter of 2021. At this point, the Company anticipated that this would have a drastic effect on earnings in the fourth quarter of 2021 as well as in 2022.

Against this background and based on the preliminary results for the third quarter of 2021, the Nordex Group on 8 November revised its guidance for financial year 2021, taking into account developments in the third quarter and the outlook for the fourth quarter. Driven by high demand and strong performance in project execution, the Nordex Group anticipated consolidated sales of EUR 5.0–5.2 billion (previously: EUR 4.7–5.2 billion) in 2021. Taking into account unexpected cost increases because of the unprecedented volatility in commodity and logistics markets, the expected operating (EBITDA) margin was adjusted to around 1.0% (previously 4.0–5.5%). Expectations for capital expenditure (approx. EUR 180 million) and the working capital ratio (below –6%) remained unchanged.

The Nordex Group's figures for 2021 fully met the new guidance issued on 8 November 2021. Consolidated sales amounted to EUR 5.4 billion and the EBITDA margin was 1.0%. Sales were thus slightly above expectations, while the EBITDA margin was exactly in line with the guidance. The Group invested a total of EUR 168.7 million, slightly below the projected figure of EUR 180 million. The working capital ratio as a percentage of consolidated sales was –10.2% as at 31 December 2021, which was significantly better than the forecast –6%.

Overview of forecast and actual business performance in 2021

Key figure	Guidance March 2021	Updated guidance November 2021	2021 actual
Sales in EUR billion	4.7–5.2	5.0–5.2	5.4
EBITDA margin in %	4.0–5.5	approx. 1.0	1.0
Working capital ratio in %	below –6	below –6	–10.2
Capital expenditure in EUR million	approx. 180	approx. 180	168.7

MANAGEMENT ASSESSMENT OF THE COMPANY'S ECONOMIC PERFORMANCE

The Nordex Group performed well once again in a highly competitive international market environment. The 2021 financial year was dominated by sharp increases in raw material costs and drastically more expensive shipping on the one hand, and the pandemic and resulting supply chain disruption on the other. Costs developed dynamically during the reporting year, rapidly reaching unprecedented levels that posed almost unresolvable challenges for numerous industries, including the wind sector. Extremely long laytimes in southeast Asian ports caused repeated delays to deliveries of components. This also led to production and project completion delays for Nordex, forcing the Company to pay compensation (so-called "liquidated damages"). The Nordex Group actively worked to counteract these developments with initiatives such as setting up a working group to absorb or lessen the impact of interruptions to the operating business. The Company also continued to consistently pursue its cost reduction program.

In addition, the Nordex Group successfully completed a combined capital increase and debt transaction in July 2021, enabling the Company to strengthen its balance sheet, significantly increase its equity ratio, and improve its financial freedom and flexibility. At the same time, the main shareholder made a non-cash contribution in the form of loan receivables arising from a shareholder loan. This will reduce the Company's future interest costs. Parallel to this capital increase, the Nordex Group increased its existing guarantee credit facility assessed according to sustainability criteria by EUR 171 million to EUR 1.41 billion by exercising a top-up option. This top-up also makes up to EUR 100 million available to the Company in the form of guaranteed cash credit lines. The Nordex Group had already extended the majority of its guarantee credit facility for a further year until 2024. In this context, Nordex also terminated the EUR 350 million state-guaranteed revolving credit facility and thus withdrew from coronavirus-related state subsidies ahead of schedule.

The Nordex Group boasts a very high-performance and competitive product in its Delta4000 platform (which now comprises seven models) for which there is strong demand and which makes up a steadily increasing share of total order intake. Order intake rose from over 6 GW to 7.95 GW during the reporting year, with the share of Delta4000 turbines increasing from 81% in the previous year to 83% during the year under review. Installations also grew from 5.5 GW to 6.7 GW despite supply chain interruptions, while turbine production rose from 5.8 GW to 6.7 GW. As a result, sales also climbed from EUR 4.7 billion in the previous year to around EUR 5.4 billion during the reporting year, thus slightly exceeding the sales guidance published on 8 November 2021. At 1.0%, the operating margin was also in line with the updated expectations but short of the 2.0% margin achieved in 2020. This is primarily due to a sharp increase in costs that the Company could not pass on to its customers in full or at the same pace as the cost increases.

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

In light of the current extremely challenging market environment, the Management Board of Nordex SE is satisfied with the performance in the 2021 financial year and notes that the Company is well prepared to meet its future responsibilities and challenges.

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

RESULTS OF OPERATIONS

Sales

Significant increases in production output and installations helped the Nordex Group to grow sales by 17.1% to EUR 5,444.0 million during the 2021 financial year (2020: EUR 4,650.7 million), surpassing both the Company's original forecast and the expectation subsequently adjusted during the year. As in previous years, the market with the strongest sales was the United States with sales of EUR 1,020.4 million (2020: EUR 1,017.0 million), followed by Germany with EUR 547.6 million (2020: EUR 321.1 million), Turkey with EUR 442.4 million (2020: EUR 379.6 million), Sweden with EUR 389.0 million (2020: EUR 356.3 million), France with EUR 353.4 million (2020: EUR 183.2 million) and Spain with EUR 332.8 million (2020: EUR 270.9 million).

Earnings

The Nordex Group's gross revenue in the year under review did not fully match its sales growth, rising by 16.3% to EUR 5,051.7 million (2020: EUR 4,345.5 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 reduced over the course of the year in review. The cost of materials rose by 11.2% to EUR 4,224.8 million in 2021 (2020: EUR 3,798.1 million), thus not matching gross revenue and resulting in a cost of materials ratio of 83.6% (2020: 87.4%). The upward trend in product margins for the profitable Delta4000 platform had a positive impact. Although the explosion in precursor costs and shipping costs in particular primarily affected performance during the second half of 2021 rather than throughout the year, this adverse impact then accelerated. Gross profit (gross revenue less cost of materials) rose sharply by 51.1% to EUR 827.0 million in 2021 (2020: EUR 547.4 million).

However, structural costs (staff costs and net other operating income/expenses) also rose considerably by 70.8% to EUR 774.3 million (2020: EUR 453.4 million). This was primarily due to the significant reduction in other operating income. The previous year's figure included EUR 362.8 million of income from the sale of the European project development portfolio to RWE. There was no corresponding effect in 2021. This caused net other operating income/expenses to worsen to EUR –300.6 million (2020: EUR –19.4 million). The Nordex Group's growth strategy once again required a slight increase in staff levels in the year under review, particularly in the areas of production, project management and service. As a result, staff costs rose by 9.2% to EUR 473.7 million (2020: EUR 434.0 million).

Structural costs

EUR million	2021	2020
Staff costs	473.7	434.0
Other operating expenses less other operating income	300.6	19.4
Total	**774.3**	**453.4**

Other operating income amounted to EUR 113.3 million during the reporting year (2020: EUR 451.4 million, including EUR 362.8 million of non-recurring income from the sale of internally developed wind farm projects). The share of profit from the implementation of a wind farm project amounting to EUR 7.5 million (2020: EUR 0.0 million) as well as higher profits from the disposal of assets and the reversal of impairment losses had a positive impact during the year under review.

Other operating expenses decreased to EUR 413.9 million (2020: EUR 470.8 million). Other staff costs, the largest single item, fell by 7.7% to EUR 111.7 million (2020: EUR 121.1 million), followed by expenses for forward exchange transactions at EUR 77.2 million (2020: EUR 36.4 million). Legal and consulting did not change much, amounting to EUR 38.4 million (2020: EUR 39.8 million).

Earnings before interest, taxes, depreciation and amortization (EBITDA) decreased in the 2021 financial year overall to EUR 52.7 million and were thus 43.9% lower year-on-year (2020: EUR 94.0 million). This resulted in an EBITDA margin of 1.0% (2020: 2.0%), well below the original expectation of 4.0–5.5% but in line with the revised guidance of around 1% issued in November 2021. This guidance was adjusted with the expectation that the explosive rise in precursor and transport costs would have a substantial impact in the final quarter of the year. This was then confirmed in the further course of business. The company also incurred start-up costs in ramping up production in Mexico and recognized a provision in connection with a project loss.

Depreciation and amortization increased slightly by 2.7% to EUR 160.0 million in the reporting year (2020: EUR 155.8 million). Of this total, EUR 8.6 million (2020: EUR 24.3 million) can be traced back 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 –107.3 million (2020: EUR –61.8 million) in financial year 2021, which corresponds to an EBIT margin of –2.0% (2020: –1.3%). Excluding PPA-related depreciation and amortization, the EBIT margin came to –1.8% (2020: –0.8%).

The financial result totaled EUR –116.4 million in the year under review (2020: –88.4 million). In addition to interest expenses, this was largely due to persistently high utilization of the guarantee facility as well as the costs of the capital increase and financing transactions. For example, the shareholder loan was converted into equity in connection with the capital increase. Interest expenses (interest and similar expenses) amounted to EUR 122.7 million (2020: EUR 98.4 million).

Net profit/loss from ordinary activities (EBT) worsened to EUR –223.7 million in the 2021 financial year after EUR –150.3 million in the previous year. The income tax result came to EUR –6.4 million (2020: EUR 20.6 million). This resulted in a consolidated loss of EUR 230.2 million for financial year 2021 (2020: consolidated loss of EUR 129.7 million). Earnings per share were EUR –1.68 compared to EUR –1.21 in the previous year.

FINANCIAL POSITION AND NET ASSETS

Capital structure

The Nordex Group's total assets fell by 6.9% to EUR 4,107.6 million as at 31 December 2021 (31 December 2020: EUR 4,410.1 million). On the assets side, this is primarily due to the significant reduction in inventories by 39.9% to EUR 722.5 million compared with inventories amounting to EUR 1,202.2 million at the end of the previous year. Meanwhile, property, plant and equipment rose to EUR 507.0 million due to investments (31 December 2020: EUR 454.2 million). On the liabilities side, liabilities to banks in particular fell considerably to EUR 33.5 million (31 December 2020: EUR 540.7 million).

The Nordex Group streamlined its third-party financing significantly during the year under review. In 2020, Acciona S.A. granted the Nordex Group a shareholder loan amounting to EUR 232.2 million with a term until April 2025, of which EUR 215 million was paid out in spring 2021. At the time of the capital increase in July 2021, Acciona then contributed receivables from this loan totaling EUR 196.6 million as a non-cash contribution, which meant the loan only amounted to EUR 44.5 million as of 31 December 2021. The Company also terminated its revolving credit facility of EUR 350 million, thus exiting the government aid scheme ahead of schedule. This had been granted in 2020 under the German federal government's loan guarantee program with the participation of the states of Mecklenburg-Western Pomerania and Hamburg to protect the operating business from the effects of the coronavirus pandemic. The Nordex Group also fully repaid the EUR 100 million research and development loan it had taken out with the European Investment Bank (EIB). The Nordex Group has a promissory note that amounted to EUR 242.4 million and had decreased to just EUR 25.5 million by the end of the year under review. In 2018, the Nordex Group placed a EUR 275 million bond with a term of five years and a coupon of 6.5% that it is planning to refinance. Both the bond and the promissory note were certified as "green" financial instruments by the Climate Bonds Initiative. Moreover, a EUR 4.0 million employee bond in connection with a wind farm project was issued in 2020 in order to boost employee loyalty. The Nordex Group also has access to a syndicated multi-currency guarantee facility provided by international commercial banks totaling EUR 1.41 billion which is primarily used for the provision of bank guarantees in the ordinary course of business and also includes a cash credit facility of EUR 100 million.

The Nordex Group improved its net assets significantly during the reporting year by reducing its liabilities to banks and carrying out the capital increase in July 2021. As of 31 December 2021, the Group had a positive net liquidity position – cash and cash equivalents less interest-bearing liabilities (liabilities to banks plus bond, shareholder loan and employee bond) – of EUR 423.7 million. Net liabilities amounted to EUR 40.9 million at the end of the previous year. 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	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2021	**6,174**	**675**	**26,664**	**0**	**33,513**
31.12.2020	259,616	224,647	49,715	6,692	540,670

Other financial liabilities

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

EUR thousand	Less than 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2021	**23,585**	**27,128**	**416,436**	**33,300**	**500,449**
31.12.2020	28,085	23,620	446,136	36,802	534,643

As at 31 December 2021, the Nordex Group's equity had increased considerably by 37.3% to EUR 1,062.4 million (31 December 2020: EUR 773.5 million). This mainly reflects the capital increase which was executed in July 2021 and which more than made up for the consolidated net loss. Subscribed capital increased from EUR 117.3 million to EUR 160.0 million due to the capital increase. Shareholders of the Company were offered 42,672,276 new shares at a subscription ratio of 11:4. The subscription price was EUR 13.70 per share. The capital increase had a total gross transaction volume of EUR 586.1 million, comprising gross cash proceeds of EUR 389.6 million plus EUR 196.6 million from a non-cash contribution by Acciona. By completing this capital increase, the Nordex Group strengthened its balance sheet and improved its financial flexibility. The equity ratio increased considerably to 25.9% as of the end of the reporting period (31 December 2020: 17.5%).

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 rose marginally to EUR 784.4 million (31 December 2020: EUR 778.4 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 7.0% to EUR 699.1 million (31 December 2020: EUR 653.3 million), reflecting the larger project volume. The Group was able to significantly scale back inventories as planned as part of its buoyant installation activity. Inventories amounted to EUR 722.5 million as of 31 December 2021, a decline of 39.9% compared to EUR 1,202.2 million at the end of the previous year. Overall, current assets fell by 13.3% to EUR 2,499.6 million (31 December 2020: EUR 2,884.4 million).

In contrast, non-current assets rose slightly by 4.9% year-on-year to EUR 1,604.7 million (31 December 2020: EUR 1,525.6 million). Property, plant and equipment grew considerably by 11.6% to EUR 507.0 million (31 December 2020: EUR 454.2 million). Goodwill remained stable at EUR 547.8 million (31 December 2020: EUR 547.8 million). Capitalized development expenses saw a slight decrease of 1.9% to EUR 163.6 million (31 December 2020: EUR 166.7 million).

Financial position and liquidity

Operating cash flow improved markedly in the 2021 financial year from EUR – 352.2 million to EUR +127.6 million. Cash flow resulting from the change in working capital amounted to EUR 263.1 million, compared to EUR – 6.1 million in the previous year. Cash flow resulting from other operating activities rose to EUR – 65.4 million, compared to EUR – 372.6 million in the previous year.

The working capital ratio was – 10.2% as of the reporting date (31 December 2020: – 6.3%) but was still well within the forecast range of under – 6%. The Group's active management and optimization of working capital thus once again paid off despite the immense pressure created by the pandemic and supply chain disruption.

Cash flow from investing activities normalized to EUR – 152.1 million (2020: EUR 231.8 million) in the year under review as a result of cash outflows for investments. The previous year's figure also included cash inflows from the sale of the project development portfolio.

In the 2021 financial year, the Nordex Group's free cash flow thus totaled EUR – 24.5 million (2020: EUR – 120.4 million).

Cash flow from financing activities amounted to EUR 62.3 million (2020: EUR 405.8 million), primarily reflecting the capital increase in July 2021. This was mainly offset by the repayment of the revolving credit facility under the German federal government's loan guarantee program to tackle the coronavirus pandemic, the full repayment of the research and development loan from the European Investment Bank, and lease liabilities. The net change in cash and cash equivalents stood at EUR 37.8 million (2020: EUR 285.4 million).

Capital expenditure

Capital expenditure totaled EUR 168.7 million in the 2021 financial year, down 3.6% from the previous year's level of EUR 162.9 million. The Nordex Group defines capital expenditure as investment in property, plant and equipment and intangible assets less right-of-use asset. Some investment projects experienced delays due to the pandemic, so that the overall final volume of capital expenditure was slightly lower than projected figure of EUR 180 million. Intangible assets accounted for EUR 39.4 million of capital expenditure (2020: EUR 28.8 million). At EUR 35.1 million, capitalized development expenses again made up the majority of this figure (2020: EUR 24.7 million).

Investments in property, plant and equipment totaled EUR 129.3 million in 2021 (2020: EUR 134.1 million). Technical equipment and machinery accounted for the largest share at EUR 63.9 million (2020: EUR 64.9 million), followed by other fixtures and fittings, tools and equipment at EUR 46.0 million (2020: EUR 57.5 million), prepayments and assets under construction at EUR 22.1 million (2020: EUR 18.3 million), and land and buildings (EUR 8.2 million; 2020: EUR 1.3 million). Capital expenditure mainly focused on the establishment and expansion of rotor blade production in India and the procurement of production, installation and transportation equipment in Spain for international projects.

Development and distribution of capital expenditure

EUR million	2021	2020
Property, plant and equipment	129.3	134.1
Intangible assets	39.4	28.8
Total	**168.7**	**162.9**

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, enabling us to take suitable countermeasures 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 Nordex's 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	Quantification	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
Strong negative impact on activities as well as on financial and earnings situation	EUR 10–25 m	High
Critical negative impact on activities as well as on financial and earnings situation	> EUR 25 m	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 unlikely	6–25% Possible	26–50% Imaginable	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 Nordex SE's 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 2022 until 2024. 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 that could harm its ability to maintain or increase its commercial presence in certain markets or its ability to conduct business across borders. Nordex business could be impacted among other risk factors by economic downturns, foreign exchange evolution, economic inflation rates, increasing interest rates, disruptions in the global supply chain and trade barrier mechanisms which could impact the cost to serve certain markets from the current supply chain footprint developed by the Company.

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. Nordex was able to offset some of the price pressure of recent years by developing the successful Delta4000 platform and launching an in-house program, which aims 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 critical impact on the order intake planned for 2022 and for subsequent years, but also on the financial position in 2022.

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 involve 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 and 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 possible 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 risks, changes in source costs, availability of raw materials to our suppliers, 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 Nordex 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 coronavirus (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 and China and continuing uncertainty in various supply sectors, the probability of sourcing and purchasing risks is classed as imaginable and may have a critical 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 medium impact on performance indicators reflecting the expansion of production to Latin America and India and may also be impacted due to evolving changes from time to time, due to regulation changes related to COVID-19 pandemic, that various governments take independently.

Project and assembly risks
The locations where Nordex assembles wind turbines and wind farms exhibit unique topographic, climatic (strong winds and extreme temperatures) and regional characteristics. A technical evaluation and commercial valuation is carried out before the execution of the project. Deviations from the predefined process chain can be due to weather hazards, missing components, or quality issues, which can lead to delays in assembly and start-up schedules. Nordex addresses these risks by including risk-sharing provisions in the relevant contracts between manufacturer and customer and by actively managing deviations. Even so, the possibility of cost overruns, e. g. for cranes and assembly work, as well as for transport and logistics, cannot be ruled out, especially in this year, where the shortage of containers has multiplied the market cost of their use, which together with the strong increase in the cost of freight and its lack has generated unforeseen cost overruns in the projects.

Other potential risks include insufficient component availability due to supplier delays or capacity bottlenecks in external resources (for example, special hauler and crane services) and internal resources. This risk can arise if, for example, it is necessary to delay the original schedules. If the entire wind farm is built as a turnkey project, risks also arise from upstream ground work and third parties commissioned in this regard.

An important area of risk within project management relates to quality and technology. Despite the above quality management measures, technical errors or quality deficiencies in individual components can only become apparent on site, necessitating repair or replacement actions. In addition to the aforementioned delays, this may result in a failure of acceptance by the customer or, after completion of the repair work, a delayed acceptance, resulting in a delay in payment by the customer. In individual cases, there is a risk that compensatory payments or a reduction in the purchase price will be required.

Project and assembly risks can cause unplanned cost overruns, resulting in a reduction in the budgeted margin contribution to 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 possible but with a critical impact on the financial position. Nordex has taken several precautionary measures, e. g. provisions, to cover such 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 due to nearly all debt instruments have fixed-rate agreements. The major floating interest promissory note tranche has been 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. Nordex uses cash pooling or other in-house financing mechanisms such as intercompany loans 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 multi-currency guarantee facility has been successfully increased to EUR 1.41 billion and extended to April 2024. The facility now also includes a commitment to establish up to EUR 100 million cash ancillary credit lines if needed. In July 2021 Nordex has successfully increased the equity and reduced a portion of its shareholder loan by way of a debt to equity swap. The equity proceeds were also used to repay the outstanding EIB loan remainder. In parallel Nordex also cancelled the EUR 350 million state backed RCF facility.

The syndicated multi-currency guarantee facility in the amount of EUR 1.41 billion is further subject to uniform and agreed financial covenants such as equity ratio, leverage and interest coverage, compliance with which referring to the previous reporting date has to be confirmed in quarterly reports to the respective financial institutions. The financial institutions may only terminate this multi-currency guarantee facility for good cause, such as non-compliance with the financial covenants mentioned above. 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. In February 2022, Nordex successfully agreed an adjusted financial covenant concept with the financial institutions which includes liquid assets as a new additional financial covenant. As the new concept was applied as of December 31, 2021, there was no breach of the covenant terms after the reporting date.

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

Legal and tax risks

Operating through the sale of its products and services in a multitude of jurisdictions, Nordex Group is exposed to various product- and country-related regulations, laws, or policies affecting the conduct of our business. Provisions are made for resulting legal and tax risks, inter alia, if and insofar as they are likely to be utilized and the amounts of the potential liabilities arising can reasonably be estimated.

Legal risks

Wind turbines are complex machines comprised of several systems, modules and individual components that need to operate in sync and largely autonomously in diverse environments. As such, our products and services are subject to various technical risks over their life cycle which may lead to warranty or product liability claims under turbine supply contracts or agreements made for the service and maintenance of the wind turbines. The risk of disputes and litigation is therefore inherent to our operations and we are subject to risks from disputes and administrative, legal and arbitration proceedings, some of which might have an adverse outcome and could result in penalties, damages and loss of reputation. In addition, liabilities may also arise from conflicts with prevailing legislation, 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. Furthermore, 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. We are monitoring the political and regulatory framework in all our key markets and we maintain adequate organizational measures and processes to ensure compliance, such as to adjust our business activities and processes as may be required. However, there can be no certainty that our internal controls, procedures, compliance and risk management systems will be able to identify potential conflicts, or that they are reported in a timely manner or correctly evaluated to take appropriate countermeasures.

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 carry forwards, 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 known 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 its 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 2021, Nordex successfully passed the second 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 as well as potentially in a considerable loss of current and future business, too.

We are working very closely with our customers to understand and meet rising cyber security requirements in the industry. We have committed to comply with international standards (such as IEC-62443) for our Delta4000 platform by the end of 2022. Failure to achieve this milestone could result in reputational damage, success will strengthen us as a leader in this critical field.

IT-based business processes are fundamentally exposed to the risks arising from electronic information processing, particularly system failures, compromised data 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 vendors' specifications as well as with IT, information security and data protection certification standard requirements 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 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 vulnerabilities and system failures to protect its business data. For this purpose, modern data encryption technology, access restrictions, firewall systems, virus protection programs and monitoring systems are implemented. Confidential information is shared with customers and suppliers in specially protected data rooms. In addition, Nordex's data availability is secured by redundancy measures like high-availability server systems.

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. As a result of the ISO Surveillance Audit in November 2021 and their previous and ongoing cooperation the areas of IT, Information Security and Data Protection will review their processes and, where necessary, optimize and interlink them better. In particular, the following measures are planned:

Timely, standard and sustainable integration of data protection into the

- IT demand process;
- meetings of the change advisory boards within the continually ongoing MS 365 implementation process; therefore Global ITO will develop a communication with Microsoft about changes and get involved Data Protection so that governance of new features and services can be ensured:
- information security incident management process. The latter will be coordinated further with the external IT service provider Mindtree Ltd.

Topics of company-wide importance in the areas of information security and data protection will continually be discussed and decided upon in the interdisciplinary Information Security Council. If necessary and/or if no agreement can be reached, topics will be submitted to the Executive Board for decision.

This is monitored and overseen jointly by information security management and the data protection organization.

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. One example of such a factor or event is the war in Ukraine, which could also affect the Nordex Group's business performance, partly as a result of the projects in Ukraine. The Nordex Group has set up a crisis team to assess the situation and initiate actions. Globally, neither the conflict nor the sanctions or consequences can be estimated in terms of scope, amount and length. 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 new German federal government plans to introduce wide-ranging measures to promote climate protection and accelerate the transition to renewable energy by using renewable sources such as onshore wind turbines. At the UN climate summit in Glasgow, all nations committed to accelerating the phase-out of coal-fired power generation for the first time. 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 Nordex 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 2023. 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. Nordex also expanded its partnership with US rotor blade manufacturer TPI, which has been operating the production site at Matamoros, Mexico, since July 2021 for an initial period of three years. Integrating TPI's expertise in this way should enhance the efficiency and performance of the Group's rotor blade production while enabling the Nordex Group to focus its resources on other strategic production start-up activities going forward. This step also improves the flexibility of the Company's supply chain for key components. In addition to the expected benefits, this partnership could also create growth and profitability opportunities for 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 seven 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. This business is to be expanded gradually.

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

On 24 February 2022, Russia attacked Ukraine and started a war. The Western international community reacted strongly and unanimously to this development by imposing numerous sanctions on Russia, including the exclusion of Russian financial institutions from the SWIFT banking system. This very rare and unfortunate series of events created significant uncertainty and volatility on the global markets that can directly or indirectly affect the Nordex Group in the short and medium term. The Nordex Group immediately began monitoring these developments and identifying and mitigating associated risks via the working group set up for this purpose.

Based on its initial findings, the Nordex Group can confirm that it does not have any direct business, direct suppliers or any assets in Russia, although there may be disruption within the supply chain arising from the use of Russian ships.

While the Nordex Group does have direct business in Ukraine, this is relatively small compared to the Group's global business, as Ukraine is one of the Group's smaller markets. The Nordex Group has a subsidiary in Ukraine with only minor inventories and cash and cash equivalents. However, the ongoing conflict represents a risk regarding some minor service income with a wind farm and a handful of projects planned for 2022, as all local construction sites and service activities are currently suspended.

At this point in time, the indirect consequences of this conflict are unknown and difficult to predict. They could include margin effects caused by volatile currency rates, supplier dependency on the countries involved, rising inflation, a decline in order intake, impact on logistics costs, etc.

To sum up, the Nordex Group assumes based on its initial findings that the total income at risk of loss in Ukraine is in the mid-double-digit millions for 2022, which would have an impact on margins. While the operating business may incur additional unforeseeable indirect costs, it is not currently possible to assess them.

On 17 February 2022, Nordex Energy Spain S.A.U. informed employees at the La Vall d'Uixó site in Spain that a process was underway to review the continuation of hub, nacelle and drivetrain production at the site. This is due to an intense competitive environment that has prompted the Group to review the optimization of its procurement and production processes. Nordex Energy Spain S.A.U. employs around 110 people in La Vall d'Uixó.

On 28 February 2022, the Nordex Group informed the workforce at the Rostock GVZ rotor blade production site of its intention to cease production of rotor blades at this site at the end of June 2022. The increasingly challenging market environment and fierce competition, as well as a shift in demand, necessitated adjustments to the Nordex Group's global procurement and production processes at this site too. Around 600 employees are affected by the termination of production. This measure also affects around 40 staff at the Nordex Blade Technology Centre ApS in Denmark.

Since negotiations with the employee representatives have only just begun, it is not yet possible at this time to reliably measure potential costs at both sites, e.g. provisions for severance payments.

REPORT ON EXPECTED DEVELOPMENTS

- **2022 guidance anticipates positive trend in sales and slight recovery of earnings**
- **Wide-ranging corporate program continued to boost income**
- **Persistently positive market environment and encouraging order intake expected**

FUTURE ENVIRONMENT

Anticipated macroeconomic environment: Global economy to continue recovery in 2022, but with high level of risk

Uncertainty about the rapid spread of the Omicron variant of coronavirus and the pandemic measures introduced in the affected countries put the global economy under pressure at the start of 2022. However, the global economy is expected to bounce back and continue its upturn during the year despite ongoing supply chain disruption and high energy costs. This assumes that the pandemic will be gradually overcome. However, the recovery will kick in later and will not have as pronounced an effect over the full year as expected in autumn 2021. In the January update of its World Economic Outlook, the International Monetary Fund (IMF) lowered its forecast for global growth in 2022 to +4.4% (October forecast: +4.9%). The IMF expects the global economy to continue its upward trajectory in 2023. However, the risks are currently very high. The further course of the pandemic, materials shortages, high inflation and, above all, the turnaround in interest rates could impact the economy more severely than is currently expected. There is also the acute risk of an escalating military conflict in Eastern Europe with unforeseeable consequences.

Industrialized nations are likely to continue their economic expansion given that high levels of immunization among their populations are helping them to overcome the pandemic. Governments will provide fiscal stimulus with initiatives aimed at strengthening infrastructure and tackling climate change. The upturn is also likely to be supported by catch-up effects relating to consumption and investments. Industrial production and exports will be able to recover more quickly as materials shortages ease, while global trade is expected to become buoyant once again in 2022 (IMF: +6.0%). According to the IMF, industrialized countries will record economic growth of 3.9% in 2022. It also anticipates a noticeable upturn for emerging and developing countries. However, these countries are only expected to grow by 4.8% in 2022, with the rate depressed by factors such as the considerable slowdown in growth in China. The turnaround in interest rates in the USA will put many emerging markets under pressure to prop up their currencies with similar interest rate hikes.

Expected BIP growth in 2022 (selected countries and regions)

in %	Sources	2020	2021	2022e
World	**a**	**–3.1**	**5.9**	**4.4**
Industrialized countries	**a**	**–4.5**	**5.0**	**3.9**
USA	b, a	–3.4	5.7	4.0
Canada	a	–5.2	4.7	4.1
Eurozone	c, a	–6.4	5.2	3.9
Germany	d, a	–4.6	2.7	3.8
France	a	–8.0	6.7	3.5
Spain	a	–10.8	4.9	5.8
Italy	a	–8.9	6.2	3.8
United Kingdom	a	–9.4	7.2	4.7
Developing / emerging countries	**a**	**–2.0**	**6.5**	**4.8**
India	a	–7.3	9.0	9.0
Turkey	e	1.8	9.5	2.0
Latin America	a	–6.9	6.8	2.4
Brazil	a	–3.9	4.7	0.3

Sources: a) IMF, b) US Department of Commerce, c) Eurostat, d) Destatis, e) World Bank

If efforts to contain the pandemic and resolve supply chain disruption are successful, and assuming that these risks do not escalate, the economic picture for the Nordex Group's core markets appears largely positive in 2022. However, developments continue to differ considerably from one region to the next.

According to IMF forecasts, the eurozone will continue its upturn during the course of 2022 as coronavirus infection rates subside and restrictions ease. Despite high levels of inflation, the lively labor market will encourage an increase in consumption. Investments will receive a boost from factors such as the resurrection of recently postponed projects, with the structural momentum for these investments coming from digitalization as well as the transition to renewable energy sources and the shift in mobility trends. Germany, France and Italy are all showing signs of highly robust growth, while Spain and the United Kingdom are also likely to experience an above-average recovery due to base effects, and robust growth in Poland is set to continue. Although the USA is also recording a solid upturn, it is not as strong as recently expected due to lower fiscal stimulus and more rapid tightening of monetary policy. The IMF cut its forecast for US economic growth in 2022 by 120 basis points. Meanwhile, Canada's economic recovery continues. The 2022 outlook varies in the most important emerging markets. Some are benefiting from high commodity prices or government infrastructure investments, while others are feeling the adverse impact of high inflation and interest rate hikes. For example, while growth in India remains highly dynamic in 2022, the pace of expansion in Turkey has noticeably leveled off. The picture in Latin America is also only slightly positive, with growth expected to weaken in Brazil, Argentina and Mexico.

As part of the normalization of its monetary policy announced in 2021, the US Federal Reserve (Fed) began phasing out its massive bond purchases and signaled the end of its zero interest rate policy. The capital markets are now anticipating several interest rate hikes for 2022, which means further interest rate rises are also expected elsewhere in the world. This is further reinforced by significant increases in inflation in most countries. While many emerging markets and industrialized nations began turning the interest rate screw in 2021, the ECB considers the inflationary pressure to be temporary and intends to continue pursuing its zero interest rate policy. However, rising pressure from inflation may force it to correct this course during 2022. This divergence in monetary policy increases the risk of fresh turbulence on the capital and foreign exchange markets in 2022, which could also have negative consequences for the economy.

Although the IMF does not expect there to be much difference in growth between the USA and eurozone in 2022 and 2023, the fact that the difference in interest rates will be increasingly positive in favor of the US dollar will cause the US dollar to gain further momentum against the euro. Conversely, the euro is expected to depreciate against the US dollar as well as other key currencies. 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".

In light of ongoing supply chain disruption at the start of 2022 and the general acceleration of the global economic recovery, prices on the commodity markets will continue to rise. The IMF expects non-oil commodity prices to increase by an average of 3.1% in 2022 after spiking by almost 27% during the reporting year, and predicts that oil prices will rise further by around 12%. 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 77.31 on average in 2022 (2021: USD 69.07, +67.3%).

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

Political support for renewable energy sources plays a key role in an extensively regulated energy market. While the shift towards electricity generated from renewable sources is an irreversible trend in most regions of the world, these markets are structured very differently due to their political and regulatory environments. In December 2020, the British government announced its intention to reduce the country's greenhouse gas emissions by more than two thirds by 2030, compared to 1990 levels. The UN climate conference in Glasgow in November 2021 reaffirmed the targets set out in the Paris Climate Agreement limiting global warming to a maximum of +1.5°C and emphasized the accelerated move away from coal and other fossil fuels. In the medium term, the ambitions of the European Union (EU), climate protection proposals in the USA and expansion volumes in Latin America are significant for the Nordex Group's markets.

The EU broadened its climate protection as part of its Green Deal, with the aim of reducing its net greenhouse gas emissions to zero by 2050. This comprehensive decarbonization of the energy sector will require a massive expansion in renewable energy sources. In an interim target set at the end of 2020, the EU increased its goal for reducing greenhouse gases from –40% to –55% by 2030. As part of the implementation of this target, the EU Commission is striving to increase the share of renewables in the energy mix from 32% to 40% in 2030. The Nordex Group does not expect the proposal made in early 2022 to categorize nuclear energy and natural gas as sustainable in the EU Taxonomy to have any significant negative impact on investments in the wind energy sector.

The Nordex Group expects the German federal government's ambitious targets to provide fresh momentum for the expansion of the onshore wind market in Germany. Based on considerably higher anticipated demand of 715 TWh (previously: 580 TWh), the new government is now aiming to generate 80% of power from renewable energy sources by 2030. This would require installed capacity to double from its current level of 55 GW to around 110 GW in 2030. To reach this target, 2% of land in Germany will need to be made available for onshore wind, with around 0.5% currently being used for this purpose. The federal government is also seeking to simplify the current lengthy planning and approval processes. While these new policies and initiatives should generally be viewed as positive for the wind industry, it remains to be seen when and which measures will be implemented.

Another key market for the Nordex Group is the USA, where economic development is also likely to be linked to climate protection. The first important and obvious step taken by the government under President Biden was the USA's immediate return to the Paris Climate Agreement. For many years, the wind industry in the USA has benefited from the system of production tax credits (PTC), which was most recently extended for 2021. The federal government is expected to extend this system further as part of the package of infrastructure initiatives known as the BIF (Bipartisan Infrastructure Framework). The BIF is also relevant with regard to the expansion and modernization of the electricity grid. One key element of this is the BBB (Build Back Better) budget package, which includes important incentives for the expansion and use of renewable energy sources in the USA. The implementation of this yet-to-be-adopted package of measures could have a positive impact on the wind industry in the USA.

In Latin America, the market environment is dominated by auctions and bilateral power purchase agreements (PPAs). Bilateral PPAs are emerging in part as alternative financing structures to existing state auctions. For example, this was the case in Brazil in recent years due to highly competitive onshore wind power prices combined with a lower number of public auctions.

Conditions regarding land acquisition, electricity transmission and permits on the Indian market remain challenging, which is why it is unlikely that earlier, very ambitious expansion targets for wind energy will be achieved in the foreseeable future. The coronavirus pandemic, which hit the country particularly hard in 2021, also contributed to this development. 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: High number of new onshore installations in 2022, robust growth in selected regions

Wind energy is a major driver in generating electricity from renewable sources and plays a vital role in the global transition to renewable energy. It has become increasingly competitive thanks to significant technological progress in recent years and can now easily rival other power generation technologies in windy regions without subsidies. Many markets already operate without subsidies, with projects generally awarded through auctions or as part of private power supply agreements between energy producers and large customers such as companies known as power purchase agreements (PPAs). Politicians are also promoting wind energy by introducing stricter climate protection legislation. The target of reducing greenhouse gas emissions to zero requires a massive and accelerated rollout of renewable energy production and with it the expansion of wind energy in many regions.

With this in mind, the Global Wind Energy Council (GWEC) believes wind energy is on track for reliable, robust growth. According to the GWEC, global new installations are expected to rise by an average of 3.5% per year by 2025 based on wind turbine output. In their updated forecast up to 2030, market researchers from Wood Mackenzie anticipate accelerated growth in global installations of +9% per year. However, total volumes added worldwide in 2022 are distorted by the fact that the exceptional boom in China and the USA created by special incentives in 2020, which caused installations to skyrocket there in the short term, had already subsided in 2021 and is now petering out entirely. This will lead to a "statistical" dip in 2022, primarily due to lower offshore installations. However, the expansion of offshore wind energy is forecast to gain momentum by 2025. The GWEC sees a mildly positive medium-term outlook for onshore (CAGR 2020–2025: +0.4%), with new installations on land set to rise more sharply again from 2024 onwards. Onshore remains the dominant segment in this scenario, with an 80% share of the global market in 2025. According to the GWEC, Europe will continue to stand out in 2025 in the onshore market outside China that is relevant for the Nordex Group with roughly double the volume of new installations, ahead of the USA and Asia excluding China. Africa is expected to reach the size of the Latin American market by 2025. The Nordex Group is well positioned to take advantage of the wide range of growth opportunities in these onshore markets.

The GWEC expects global installations to fall by 4.4% to 87.9 GW for 2022 specifically. While onshore installations are predicted to remain largely stable at 79.2 GW in 2022, Europe is likely to record a decline to 14.1 GW (–11%). Of the continent's larger countries, only Spain is set to experience losses (2022: 0.7 GW, down from 1.0 GW). France is expected to remain robust (2022: 1.7 GW, up from 1.5 GW), while the GWEC anticipates powerful growth of around 50% to 3.0 GW in Germany, even though this figure is still far below the highs recorded in 2016 and 2017. While the German Wind Energy Association (BWE) expects tender volumes of 2.3 – 2.7 GW in 2022, the picture for overseas markets in 2022 is mixed. The GWEC is forecasting onshore expansion of 10 GW (–29%) in the USA and 0.5 GW (75%) in Australia. By contrast, installations in India are expected to surge to 4.3 GW (+87%). The outlook for Latin America is largely positive. Installations in Mexico are forecast to remain very high at 0.8 GW after 0.9 GW in the previous year, while this figure is set to rise sharply to 2.8 GW (+27%) in Brazil.

In its market outlook for December 2021, market research firm Wood Mackenzie also expects onshore wind energy installation volumes to expand by around 79 GW worldwide in 2022. 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 2022

in MW	2021e	2022e	2023e
World	76,289	79,345	78,467
China	26,303	34,096	35,767
USA	14,929	9,754	8,954
Germany	2,256	3,197	3,370
Brazil	3,160	3,025	3,250
India	1,900	2,989	2,542
Sweden	2,883	2,310	1,200
Poland	1,281	1,670	795
Australia	2,061	1,619	1,079
France	1,420	1,570	1,618
Spain	1,405	1,510	1,735

Source: Wood Mackenzie Q4/2021 Onshore Market Outlook

GUIDANCE OF THE NORDEX GROUP FOR 2022

The sharp increase in installations in 2021 enabled the Nordex Group to continue expanding its position in the global onshore wind market and thus further strengthen its financial stability by carrying out a capital increase. By doing this, the Company has put itself in a promising position for the future, especially as onshore wind energy is becoming extremely important as a cost-effective source of renewable energy within the global energy mix. After a challenging year in 2021, the Nordex Group anticipates an improved business performance for 2022 that will also be reflected in its financial key performance indicators. However, the Company also continues to expect high logistics and commodity costs to have a considerable impact, particularly in the first half of the year. There may also be further supply chain interruptions. In addition, there is the war in Ukraine started by Russia, the effects of which – including those of the sanctions imposed by the international community in the West as well as the duration of the conflict – are hard to assess from today's perspective. Overall, the Group's business performance, assumptions and guidance are subject to substantially more uncertainty than usual. This has been taken into account accordingly by providing broader forecast corridors.

For the 2022 financial year, the Management Board of Nordex SE is aiming to generate consolidated sales of EUR 5.4 to 6.0 billion and an EBITDA margin of 1.0% to 3.5%. The Company also expects to make investments totaling EUR 180 million. The working capital ratio as a percentage of consolidated sales is predicted to be below −7% at the end of 2022. The guidance for 2022 does not take into account any costs for production redesigns and geopolitical events.

This guidance is based on the well filled order book of EUR 6.2 billion as of 31 December 2021. Despite the sharp rise in installations during the year under review, the order book grew considerably in 2021 due to the very high order intake (31 December 2020: EUR 5.1 billion). The strongest international markets were Australia, the USA and Brazil, while the standout markets in Europe were Germany, Finland, France, Turkey and Poland. Overall, Europe recorded the highest order intake, followed by the Latin American markets. The technical performance of the current generation of turbines and their high levels of use among customers tended to result in increasing margins. These strong profit margins are offset by current high logistics and commodity costs. Based on the order book as of the end of January 2022, the Nordex Group had already covered 81% of the sales planned in the Projects segment for 2022 with confirmed incoming orders.

The Company expects sales to be relatively evenly distributed across all four quarters. The Nordex Group believes that the EBITDA margin will fall slightly in the first half of the year due to high cost pressure, before rising again in the second half of the year. In 2022, the Company will also continue the corporate program to increase profits that it introduced in 2020. The key elements of this program include boosting productivity, improving service margins, optimizing project management and, above all, enhancing the supply chain.

Extremely high logistics and commodity costs had a particularly negative effect on earnings during the year under review. The impact of these costs on earnings is expected to continue in the first half of 2022 before waning in the second half of the year, helped by consistent price increases and modified customer contracts.

Capital expenditure is set to focus on expanding production in India, which will continue in 2022, to enable the Group to serve the global market outside Europe while increasing volumes and lowering costs. The Group will make further investments in transport equipment to enable it to process the high number of planned installations efficiently.

The Nordex Group is also expecting high demand in 2022, 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, 5 and 6 MW segment with a portfolio of no less than seven different product types, which 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 measures planned by the new federal government could provide a positive boost. In the key US market, the Nordex Group anticipates a similarly encouraging political environment that will positively impact demand in the USA, particularly for turbines from the Delta4000 platform.

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 confirmed

According to its strategic goals published in November 2020, the Nordex Group intended to generate sales of around EUR 5 billion in 2022 with an EBITDA margin of approximately 8% and more than 6 GW of capacity. Although the Company is maintaining its margin target, it will reach it later due to the highly volatile market environment, while sales and capacity had already hit their targets during the 2021 reporting year.

OVERALL ASSESSMENT OF EXPECTED DEVELOPMENTS BY THE MANAGEMENT BOARD

In the year under review, the Nordex Group systematically pushed ahead with the corporate program presented at the end of 2020. It will continue to do so in 2022 and will not complete it until the following year as there were some delays caused by the pandemic. A key aspect in this context is the enhancement of the supply chain with a focus on India to make production more cost-efficient. The Company can rely on a familiar infrastructure and an experienced workforce in India. As a first step, rotor blade production is to be ramped up in India. In a second step, turbine production will also be expanded there. Nordex plans to build total production capacity of 4 GW in India to ensure that primarily 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 purchased components. This development will be supplemented by the expansion of engineering capacity in India. Due to the intense market environment and the shift in demand, the Nordex Group plans to close its rotor blade production facility in Rostock by mid-year. In Spain, the Company has launched a process at the nacelle production facility in La Vall d'Uixó to review whether production will continue at this site. The Nordex Group aims to significantly improve its cost structure and enhance its competitiveness.

2021 was dominated by a sharp increase in costs for raw materials and logistics, especially sea freight, which significantly depressed profitability. This is why the Nordex Group was quick to initiate a series of measures and will systematically continue these in 2022. The aim of these is initially secure margins as much as possible and then gradually increase them going forward. These measures include both price hikes and adjustments of customer contracts. Other levers relate to sourcing, logistics (for example via framework agreements), the production network or adapting the scope of projects, one example of this being the MacIntyre project in Australia, where the customer is responsible for outbound logistics, i.e. transport from the production site to the construction site. This enables the Nordex Group to avoid a significant cost block including risk in the overall project.

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 2021. Sales in this segment are expected to grow further during the 2022 financial year as a result of rising installation figures, with the Group aiming for growth of more than 5%. Margins in this segment are significantly higher than for the Group overall. Here, too, the Nordex Group's ambition is to steadily increase the margin over time. 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.

In 2022, the Nordex Group is primarily focusing on gradually improving its profitability. In addition to optimizing production and the supply chain, key measures include continuing its corporate program as well as implementing a strict policy of price increases and adjusting customer contracts further. An important role will also be played by the product portfolio, which focuses on continuously enhancing the Delta4000 platform. Processing the full order book as efficiently as possible is another key task for 2022.

BUSINESS PERFORMANCE OF THE GROUP 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 11.0% to EUR 91.7 million in financial year 2021 (2020: EUR 82.6 million). Staff costs rose to EUR 30.2 million (2020: EUR 20.5 million). Net operating income/expenses amounted to EUR −71.4 million (2020: EUR −54.3 million). The sale of the European project development portfolio was also clearly reflected in the financial statements of Nordex SE in the previous year. Other operating income resulted primarily from income from currency translation gains. Other operating income mainly consisted of higher foreign currency translation expenses, an increase in legal and consulting costs, impairments of trade receivables of affiliated consolidated companies, and IT costs. Income from profit transfer fell to EUR 24.5 million (2020: EUR 203.2 million). Expenses from loss absorption decreased to EUR 112.9 million (2020: EUR 137.4 million), resulting in lower earnings after taxes of EUR −158.7 million (2020: EUR 68.4 million). In financial year 2021, Nordex SE posted a net loss of EUR 158.9 million in accordance with the German Commercial Code (2020: net income of EUR 68.1 million). After withdrawal from reserves, net retained profits for financial year 2021 totaled EUR 0.0 million (2020: 6.0 million).

Despite the negative trend in earnings, Nordex SE's equity as at 31 December 2021 increased by 41.9% to EUR 1,447.2 million (31 December 2020: EUR 1,019.8 million) due to the capital increase implemented in July 2021. Total assets increased by 18.2% to EUR 3,109.5 million (31 December 2020: EUR 2,630.5 million), resulting in an equity ratio of 46.5% (31 December 2020: 38.8%).

CONCLUDING DECLARATION BY 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 Relationships with Affiliated Companies for the reporting period from 1 January 2021 to 31 December 2021 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 160,021,035.00 as at the reporting date and is divided into 160,021,035 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 2021.

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. With regard to the performance-related remuneration component, the terms of the Performance Share Unit Plan require Management

Board members to hold shares valued at no less than 33% of their payout after tax and social security contributions for a period of at least two years (one year in the case of Dr. Ilya Hartmann).

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

As at the 2021 reporting date, the following companies directly or indirectly held more than 10% of the voting rights with respect to Nordex SE: Acciona S.A., Madrid (Spain), stated that it held 53,808,358 shares and, hence, more than 33.63% of the voting rights.

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 2021, the Company had no more Authorized Capital I (2020: EUR 15,522,041, equivalent to 15,522,041 shares) and no more Authorized Capital II (2020, at the time still called Authorized Capital III: EUR 16,002,103, equivalent to 16,002,103 shares). At 31 December 2021, the Company had Authorized Capital III of EUR 299,578, equivalent to 299,578 shares (2020, at the time still called Authorized Capital II: EUR 2,900,000, equivalent to 2,900,000 shares), Contingent Capital I of EUR 18,436,138, equivalent to 18,436,138 shares (unchanged from the previous year) and Contingent Capital II of EUR 3,500,000, equivalent to 3,500,000 shares (2020: 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 5 May 2021, i.e. 46,939,503 new shares, may be issued on the basis of all of the authorizations and capital available to the Company (including the authorization to issue convertible bonds and stock options to senior managers/experts of the Group).

Specifically:

In accordance with a resolution passed at the Annual General Meeting on 5 May 2021, the Management Board was 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 4 May 2024 by up to EUR 23,469,751 in total, in return for cash or non-cash capital contributions, by issuing new no-par-value bearer shares. The Management Board made use of this authorization for the full amount with the Supervisory Board's approval in accordance with the Company's Articles of Incorporation through its resolution of 30 June 2021, without disapplying shareholders' pre-emption rights – except for fractional amounts.

In accordance with a resolution passed at the Annual General Meeting on 16 July 2020, the Management Board was authorized subject to the Supervisory Board's approval to utilize **Authorized Capital II** (from 5 May 2021, previously called 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 made use of this authorization for the full amount with the Supervisory Board's approval in accordance with the Company's Articles of Incorporation through its resolution of 30 June 2021, without disapplying shareholders' pre-emption rights – except for fractional amounts.

In accordance with a resolution passed at the Annual General Meeting on 5 May 2021, the Management Board was 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 4 May 2024 by up to EUR 3,500,000 in total, in return for cash and/or non-cash capital contributions, by issuing new no-par-value bearer shares. The Management Board made use of this authorization with the Supervisory Board's approval, through its resolution of 30 June 2021 in accordance with the Company's Articles of Incorporation for an amount of EUR 3,200,422, which corresponds to 3,200,422 shares. The shareholders' pre-emption rights were not disapplied, except for fractional amounts. Authorized Capital I remains in an amount of EUR 299,578, equivalent to 299,578 shares.

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 and experts 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 4 May 2026, on the basis of the authorization provided by the Annual General Meeting on 5 May 2021. To date, 579,190 pre-emption rights have been granted to Nordex Group senior managers and experts in a first tranche.

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:

Syndicated guarantee facility for EUR 1,410 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).

Promissory note for EUR 25.5 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).

EUR 44.5 million shareholder loan from Acciona S.A.

This shareholder loan entitles the borrower to demand immediate repayment of the loan plus accrued interest in the event of a change of control. Such a change of control would arise in the event that a person or a group of persons acting in concert gain direct or indirect control over 30% or more of the issued shares or voting rights of Nordex SE.

CORPORATE GOVERNANCE STATEMENT OF 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.

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*. As a purely precautionary measure, Nordex SE declared deviations from Articles C.7 and C.10 of the German Corporate Governance Code (GCGC) 2020 regarding the potential lack of independence of the Supervisory Board's Chairman Prof. Dr. Wolfgang Ziebart and the Audit Committee's Chairman Martin Rey in relation to the newly introduced Article C.7 (2) (last indent) GCGC 2020 in its most recent declaration of conformity dated 30 November 2021. According to Article C.7 GCGC 2020, a Supervisory Board membership lasting more than 12 years is indicative of a lack of independence. Nordex SE revised this assessment when preparing the current corporate governance statement for the reasons provided in the corporate governance statement under Article 3 in the paragraph about the composition of the Management Board and Supervisory Board in accordance with Article C.8 GCGC 2020. The updated declaration of conformity dated 23 March 2022 is reproduced as follows:

Compliance Declaration by the Management Board and the Supervisory Board of Nordex SE pursuant to Section 161 of the German Stock Corporation Act

The Management Board and Supervisory Board of Nordex SE have updated their Compliance Declaration for 2021 dated 30 November 2021 and hereby declare as follows:

Since the last Compliance Declaration dated 20 November 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 (Bundesanzeiger) in its version as of 16 December 2019 (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. 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 until 2025 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.

Hamburg, 23 March 2022
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 or 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 reviews, 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 refining the Group's compliance management system by introducing central compliance experts and further expanding decentralized aspect of compliance organization by adding local compliance contacts in each country. The Group reached additional milestones by introducing two further compliance training courses, improving the integration of business partner checks for customers, suppliers and subcontractors in existing processes, and updating the Group-wide whistleblower system.

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. Sustainability management within Nordex is assigned to the central organizational unit Quality, Health, Safety & Environment (QHSE), which reports directly to the Management Board. Detailed information on the underlying sustainability strategy of Nordex SE can be found in the 2021 Sustainability Report published in March 2022 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 changes were made to the organization of the Management Board during the 2021 reporting year after Dr. Ilya Hartmann joined the Management Board on 1 January 2021 and Mr. Christoph Burkhard stepped down effective 28 February 2021.

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 Division International and Division Europe, Sourcing, Blades, Nacelles, Engineering, India and Operations Planning, as well as Quality, Health, Safety & Environment (QHSE), Technology Management & Sustainability, Special Projects, Engineering, Product Strategy & Sales Support, Development & Strategy, Procurement & Construction (PM/EPC), People & Culture, Service and Compliance & Security.

The Chief Financial Officer (CFO) is responsible for Finance Operations, Communication, IT, Investor Relations, Finance & Treasury, Legal & Insurance, Tax & Customs, Global Planning, Internal Audit and Accounting & Controlling.

The Chief Sales Officer (CSO) is responsible for the customer-facing areas of Key Account Management, Project Development and Global Sales, and for Public Affairs.

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 and 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 comprised Jan Klatten (chairman), Prof. Dr. Wolfgang Ziebart, Rafael Mateo (until 25 June 2021) and Ms. María Cordón (since 7 September 2021). It is responsible for technical and strategic matters of relevance for the Nordex Group.

Independence of the Chairman of the Supervisory Board and the Chairman of the Audit Committee

Although Prof. Dr. Ziebart and Mr. Martin Rey have been members of the Supervisory Board for more than 12 years, the Management Board and Supervisory Board consider them to be independent from the Company and the Management

Board, as they do not have any personal or professional relationships with members of the Management Board or with the majority shareholder and its committee members (Article C.8 GCGC 2020) despite being long-serving Supervisory Board members. Specifically, this is due to the following factors, among others:

- Although they had been proposed for election to the Supervisory Board by shareholder groups that had long been departed or greatly reduced in number, Prof. Dr. Ziebart and Mr. Martin Rey both were repeatedly proposed for re-election to the Supervisory Board. Firstly, this demonstrates that the composition of the Supervisory Board has always been determined irrespective of close personal relationships with specific shareholder groups and was repeatedly approved by the shareholders.

- In addition, their remuneration as Supervisory Board members does not form a sufficiently material part of their total income that it would be likely to justify a dependency.

- In light of past changes to the Management Board and the relatively brief terms of office of the current Management Board members between 2016 and 2021, the longer terms of office of the two Supervisory Board members do not suggest any particularly close relationships with Management Board members who have been in their posts for a shorter period of time.

- There have also been regular changes to the Supervisory Board, thus eliminating the risk of any particularly close relationships between its members.

After review and careful consideration, the Management Board and Supervisory Board therefore come to the conclusion overall that Prof. Dr. Ziebart and Martin Rey are independent of the Company and the Management Board, irrespective of their long-standing membership of the Supervisory Board.

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 met or exceeded 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 18% (17% in 2020). 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 the German entities of the Nordex Group at 15% (previously 21%) to be achieved by 31 December 2025. The share of women in the first two management levels was 13% in the reporting year (11% in 2020).

5. Description of the diversity policy for the Management 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)

In view of various regulations and recommendations regarding the composition of the Supervisory Board, the Supervisory Board agreed the following requirements profile for its composition on 20 November 2020. As well as addressing the fundamental statutory requirements and recommendations of the version of the German Corporate Governance Code (GCGC) adopted on 16 December 2019 and officially published on 20 March 2020 regarding the composition of Supervisory Boards, this requirements profile includes composition targets, the skills profile for the overall Supervisory Board as set out in Article C.1 GCGC, and the diversity policy for the Supervisory Board in accordance with Section 289f (2) No. 6 of the German Commercial Code (HGB) together with Article 61 of the SE Regulation (SE-VO):

Objectives

The Supervisory Board strives for a composition that allows it to supervise and advise the Management Board in a qualified way at all times. The Supervisory Board believes that diversity aspects, in addition to professional and personal requirements, play an important role in enabling it to work effectively and thus support the sustainable development of the Company. Having different personalities, experiences and knowledge prevents groupthink, allows for all-encompassing perspectives and enriches the work of the Supervisory Board. With this in mind, the following objectives serve as guidelines for long-term succession planning and selecting suitable candidates, and create transparency with regard to important assessment criteria.

Requirements for individual members

(i) General requirements

Based on their personal and professional skills and experience, each Supervisory Board should be able to perform the role of a Supervisory Board member within a global listed company and maintain the Nordex Group's public reputation. In view of this, every Supervisory Board member must meet the following requirements:

- Sufficient expertise, i.e. the ability to carry out the work typically associated with the Supervisory Board;
- Commitment, integrity and personality;
- General understanding of Nordex SE's business, including its market environment and customer requirements;
- Experience of leading companies, associations or networks;
- Compliance with mandate limits in accordance with Section 100 of the German Stock Corporation Act (AktG) together with Article 47 (2) Letter a) SE-VO, and in accordance with Articles C.4 and C.5 GCGC.

(ii) Availability

Every Supervisory Board member must ensure that they can devote the time required to properly fulfill their Supervisory Board mandate. In particular, they must bear in mind that there are at least four Supervisory Board meetings each year, each of which requires adequate preparation, particularly in the case of reviewing the annual and consolidated financial statements. Additional time is required to prepare for and participate in committee meetings, depending on the number of standing committee memberships each Supervisory Board member holds. Finally, the Supervisory Board and its committees may be required to hold additional extraordinary meetings to address special issues.

Requirements and objectives for the overall Supervisory Board

With regard to the composition of the overall body, and in the interest of diversity, the Supervisory Board strives for a composition in which its members' personal and professional backgrounds, experience and specialist knowledge complement each other so that the overall body can draw from the broadest possible spectrum of experience and expertise.

(i) General requirements
The Supervisory Board of Nordex SE must always be composed in such a way that its members have the collective knowledge, skills and professional experience required to perform the role of the Supervisory Board. In addition, members of the Supervisory Board must be collectively familiar with the renewable energy sector, ideally the wind energy industry. At least one member of the Supervisory Board must possess expertise in the areas of accounting or auditing.

(ii) Specific knowledge and experience
The Supervisory Board of Nordex SE as a whole should cover all areas of expertise required to effectively carry out its role. In particular, and in line with the Company's business model, this includes in-depth knowledge and experience in the following areas:

- Leading and monitoring a large international group, including the development and implementation of corporate strategies in particular,
- Mechanical and plant engineering, including industrial production and research and development,
- Sales, service and marketing of machinery and equipment,
- Bookkeeping, accounting, controlling and risk management,
- Human resources, particularly staff planning, management and development,
- Law, compliance, corporate governance.

The Supervisory Board strives for a composition in which at least one member can act as a qualified point of contact for each of the aforementioned areas.

(iii) Independence and conflicts of interest
Taking into account Nordex SE's specific situation and ownership structure, the Supervisory Board should include at least one independent member in accordance with Article C.6 GCGC. At least one Supervisory Board member should be independent from the controlling shareholder. Where individual conflicts of interest arise, every Supervisory Board member should disclose them to the Chairman of the Supervisory Board without undue delay. The Supervisory Board should report any conflicts of interest that have occurred in its report to the Annual General Meeting and provide information on how these were addressed. Material and non-temporary conflicts of interest on the part of a member of the Supervisory Board shall result in the termination of their post. The Supervisory Board shall not include more than two former members of the Management Board. Members of the Supervisory Board shall not hold any executive or advisory roles with the Company's significant competitors and shall not have a personal relationship with a significant competitor.

(iv) Diversity
The Supervisory Board of Nordex SE has set its target for the share of men and women on the Supervisory Board to 16.67% in both cases. Among other things, the diversity of the Supervisory Board is also reflected in the individual professional backgrounds and fields of activity of its members as well as their differing spheres of experience (e.g. sector experience). In this regard and in the interests of diversity, the Supervisory Board strives for a composition in which its members' backgrounds, experience and specialist knowledge complement each other, and also strives to ensure that some of its members have international experience. Against this background, the Supervisory Board considers the following diversity criteria for its composition:

- 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.
- At least one member is under 60 years of age.

The Supervisory Board nominations presented to the Annual General Meeting should take this requirements profile into account while at the same time striving to meet the skills profile for the Supervisory Board as a whole.

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

- 33% 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.
- Two members are under 60 years old.

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 2021 financial year, the Management Board and Supervisory Board fulfilled the diversity concept outlined here.

Further corporate governance report

Remuneration system and benefits for Management Board members

On 19 March 2021, the Supervisory Board agreed a Management Board remuneration system that corresponds with the requirements for Management Board remuneration modified by the German Act Transposing the Second Shareholder Rights Directive (ARUG II) and the version of the GCGC dated 16 December 2019. The remuneration system was approved by the 2021 Annual General Meeting by a majority of 99.37%.

The remuneration report is located in the section of the same name in this Annual Report in accordance with Section 162 AktG. The remuneration report, including the auditor's report, the applicable remuneration system and the most recent Annual General Meeting resolution concerning remuneration are made publicly available on the Nordex website at *http://ir.nordex-online.com/websites/Nordex/English/6000/corporate-governance.html*. Details of the new remuneration system can also be found in the invitation to the 2021 Annual General Meeting.

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, 23 March 2022

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 2021 financial year

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As of 31 December 2021

ASSETS

EUR thousand	Note	31.12.2021	31.12.2020
Cash and cash equivalents	(1)	784,440	778,357
Trade receivables	(2)	162,530	121,805
Contract assets from projects	(3)	536,526	531,531
Current contract assets from services	(4)	7,327	5,712
Inventories	(5)	722,487	1,202,207
Income tax receivables	(6)	15,293	14,626
Other current financial assets	(7)	61,029	47,212
Other current non-financial assets	(8)	209,918	182,986
Current assets		**2,499,550**	**2,884,436**
Property, plant and equipment	(9)	506,958	454,159
Goodwill	(10)	547,758	547,758
Capitalized development expenses	(11)	163,551	166,677
Prepayments made	(12)	32	1,706
Other intangible assets	(13)	16,626	18,240
Investments	(14)	3,512	3,571
Investments in associates	(15)	6,398	6,087
Non-current contract assets from services	(4)	32,171	22,718
Other non-current financial assets	(16)	16,283	8,589
Other non-current non-financial assets	(17)	13,444	45,858
Deferred tax assets	(18)	301,347	250,251
Non-current assets		**1,608,080**	**1,525,614**
Assets		**4,107,630**	**4,410,050**

EQUITY AND LIABILITIES

EUR thousand	Note	31.12.2021	31.12.2020
Current liabilities to banks	(19)	6,564	482,439
Trade payables	(20)	1,032,600	1,095,563
Contract liabilities from projects	(3)	945,128	1,053,068
Current contract liabilities from services	(4)	29,391	28,187
Income tax payables	(6)	22,121	8,970
Other current provisions	(21)	108,378	125,298
Other current financial liabilities	(22)	48,406	43,850
Other current non-financial liabilities	(23)	136,966	146,322
Current liabilities		**2,329,554**	**2,983,697**
Non-current liabilities to banks	(19)	25,500	53,625
Non-current contract liabilities from services	(4)	130,924	126,206
Pensions and similar obligations	(24)	2,523	2,425
Other non-current provisions	(21)	28,807	22,107
Other non-current financial liabilities	(25)	428,335	358,675
Other non-current non-financial liabilities	(26)	2,692	2,856
Deferred tax liabilities	(18)	96,900	86,926
Non-current liabilities		**715,681**	**652,820**
Subscribed capital		160,021	117,349
Capital reserves		1,236,071	795,698
Other retained earnings		–11,087	50,976
Cash flow hedge reserve		2,415	9,341
Reserve for cash flow hedge costs		529	265
Foreign currency adjustment item		–113,719	–65,531
Consolidated net profit/loss carried forward		–211,835	–134,565
Consolidated net profit/loss		0	0
Share in equity attributable to shareholders of the parent		1,062,395	773,533
Equity	(27)	**1,062,395**	**773,533**
Equity and liabilities		**4,107,630**	**4,410,050**

CONSOLIDATED INCOME STATEMENT

For the period from 1 January to 31 December 2021

EUR thousand	Note	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Sales	(29)	5,443,950	4,650,740
Changes in inventories and other own work capitalized	(30)	–392,229	–305,258
Gross revenue		**5,051,721**	**4,345,482**
Cost of materials	(31)	–4,224,759	–3,798,120
Gross profit		**826,962**	**547,362**
Other operating income	(32)	113,286	451,410
Other operating expenses	(33)	–413,860	–470,820
Staff costs	(34)	–473,716	–433,999
Structural costs		**–774,290**	**–453,409**
EBITDA		**52,672**	**93,953**
Depreciation/amortization	(35)	–159,999	–155,794
EBIT		**–107,327**	**–61,841**
Profit/loss from equity-accounting method		311	6,006
Impairment of investments		0	–421
Other interest and similar income		6,022	4,419
Interest and similar expenses		–122,743	–98,434
Financial result	(36)	**–116,410**	**–88,430**
Net profit/loss from ordinary activities		**–223,737**	**–150,271**
Income tax	(37)	–6,419	20,566
Consolidated net loss		**–230,156**	**–129,705**
Of which attributable to			
shareholders of the parent		–230,156	–129,705
Earnings per share (in EUR)	(38)		
Basic [1]		–1.68	–1.21
Diluted [2]		–1.68	–1.21

[1] based on a weighted average of 137.224 million shares (previous year: 107.584 million shares)
[2] based on a weighted average of 137.224 million shares (previous year: 107.584 million shares)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the period from 1 January to 31 December 2021

EUR thousand	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
Consolidated net loss	**–230,156**	**–129,705**
Other comprehensive income		
Items that may be reclassified to profit or loss		
Foreign currency translation difference	–48,188	–49,927
Cash flow hedges	–10,185	10,309
Deferred taxes	3,259	–3,299
Cash flow hedge costs	388	1,988
Deferred taxes	–124	–636
Items that will not be reclassified to profit or loss		
Remeasurement of defined benefit plans	21	–57
Deferred taxes	–7	18
Consolidated comprehensive income	**–284,992**	**–171,309**
Of which attributable to		
shareholders of the parent	–284,992	–171,309

CONSOLIDATED CASH FLOW STATEMENT

For the period from 1 January to 31 December 2021

	EUR thousand	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
	Operating activities		
	Consolidated net loss	–230,156	–129,705
+	Depreciation/amortization of non-current assets	159,999	156,215
=	**Consolidated net loss plus depreciation/amortization**	**–70,157**	**26,510**
+	Decrease in inventories	479,720	197,141
–/+	Increase/decrease in trade receivables	–40,725	6,265
–	Increase in contract assets from projects	–4,995	–313,984
–/+	Decrease/increase in trade payables	–62,963	127,097
–	Decrease in contract liabilities from projects	–107,940	–22,626
=	**Payments received/made from changes in working capital**	**263,097**	**–6,107**
–	Increase in other assets not attributed to investing or financing activities	–77,265	–23,050
+	Increase in pensions and similar obligations	98	51
–/+	Decrease/increase in other provisions	–10,220	31,409
–/+	Decrease/increase in other liabilities not attributed to investing or financing activities	–24,272	33,345
+/–	Loss/gain from the disposal of non-current assets	374	–363,741
–	Other interest and similar income	–6,022	–4,419
+	Interest received	2,240	1,497
+	Interest and similar expenses	122,743	98,434
–	Interest paid	–102,731	–102,064
+/–	Income tax	6,419	–20,566
–	Taxes paid	–8,262	–34,613
+	Other non-cash expenses	31,520	11,117
=	**Payments made for other operating activities**	**–65,378**	**–372,600**
=	**Cash flow from operating activities**	**127,562**	**–352,197**

	EUR thousand	01.01.2021 – 31.12.2021	01.01.2020 – 31.12.2020
	Investing activities		
+	Payments received from the disposal of property, plant and equipment/intangible assets	17,448	385,455
–	Payments made for investments in property, plant and equipment/intangible assets	–169,655	–163,860
+	Payments received from the disposal of long-term financial assets	1,511	11,364
–	Payments made for investments in long-term financial assets	–2,364	–2,073
+	Payments received from investment grants	967	936
=	**Cash flow from investing activities**	**–152,093**	**231,822**
	Financing activities		
+	Payments received from capital increases	371,335	198,566
+	Bank loans received	3,950	350,611
–	Bank loans repaid	–505,625	–127,654
+	Payments received from the issue of bonds	0	3,808
–	Cash repayments of bonds	–119	–3
+	Shareholder loan received	215,000	0
–	Lease liabilities repaid	–22,201	–19,532
=	**Cash flow from financing activities**	**62,340**	**405,796**
	Net change in cash and cash equivalents	**37,809**	**285,421**
+	Cash and cash equivalents at the beginning of the period	778,357	509,998
+	Cash and cash equivalents from expanding the basis of consolidation		156
–	Exchange rate-induced change in cash and cash equivalents	–31,726	–17,218
=	**Cash and cash equivalents at the end of the period (according to statement of financial position)**	**784,440**	**778,357**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the period from 1 January to 31 December 2021

EUR thousand	Subscribed capital	Capital reserves	Other retained earnings
01.01.2021	**117,349**	**795,698**	**50,976**
Capital increase			
Additions from capital increase	42,672	543,474	0
Costs from capital increase	0	−18,231	0
Income tax	0	5,834	0
Employee stock option program	0	105	0
Consolidated comprehensive income	0	0	14
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	21
Deferred taxes	0	0	−7
Allocation of profit or loss	0	−90,809	−62,077
31.12.2021	**160,021**	**1,236,071**	**−11,087**

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
9,341	**265**	**−65,531**	**−134,565**	**0**	**773,533**	**773,533**
0	0	0	0	0	586,146	586,146
0	0	0	0	0	−18,231	−18,231
0	0	0	0	0	5,834	5,834
0	0	0	0	0	105	105
−6,926	264	−48,188	0	−230,156	−284,992	−284,992
0	0	0	0	−230,156	−230,156	−230,156
0	0	−48,188	0	0	−48,188	−48,188
−10,185	0	0	0	0	−10,185	−10,185
3,259	0	0	0	0	3,259	3,259
0	388	0	0	0	388	388
0	−124	0	0	0	−124	−124
0	0	0	0	0	21	21
0	0	0	0	0	−7	−7
0	0	0	−77,270	230,156	0	0
2,415	**529**	**−113,719**	**−211,835**	**0**	**1,062,395**	**1,062,395**

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**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year from 1 January until 31 December 2021

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

for the year from 1 January until 31 December 2021

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 at Erich-Schlesinger-Straße 50, 18059 Rostock, Germany. However, the Company's head office is located at Langenhorner Chaussee 600, 22419 Hamburg, Germany. It is listed in the Commercial Register of Rostock Local Court under number HRB 11500.

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 2021 stands at EUR 160,021,035 (31 December 2020: EUR 117,348,759) and is divided into 160,021,035 (31 December 2020: 117,348,759) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1.

The Nordex Group successfully remained on its growth trajectory in 2021, despite the adverse market conditions associated with the COVID-19 pandemic and significant disruption to global supply chains. While the Company increased its consolidated sales during the period under review, its EBITDA of EUR 52,672 thousand (2020: EUR 93,953 thousand) was adversely impacted by high costs for raw materials and shipping in particular, while the previous year received boost from the sale of the project development business.

The Nordex Group met its revised guidance for 2021, with consolidated sales rising considerably by 17.1% to EUR 5,443,950 thousand (2020: EUR 4,650,740 thousand). Although the EBITDA margin reached the expected level of 1.0%, it remained below the previous year's figure (2020: 2.0%). Due to the explosive rise in costs for raw materials and transport services, particularly at the end of the year, the Company was unable to improve its margins as originally planned in 2021. The working capital ratio as a percentage of consolidated sales was –10.2% at the end of 2021 (31 December 2020: –6.3%), well below the target level of less than –6%. Capital expenditure rose to EUR 168,687 thousand (31 December 2020: EUR 162,923 thousand), just below the expected volume of EUR 180 million.

The Group had an equity ratio of 25.9% as at the 2021 reporting date (31 December 2020: 17.5%). This significant improvement was primarily due to the capital increase in July 2021 and the repayment of borrowings. The Nordex Group's liquidity increased slightly to EUR 784,440 thousand as at the end of 2021 (31 December 2020: EUR 778,357 thousand). The Nordex Group scaled back its liabilities to such an extent in 2021 that it was able to establish a net liquidity position of EUR 423,749 thousand (31 December 2020: net debt of EUR 40,911 thousand). Free cash flow amounted to EUR –24,531 thousand (2020: EUR –120,375 thousand).

Sales in the Projects segment rose by 18.3% to EUR 4,986,744 thousand (2020: EUR 4,217,220 thousand), while sales in the Service segment grew by 7.0% to EUR 468,015 thousand (2020: EUR 437,615 thousand).

The Nordex Group expects consolidated sales to reach EUR 5.4 to 6.0 billion in the current year, with sales likely to be relatively evenly distributed across the year. The EBITDA margin is predicted to be within a range of 1.0% to 3.5%. Passing on cost increases and further increasing the share of projects using the Delta4000 platform will be essential for achieving the Company's margin improvement targets. The Management Board of the Nordex Group expects the market environment to remain challenging and for costs to remain under pressure, particularly as a result of the war in Ukraine. The Nordex Group is aiming for a working capital ratio in relation to consolidated sales of below –7% by the end of 2022. Capital expenditures – particularly in optimizing the supply chain, expanding global production, and product development – are estimated to reach EUR 180 million. The guidance for 2022 does not take into account any costs for restructuring in production and geopolitical events. Overall, the assumptions used for this guidance are subject to more uncertainty than usual. Nevertheless, the Nordex Group is on the right track and today confirms its strategic goal of achieving an EBITDA margin of 8% in the medium term.

Nordex SE's consolidated financial statements for 2021 were approved for publication in a resolution passed by the Management Board on 21 February 2022 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. Significant judgments relate in particular to the determination of the recoverable amount in goodwill impairment testing (section 10), the impairment testing of deferred tax assets (section 18), the cost estimates for warranty provisions (section 21), and revenue recognition using the cost-to-cost method and in the service business (section 27). 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 European Union. Therefore, all International Financial Reporting Standards and interpretations of the International Financial Reporting Interpretation Committee (IFRIC) binding for the 2021 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 2021 as a result of endorsement by the European Union

Standard/interpretation		Published by the IASB	Mandatory application stipulated by the IASB
IAS 39 [1]	Financial Instruments: Recognition and Measurement	27.8.2020	1.1.2021
IFRS 16 [1]	Leases	27.8.2020	1.1.2021
IFRS 4 [1]	Insurance Contracts	27.8.2020	1.1.2021
IFRS 7 [1]	Financial Instruments: Disclosure	27.8.2020	1.1.2021
IFRS 9 [1]	Financial Instruments	27.8.2020	1.1.2021

[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 2021 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	23.1.2020/15.7.2020	1.1.2023
IAS 12 [1]	Income tax	7.5.2021	1.1.2023
IAS 16 [1]	Property, plant and equipment	20.5.2020	1.1.2022
IAS 37 [2]	Provisions, contingent liabilities and contingent assets	14.5.2020	1.1.2022
IFRS 3 [1]	Business Combinations	14.5.2020	1.1.2022
IFRS 16 [1]	Leases	28.5.2020/27.8.2020/31.3.2021	1.4.2021
IFRS 17 [1]	Insurance Contracts	18.5.2017/25.6.2020	1.1.2023
Annual improvements to IFRSs, 2018 to 2020 cycle [1]		14.5.2020	1.1.2022

[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 12 (31 December 2020: 15) domestic and 54 (31 December 2020: 50) non-domestic companies:

Name	Share in capital/voting rights 31.12.2021 %	31.12.2020 %
Nordex SE, Rostock (Group parent)	n/a	n/a
Alfresco Renewable Energy Private Limited, Bangalore/India	100.0	100.0
Component Purchasing Company LLC, Dover/USA	0.0	100.0
Component Purchasing Company II LLC, Dover/USA	100.0	100.0
Component Purchasing Company III LLC, Dover/USA	100.0	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 Energías 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 SRL, Rochefort/Belgium [1]	100.0	100.0
Nordex Beteiligungen GmbH, Hamburg	100.0	100.0
Nordex Blade Technology Centre ApS, Kirkeby/Denmark	100.0	100.0
Nordex Blades Spain S.A.U., 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 – Comércio e Indústria de Equipamentos Ltda., Sao Paulo/Brazil	100.0	100.0
Nordex Energy Chile S.A., Santiago/Chile	100.0	100.0
Nordex Energy Colombia S.A.S., Bogota/Columbia	100.0	100.0
Nordex Energy Ibérica 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	100.0	100.0
Nordex Energy South Africa RF (Pty.) Ltd., Cape Town/South Africa	100.0	100.0
Nordex Energy Spain S.A.U., Barasoain/Spain	100.0	100.0
NordexEnergy 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	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 Germany GmbH, Hamburg	100.0	0.0
Nordex Grundstücksverwaltung GmbH, Hamburg	100.0	100.0

[1] formerly Nordex Belgium GmbH, Hamburg

Name	Share in capital/voting rights 31.12.2021 %	31.12.2020 %
Nordex Hellas Monoprosopi EPE, Athens/Greece	100.0	100.0
Nordex India Manufacturing Private Limited, Bangalore/India	100.0	100.0
Nordex India Private Limited, Bangalore/India	100.0	100.0
Nordex International GmbH, Hamburg [2]	100.0	100.0
Nordex Italia S.r.l., Rome/Italy	100.0	100.0
Nordex Netherlands B.V., Zwolle/Netherlands [3]	100.0	100.0
Nordex Norway AS, Oslo/Norway [4]	100.0	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, Unipessoal Lda., Porto/Portugal [5]	100.0	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 USA Inc., Chicago/United States	100.0	100.0
Nordex USA 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
San Marcos Colon Holding Inc., Chicago/USA [6]	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
UAB Nordex Lithuania, Vilnius/Lithuania [7]	100.0	100.0

[2] formerly Nordex Energy B.V., Rotterdam/Netherlands
[3] formerly Nordex Netherlands GmbH, Hamburg
[4] formerly Nordex Norway GmbH, Hamburg
[5] formerly Nordex Portugal GmbH, Hamburg
[6] Initial consolidation on 1 January 2021
[7] formerly Nordex Lithuania GmbH, Hamburg

The number of initial consolidations and deconsolidations is the same as in previous years. 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 9,027,337 thousand (31 December 2020: EUR 5,994,967 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 3,412,575 thousand (31 December 2020: EUR 2,151,253 thousand) were eliminated.

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

Corporate tax and trade tax groups have been established between Nordex SE and Nordex Germany GmbH, Nordex Grundstücksverwaltung GmbH, Nordex International 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 Energías Renovables S.L., Nordex Blades Spain S.A., Nordex Energy Ibérica S.A., Nordex Energy Internacional S.L., Nordex Energy Spain S.A.U. and Nordex Towers Spain S.L., and between Nordex USA Inc. and 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 Energy SE & Co. KG, Nordex Forum II GmbH & Co. KG, Nordex Forum II Verwaltungs GmbH, Nordex Germany GmbH, Nordex Grundstücksverwaltung GmbH and Nordex Windpark Beteiligung GmbH.

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 through other comprehensive income 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:

Exchange rates EUR 1.00 equals	Average exchange rates for the financial year 2021	2020	Closing rates as at 31.12. 2021	2020
AUD	1.5744	1.6537	1.5615	1.5896
BRL	6.3730	5.8089	6.3101	6.3735
CLP	896.0507	902.4117	964.3202	872.5242
GBP	0.8598	0.8885	0.8403	0.8990
HRK	7.5291	7.5380	7.5156	7.5519
INR	87.4587	84.4338	84.2290	89.6604
MXN	23.9831	24.3497	23.1438	24.4160
NOK	10.1592	10.7063	9.9888	10.4703
PLN	4.5636	4.4409	4.5969	4.5597
SEK	10.1434	10.4831	10.2503	10.0343
TRY	10.2279	7.9121	15.2346	9.1133
USD	1.1828	1.1396	1.1326	1.2271
ZAR	17.4678	18.6602	18.0636	18.0213

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 (general approach). On the other hand, IFRS 9 also permits the use of a simplified impairment model (simplified approach) for trade receivables, contract assets and lease receivables.

This simplified impairment model is used within the Nordex Group. The lifetime expected credit loss is taken into consideration for this purpose, without any prior assessment of whether the credit risk has significantly increased since the date of addition. Nordex uses an impairment table to calculate the expected credit loss. The expected credit loss is determined by means of a flat-rate percentage which depends on the duration of the past-due period. Specific valuation allowances already recognized will not be once again taken into consideration in determining the expected credit loss.

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, variable lease payments and leases of intangible assets have been exercised.

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, other operating expenses, depreciation and amortization, and the financial result.

SHARE-BASED PAYMENT PROGRAMS

Employee stock option program

Within the scope of an employee loyalty scheme, Nordex SE in 2021 began to grant certain employees pre-emption rights free-of-change for shares of Nordex SE. Employees also have the option not to enroll in this program.

Each option granted confers an entitlement to purchase one no-par-value bearer share of Nordex SE. Overall, four tranches are to be issued under this program. They will be issued once a year within a period of 15 trading days on the Frankfurt Stock Exchange, beginning on the third trading day following publication of Nordex SE's third quarterly report. The first tranche was issued on 3 December 2021. Overall, up to the end of the term of this scheme a maximum of 3,500,000 options may be granted worldwide and for employees at all management and expert levels.

The term of these options will commence on the allocation date and end upon expiry of a period of six years. The last allocation took place in December 2024 so that the term for the overall program will end in December 2030.

The following terms must be fulfilled for the exercise of the options:

- Expiry of a waiting period of four years, starting as of the allocation date
- The share price upon exercise must be at least 15% higher than the share price as of the allocation date

The options may only be exercised during two periods in the Company's financial year: 30 trading days after the date of publication of its annual financial statements or half-yearly report. Following the exercise of the option, the option holders may act as they see fit with the shares which they receive.

	2021	
	Average exercise price of options	**Number of options**
Amount on 1.1.		n/a
Options issued	EUR 15.64	579,190
Options exercised	0	0
Options expired	0	0
Amount on 31.12.	**EUR 15.64**	**579,190**
Options vested and exercisable on 31.12.	**0**	**0**

First-tranche options not yet exercisable at the end of the period have the following expiration dates and exercise prices:

Issue date	Expiration date	Exercise price	Number of options on 31.12.2021	Number of options on 31.12.2020
03.12.2021	02.12.2027	EUR 15.64	579,190	n/a
			579,190	**n/a**

The overall contractual term for the options issued is 6 years. They may be first exercised after a period of 4 years, within specific exercise windows.

The total expense recognized in the period for the employee stock option program amounts to EUR 105 thousand.

The fair value of the options issued for the first tranche as of 3 December 2021 has been estimated using a Monte Carlo simulation. The simulation includes the need for a minimum 15% increase in the share price prior to the exercise of the option, by comparison with the exercise price. The following parameters have been used for the Monte Carlo simulation.

	31.12.2021
Share price on measurement date	EUR 14.84
Exercise price	EUR 15.64
Expected term	4 years
Expected volatility [1]	5.49%
Risk-free interest rate	–0.66%
Dividend	EUR 0

[1] The expected volatility has been shown based on the historical volatility of Nordex SE stock over the expected term.

If the target conditions are met, the employee stock option program is expected to be settled in shares. A cash settlement is not envisaged, but is possible in principle under the program terms.

Transformation Incentive Plan

Under the Transformation Incentive Plan, each Management Board member and selected executives were granted a one-off special bonus as of the end of the 2022 financial year based on targets related to consolidated EBITDA and consolidated free cash flow. This is intended to incentivize the achievement of the Company's strategic goals of sustained profitability and cash flow up to the end of the 2022 financial year. Under the Transformation Incentive Plan, the members of the Management Board and the selected executives will be issued an individual number of phantom shares (performance share units) subject to achievement of the defined targets.

This program has a two-year term and will end on 31 December 2022.

No expense has been recognized for this program in 2021, since the stipulated performance targets in order to achieve vested status will probably not be met.

If the target conditions are met and based on operational practice, the Transformation Incentive Plan for the Management Board is expected to be settled in cash and for the selected executives in shares.

Performance Share Units Plan

The long-term variable remuneration of the Management Board is structured as a Performance Share Units Plan based on phantom stock.

An individual target amount has been agreed with the members of the Management Board in respect of their long-term variable remuneration. This amount is converted into performance share units. To do so, the target amount is divided by the average closing price of Nordex shares on the last 20 trading days prior to the start of the performance period (initial number).

The performance criterion is a comparison of the performance of the relative total shareholder return (RTSR) of Nordex shares with the arithmetic mean of the performance of the DAX, MDAX and TecDAX benchmark indices. The level of target achievement is calculated over a three- or four-year performance period, starting on 1 January of the year of allocation.

A minimum of –50% and a maximum of +50% have been defined as the target range for the 2019–2021 tranche. An RTSR performance in line with the benchmark indices will represent a 100% target achievement level. If the benchmark indices are exceeded by 50% or more, this will represent a 200% target achievement level. If the trend for the Nordex RTSR lags behind the RTRS trend for the benchmark indices by 50% or more, this will represent a 50% level of target achievement. Intermediate values are subject to linear interpolation.

The final number of performance share units (ultimate number) is calculated by multiplying the initial number by the level of target achievement. This is multiplied by the average closing price of Nordex shares on the last 20 trading days prior to the end of the performance period to obtain the payout amount. The payout amount under the Performance Share Units Plan is capped at 300% of the individual target amount.

Each Management Board member is required to hold shares valued at no less than 33% of their payout after tax and social security contributions for a period of at least two years (one year in the case of Dr. Hartmann).

	1.1.2021 number	Number of PSUs issued	Number of PSUs exercised [1]	Number of PSUs expired	31.12.2021 number
2021 tranche	0	43,155	0	0	**43,155**
2020 tranche	74,015	0	0	13,409	**60,606**
2019 tranche [2]	89,498	0	107,000	2,988	**0**
	163,513	**43,155**	**107,000**	**16,397**	**103,761**

[1] The number of PSUs exercised has been reported in accordance with the achievement of the performance criterion.
[2] For the 2019 tranche, the opening balance cannot be reconciled to the closing balance because an adjustment has been made to the number of PSUs as of 31 December 2021, based on the achievement of the performance criteria targets.

	1.1.2020 number	Number of PSUs issued	Number of PSUs exercised [1]	Number of PSUs expired	31.12.2020 number
2020 tranche	0	74,015	0	0	**74,015**
2019 tranche	89,498	0	0	0	**89,498**
2018 tranche [2]	90,470	0	180,940	0	**0**
	179,968	**74,015**	**180,940**	**0**	**163,513**

[1] The number of PSUs exercised has been reported in accordance with the achievement of the performance criterion.
[2] For the 2018 tranche, the opening balance cannot be reconciled to the closing balance because an adjustment has been made to the number of PSUs as of 31 December 2020, based on the achievement of the performance criteria targets.

The total expense recognized in the period for the Performance Share Units Plan amounts to EUR 471 thousand (2020: EUR 2,813 thousand).

The carrying amount of the liabilities arising from the Performance Share Units Plan amounts to EUR 2,300 thousand (31 December 2020: EUR 4,079 thousand).

The payout amount of liabilities for which the counterparty's right to receive cash has vested is EUR 1,551 thousand (31 December 2020: EUR 2,250 thousand).

The fair value of the three-year Performance Share Units Plan issued on 1 January 2021 is EUR 22.11 and has been estimated using a Monte Carlo simulation. The following parameters have been used for the Monte Carlo simulation.

	1.1.2021
Share price on measurement date	EUR 22.16
Expected term	3 years
Expected volatility	54.19%
Risk-free interest rate	–0.72%
Dividend	EUR 0

During the 2021 financial year, the performance period for Dr. Ilya Hartmann was extended from three to four years on 5 May 2021.

The fair value of the previous three-year Performance Share Units Plan of this modification is EUR 21.04 and has been estimated in the Monte Carlo simulation based on the following parameters:

	5.5.2021
Share price on measurement date	EUR 21.50
Expected term	2.66 years
Expected volatility	54.43%
Risk-free interest rate	–0.72%
Dividend	EUR 0

The fair value of the current four-year Performance Share Units Plan after this modification is EUR 19.73 and has been estimated in the Monte Carlo simulation based on the following parameters:

	5.5.2021
Share price on measurement date	EUR 21.50
Expected term	3.66 years
Expected volatility	53.25%
Risk-free interest rate	–0.70%
Dividend	EUR 0

The long-term variable remuneration of the Management Board will be settled in cash if the target conditions are met.

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). Avoiding these risks is also being emphasized across projects, especially in the case of the US dollar.

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 2021, most forward exchange transactions were denominated in Chinese yuan, Indian rupee and Brazilian real. The notional repayment amounts for outstanding forward exchange transactions stand at EUR 230,658 thousand (31 December 2020: EUR 458,167 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:

2021	BRL EUR thousand	BRL EUR thousand	CNY EUR thousand	CNY EUR thousand	INR EUR thousand	USD EUR thousand
Nominal value due in 2022	98,243	39,119	166,223	89,734	62,041	56,113
Nominal value due in 2023	20,318	8,246	0	0	0	0
Nominal value due in 2024	0	0	0	0	0	0
Total	**118,561**	**47,365**	**166,223**	**89,734**	**62,041**	**56,113**
Base currency	EUR	USD	EUR	USD	USD	EUR
Average hedging rate	**6.94**	**6.00**	**7.81**	**6.57**	**76.08**	**1.13**

2020	BRL EUR thousand	CNY EUR thousand	USD EUR 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	**6.51**	**8.08**	**1.18**

The following results from the effectiveness test:

2021	Derivative assets EUR/BRL EUR thousand	EUR/CNY EUR thousand	EUR/USD EUR thousand	USD/BRL EUR thousand	USD/CNY EUR thousand	USD/INR EUR thousand	Derivative liabilities EUR/BRL EUR thousand	EUR/USD EUR thousand	USD/BRL EUR thousand
Nominal amount	15,793	166,223	51,284	2,630	78,936	54,575	102,768	4,828	39,035
Market value/ carrying amount	102	10,733	235	11	1,885	627	–5,569	–81	–2,296
Change in the value of the hedge to determine ineffectiveness	192	10,780	259	2	1,941	233	–5,936	–72	–2,528
Change in the value of the hedged item to determine ineffectiveness	–192	–10,794	–259	–2	–1,944	–233	6,099	72	2,576
Amount of cash flow hedge reserve for active cash flow hedges	–192	–10,780	337	–2	–1,941	–233	5,936	793	2,528
Amount of reserve for cash flow hedge costs for active cash flow hedges	90	46	24	–9	56	–394	–367	9	–232
Amount of cash flow hedge reserve for completed cash flow hedges	0	0	0	0	0	0	0	0	0
Amount of reserve for cash flow hedge costs for completed cash flow hedges	0	0	0	0	0	0	0	0	0

2020	Derivative assets EUR/CNY EUR thousand	Derivative assets EUR/USD EUR thousand	Derivative liabilities EUR/BRL EUR thousand	Derivative liabilities EUR/CNY EUR thousand
Nominal amount	82,016	303,642	40,991	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

The ineffective part of the cash flow hedges directly recognized in the income statement in other operating expenses amounts to EUR 0 thousand (2020: 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:

2021	+10% EUR thousand	–10% EUR thousand
EUR/USD	66,728	–54,596

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

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:

2021	+10% EUR thousand	−10% EUR thousand
EUR/AUD		
Net profit/loss	−511	513
Fair value	−511	513
EUR/BRL and USD/BRL		
Net profit/loss	−7,367	7,376
Fair value	−7,367	7,376
EUR/SEK		
Net profit/loss	1,176	−1,163
Fair value	1,176	−1,163
EUR/USD		
Net profit/loss	−24,547	24,613
Fair value	−24,547	24,613

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

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:

2021	+10% EUR thousand	−10% EUR thousand
EUR/BRL and USD/BRL		
Net profit/loss	0	−2
Fair value	−14,612	14,128
Hedge accounting reserve within equity, pre-tax	−14,611	14,126
Hedge accounting reserve within equity, post-tax	−9,936	9,906
EUR/CNY and USD/CNY		
Net profit/loss	0	0
Fair value	25,209	−23,503
Hedge accounting reserve within equity, pre-tax	25,209	−23,503
Hedge accounting reserve within equity, post-tax	17,142	−15,982
EUR/USD		
Net profit/loss	0	0
Fair value	−5,608	5,610
Hedge accounting reserve within equity, pre-tax	−5,608	5,610
Hedge accounting reserve within equity, post-tax	−3,813	3,815
USD/INR		
Net profit/loss	0	0
Fair value	6,001	−4,898
Hedge accounting reserve within equity, pre-tax	6,001	−4,898
Hedge accounting reserve within equity, post-tax	4,081	−3,331

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	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

Interest risk

Nordex SE has issued a promissory note that is also subject to variable interest. As of 31 December 2021, a variable tranche is still outstanding in the amount of EUR 6,500 thousand. The remaining tranches have fixed-rate agreements. A 1 percentage point increase of the 6M-Euribor would increase cumulative interest expense until maturity of the remaining floating-rate promissory note tranche by EUR 30 thousand (2020: EUR 62 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 3,498,378 thousand gross (31 December 2020: EUR 3,798,110 thousand) or by means of retained ownership rights of EUR 268,263 thousand (31 December 2020: EUR 261,009 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. These prepayments are mainly guaranteed by means of the syndicated multi-currency guarantee facility. Nordex was able to further reduce its liquidity risk by increasing and extending this credit facility.

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

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. The corporate bond has been certified as a green financial instrument. As at 31 December 2021, the liability including accrued costs and interest recognized under other financial liabilities amounted to EUR 280,387 thousand (31 December 2020: EUR 278,385 thousand).

Shareholder loan

In addition, Acciona S.A. granted Nordex SE a shareholder loan of EUR 232,200 thousand. The loan was paid out in two tranches of EUR 17,200 thousand in August 2020 and EUR 215,000 thousand in March 2021. In June 2021, EUR 196,580 thousand of this amount was contributed to a capital increase as a non-cash contribution. The loan runs until 30 April 2025 at an interest rate of 10.0%. As at 31 December 2021, the liability including accrued costs and interest recognized under other financial liabilities amounted to EUR 44,499 thousand (31 December 2020: EUR 953 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. After a further EUR 215,000 thousand was repaid in April 2021, the promissory note currently is comprised of tranches with original terms of seven and ten years, each subject to fixed or variable interest. Depending on the tranche, the interest rate is between 2.1% and 3.0%. The promissory note has been certified as a green financial instrument. As at 31 December 2021, the liability including accrued costs and interest recognized under liabilities to banks amounted to EUR 25,890 thousand (31 December 2020: EUR 242,443 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 2021, the liability including accrued costs and interest recognized under other financial liabilities amounted to EUR 3,741 thousand (31 December 2020: EUR 3,866 thousand).

Syndicated multi-currency guarantee facility

Nordex SE also has a syndicated multi-currency guarantee facility that runs until 9 April 2024 and has been increased from EUR 1,238,750 thousand to EUR 1,410,000 thousand in June 2021 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. In addition, it has been agreed that an amount of up to EUR 100,000 thousand from this top-up will also be made available in the form of guaranteed cash credit lines. As at 31 December 2021, EUR 1,155,995 thousand (31 December 2020: EUR 1,066,862 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 2021, the cash drawdowns on these facilities recognized under liabilities to banks amounted to EUR 6,174 thousand (31 December 2020: EUR 1,896 thousand).

Revolving credit facility

The revolving credit facility for EUR 350,000 thousand granted under the German federal government's loan guarantee program with the participation of the states of Mecklenburg-West Pomerania and Hamburg to protect the Nordex Group from the effects of the COVID-19 pandemic has been canceled in July 2021 as part of the combined capital increase and debt transaction (31 December 2020: EUR 250,743 thousand).

Research and development loan

The research and development loan was also repaid in July 2021 (31 December 2020: EUR 40,982 thousand).

The combined capital increase and debt transaction carried out in June 2021 will strengthen Nordex's capital structure in a single step. Furthermore, Nordex will not incur interest expenses due to the partial contribution of the shareholder loan by Acciona. The increase in the guarantee credit facility including an additional cash credit facility will support the growth trajectory by providing additional flexibility. This in turn will ensure a stable positioning of the business for lower-risk, profitable future growth.

The syndicated multi-currency guarantee facility is further subject to uniform and agreed financial covenants such as equity ratio, leverage and interest coverage, compliance with which referring to the previous reporting date has to be confirmed in quarterly reports to the respective financial institutions. The financial institutions may only terminate this multi-currency guarantee facility for good cause, such as non-compliance with the financial covenants mentioned above. In February 2022, Nordex successfully agreed an adjusted financial covenant concept with the financial institutions which includes liquid assets as a new additional financial covenant. As the new concept was applied as of December 31, 2021, there was no breach of the covenant terms after the reporting date. There were no defaults or delays in payment with regard to the cash drawings on the facility amounting to EUR 6,174 thousand.

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 1,062,395 thousand as at 31 December 2021 (31 December 2020: EUR 773,533 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 contract liabilities from projects:

EUR thousand	31.12.2021	31.12.2020
Trade receivables	162,530	121,805
Contract assets from projects	536,526	531,531
Inventories	722,487	1,202,207
Trade payables	–1,032,600	–1,095,563
Contract liabilities from projects	–945,128	–1,053,068
	–556,185	**–293,088**
Sales	5,443,950	4,650,740
Working capital ratio	–10.2%	–6.3%

GROUP SEGMENT REPORTING

The Nordex Group is essentially a single-product company. The Nordex Group's activities cover the development, production, marketing and servicing 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 Projects segment comprises the business with new wind turbines and wind farm development in the Nordex Development unit, while the Service segment includes all activities relating to the support of wind turbines after they have been commissioned (income and expenses which cannot be clearly allocated to the two segments are reported separately under not allocated). 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	2021	2020
Sales	4,986,744	4,217,220
Changes in inventories and other own work capitalized	−389,122	−285,611
Cost of materials	−3,982,506	−3,596,819
Other income and expenses	−568,221	−214,363
EBIT	46,895	120,427
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 10,766 thousand (2020: EUR 4,938 thousand) is attributable to the Projects segment and EUR 615 thousand (2020: EUR 1,266 thousand) to the Not-allocated segment.

Service		Not allocated		Consolidation [1]		Total	
2021	2020	2021	2020	2021	2020	2021	2020
468,015	437,615	572	2,109	–11,381	–6,204	5,443,950	4,650,740
–361	–3,309	–2,746	–16,338	0	0	–392,229	–305,258
–193,911	–199,438	–59,723	–8,067	11,381	6,204	–4,224,759	–3,798,120
–195,972	–165,621	–170,096	–229,219	0	0	–934,289	–609,203
77,771	69,247	–231,993	–251,515	0	0	–107,327	–61,841
0	0	6,022	4,419	0	0	6,022	4,419
0	0	–122,743	–98,434	0	0	–122,743	–98,434
0	0	311	5,585	0	0	311	5,585

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

	Non-current assets [1]		Sales	
EUR thousand	**31.12.2021**	**31.12.2020**	**2021**	**2020**
Europe [2]	536,692	544,087	3,524,692	2,456,531
Latin America	34,777	32,385	603,403	822,890
North America	18,832	17,511	1,020,356	1,017,050
Rest of world	96,866	46,799	295,499	354,269
	687,167	**640,782**	**5,443,950**	**4,650,740**

[1] Non-current assets include property, plant and equipment, capitalized development expenses, prepayments made on intangible assets and other intangible assets.
[2] of which non-current assets from Germany EUR 325,843 thousand (2020: EUR 309,619 thousand) and sales from Germany EUR 547,588 thousand (2020: EUR 321,056 thousand)

NOTES TO THE STATEMENT OF FINANCIAL POSITION

(1) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash in hand and sight deposits. Utilized current account overdrafts are netted with cash and cash equivalents. Deposits which are immediately callable are subject to variable interest rates.

Cash and cash equivalents amount to EUR 784,440 thousand (31 December 2020: EUR 778,357 thousand).

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 equals the fair value as in the previous year.

(2) TRADE RECEIVABLES

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.

Trade receivables amount to EUR 162,530 thousand (31 December 2020: EUR 121,805 thousand).

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

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

EUR thousand	2021	2020
Impairment as at 01.01.	19,759	16,055
Utilization	–9,326	–22
Reversals [1]	–3,726	–1,407
Additions [2]	4,143	5,133
Impairment as at 31.12.	**10,850**	**19,759**

[1] The reversal is shown in the income statement under other operating income.
[2] The addition is shown in the income statement under other operating expenses.

Impairments of trade receivables determined in accordance with the disclosures made in the section on financial instruments are as follows:

31.12.2021	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	
Trade receivables without credit risk (gross)	0	13,493	16,767	21,888	9,550	10,460	16,836	**88,994**
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**
Trade receivables without credit risk (net)	0	13,493	16,767	21,888	9,550	10,460	16,836	**88,994**
Trade receivables with credit risk (gross)	8,581	44,966	15,096	8,880	5,479	225	1,159	**84,386**
Expected loss rates	100.0%	0.1%	0.3%	2.5%	12.5%	50.0%	100.0%	**27.5%**
Impairment	8,581	45	45	222	685	113	1,159	**10,850**
Trade receivables with credit risk (net)	0	44,921	15,051	8,658	4,794	112	0	**73,536**

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	
Trade receivables without credit risk (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**
Trade receivables without credit risk (net)	0	37,746	8,798	8,527	6,458	3,315	4,782	**69,626**
Trade receivables with credit risk (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**
Trade receivables with credit risk (net)	0	31,019	13,648	4,776	1,242	1,494	0	**52,179**

In financial year 2021, unimpaired receivables amounting to EUR 0 thousand (2020: EUR 2,489 thousand) were derecognized.

Pursuant to IFRS 7 and IFRS 9, trade receivables are classified as financial assets measured at amortized cost. Amortized cost equals the fair value, as in the previous year.

As of the beginning of the financial year, the presentation has been changed for reasons of clarity. Contract assets from projects are now shown separately. The prior-year figures have been restated.

(3) CONTRACT ASSETS AND CONTRACT LIABILITIES FROM PROJECTS

Contract assets from projects include unfinished contracts whose revenues are recognized according to the percentage of completion in accordance with IFRS 15. The contract assets from projects are netted against contract liabilities from projects (prepayments received) on a per-project basis.

Contract assets and contract liabilities from projects changed as follows:

	Contract assets from projects		Contract liabilities from projects	
EUR thousand	**2021**	**2020**	**2021**	**2020**
Amount on 1.1.	531,531	217,547	1,053,068	1,075,694
Addition, new ongoing projects	1,725,392	2,240,152	1,493,389	1,946,000
Addition, existing ongoing projects	2,282,562	1,597,699	1,969,872	1,706,099
Change in the transaction price	–52,616	0	0	0
Disposal, invoiced projects	–3,341,142	–1,208,589	–2,962,000	–1,359,447
Offsetting of contract assets from projects and contract liabilities from projects	–609,201	–2,315,278	–609,201	–2,315,278
Amount on 31.12.	**536,526**	**531,531**	**945,128**	**1,053,068**

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, contract assets from projects are classified as financial assets measured at amortized cost. Amortized cost equals the fair value, as in the previous year.

(4) CONTRACT ASSETS AND CONTRACT LIABILITIES FROM SERVICES

The contract assets from services concern maintenance contracts where the percentage of completion exceeds the payments received. In contrast, the contract liabilities from services concern maintenance contracts where the payments received exceed the percentage of completion.

Contract assets and contract liabilities from services changed as follows:

	Contract assets from services		Contract liabilities from services	
EUR thousand	**2021**	**2020**	**2021**	**2020**
Amount on 1.1.	28,430	28,411	154,393	157,307
Addition, new service contracts	6,031	9,781	19,987	48,669
Addition to existing service contracts	11,232	5,551	15,057	13,628
Disposal of existing service contracts	–4,372	–13,787	–27,155	–61,069
Disposal of completed service contracts	–1,823	–1,526	–1,967	–4,142
Amount on 31.12.	**39,498**	**28,430**	**160,315**	**154,393**

Of the contract assets from services, EUR 7,327 thousand (31 December 2020: EUR 5,712 thousand) are current and EUR 32,171 thousand (31 December 2020: EUR 22,718 thousand) are non-current, while of the contract liabilities from services, EUR 29,391 thousand (31 December 2020: EUR 28,187 thousand) are current and EUR 130,924 thousand (31 December 2020: EUR 126,206 thousand) are non-current.

The expected loss ratio for contract assets from services corresponds to the ratio of 0.1% applicable to trade receivables with a credit risk that are not past due. For reasons of materiality, the impairments resulting from this in the amount of EUR 39 thousand (31 December 2020: EUR 28 thousand) have not been recognized, however.

(5) INVENTORIES

Historical cost is calculated using the average method. The production costs include production-related 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	31.12.2021	31.12.2020
Raw materials and supplies	394,597	434,937
Work in progress	258,795	684,699
Prepayments made	69,095	82,571
	722,487	**1,202,207**

Raw materials and supplies primarily comprise production and service material.

Work in progress mainly relates to wind power systems under construction from customer contracts where sales are recognized at a point in time using the milestone method. Their volume due for completion after 2022 is EUR 581 thousand (31 December 2020: EUR 1,740 thousand).

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

EUR thousand	2021	2020
Impairment as at 01.01.	30,687	37,718
Utilization	–3,493	–1,447
Reversals	–94	–8,934
Additions	3,167	3,350
Impairment as at 31.12.	**30,267**	**30,687**

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 19,707 thousand (31 December 2020: EUR 15,061 thousand).

(6) INCOME TAX RECEIVABLES AND PAYABLES

Income tax receivables of EUR 15,293 thousand (31 December 2020: EUR 14,626 thousand) mainly stem from Nordex Energy South Africa RF (Pty.) Ltd., Nordex Windpower S.A., and NX Energy Mexico S. de R.L. de C.V., whereas the income tax payable of EUR 22,121 thousand (31 December 2020: EUR 8,970 thousand) is mainly attributable to Nordex SE, die Nordex Polska Sp. z o.o. and Nordex Enerji A.S.

(7) OTHER CURRENT FINANCIAL ASSETS

Other current financial assets break down as follows:

EUR thousand	31.12.2021	31.12.2020
Creditors with debit accounts	21,920	6,606
Forward exchange transactions	15,739	16,999
Payments made to secure supplier capacity	10,250	4,643
Insurance and compensation claims	5,444	4,597
Other	7,676	14,367
	61,029	**47,212**

Impairments amount to EUR 70 thousand (31 December 2020: EUR 70 thousand).

Pursuant to IFRS 7 and IFRS 9, the balances not relating to forward exchange transactions 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 45,290 thousand (31 December 2020: EUR 30,213 thousand) equals 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 13,592 thousand (31 December 2020: EUR 13,157 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 2,147 thousand (31 December 2020: EUR 3,842 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.

(8) OTHER CURRENT NON-FINANCIAL ASSETS

Other current non-financial assets break down as follows:

EUR thousand	31.12.2021	31.12.2020
Tax assets	195,539	162,411
Prepaid expenses	12,427	19,127
Other	1,952	1,448
	209,918	**182,986**

The tax assets primarily concern current input tax assets of Nordex Energy Brasil – Comércio e Indústria de Equipamentos Ltda. in the amount of EUR 45,444 thousand (31 December 2020: EUR 24,799 thousand), of Nordex Energy SE & Co. KG in the amount of EUR 29,094 thousand (31 December 2020: EUR 6,375 thousand), of Nordex SE in the amount of EUR 25,060 thousand (31 December 2020: EUR 27,536 thousand), of Nordex India Private Limited in the amount of EUR 19,055 thousand (31 December 2020: EUR 16,718 thousand), of NX Energy Mexico S. de R.L. de C.V. in the amount of EUR 13,809 thousand (31 December 2020: EUR 6,841 thousand) and of Nordex Windpower S.A. in the amount of EUR 11,888 thousand (31 December 2020: EUR 10,035 thousand).

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

As of the beginning of the financial year, the presentation has been changed for reasons of clarity. Current contract assets from services are now shown separately. The prior-year figures have been restated.

(9) 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	31.12.2021	31.12.2020
Land and buildings	194,937	169,720
Technical equipment and machinery	183,291	171,668
Other fixtures and fittings, tools and equipment	90,083	83,155
Assets under construction	33,588	25,476
Prepayments made	5,059	4,140
	506,958	**454,159**

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

Additions and carrying amounts as 31 December 2021 and 1 January 2021 are as follows:

	31.12.2021		01.01.2021
EUR thousand	Additions	Carrying amount	Carrying amount
Land and buildings – lease assets	41,563	107,209	85,457
Other fixtures and fittings, tools and equipment – lease assets	10,856	13,213	12,372
	52,419	**120,422**	**97,829**

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 44,975 thousand as at 31 December 2021 (31 December 2020: EUR 35,905 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 2021.

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.

(10) 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 or if there is an indication of impairment, 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 2022 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% (2020: 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 9.09% (31 December 2020: 9.27%) for the Projects CGU and 9.37% (31 December 2020: 9.40%) 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 0.12% (31 December 2020: – 0.14%), a market risk premium of 7.50% (31 December 2020: 7.50%) and a beta factor of 1.30 (31 December 2020: 1.28). 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 2021 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.

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.

(11) 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 163,551 thousand (31 December 2020: EUR 166,677 thousand) were capitalized. In financial year 2021, development expenses of EUR 35,077 thousand were capitalized (2020: EUR 24,714 thousand), of which EUR 31,305 thousand (2020: EUR 18,175 thousand) concerns capitalized development expenses for which amortization has not yet begun. Additions comprise in particular the enhancement of the Generation Delta wind turbines. The additions include borrowing costs of EUR 1,400 thousand (31 December 2020: EUR 1,434 thousand) at a borrowing rate of 5.81% (31 December 2020: 4.52%). Additional development expenses of EUR 23,394 thousand also arising in 2021 (2020: EUR 22,962 thousand) did not meet the criteria for capitalization and were therefore recognized in profit or loss. The capitalization ratio therefore amounts to 59.99% (31 December 2020: 51.84%). The increase in the capitalization ratio is mainly the result of capitalization in product and software development and of hourly expenses.

(12) PREPAYMENTS MADE

Prepayments made are recognized at cost.

Prepayments made amount to EUR 32 thousand (31 December 2020: EUR 1,706 thousand).

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

As of the beginning of the financial year, the presentation has been changed for reasons of clarity. Other intangible assets are now shown separately. The prior-year figures have been restated.

(13) 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%

Other intangible assets amount to EUR 16,626 thousand (31 December 2020: EUR 18,240 thousand).

For a detailed overview of 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.

(14) INVESTMENTS

Investments include investments in affiliated non-consolidated companies and equity 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. Investments 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.

Investments break down as follows:

EUR thousand	31.12.2021	31.12.2020
Investments in affiliated non-consolidated companies	2,939	2,986
Equity investments	573	585
	3,512	**3,571**

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

EUR thousand	31.12.2021	31.12.2020
Project companies	2,914	2,961
Nordex Windpark Verwaltung GmbH, Hamburg	25	25
	2,939	**2,986**

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 2021 (2020: one) and one project company was sold (2020: 57). Impairment amounting to EUR 0 thousand (2020: EUR 3 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	31.12.2021	31.12.2020
Rose Windfarm AB, Stockholm/Sweden	559	571
Parc Eolien du Val Aux Moines, Paris/France	13	13
Eoliennes de la Vallee S.A.S., Amiens/France	1	1
Farma Wiatrowa Stogi Sp. z o.o., Kwidzyn/Poland	0	0
	573	**585**

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 2021.

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2021 attached to the notes to the consolidated financial statements.

Investments are classified on a voluntary basis in accordance with IFRS 7 and IRFS 9 as financial assets measured at fair value through other comprehensive income. 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.

(15) 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 not classified as material for the consolidated financial statements break down as follows:

EUR thousand	31.12.2021	31.12.2020
C&C Wind Sp. z o.o., Natolin/Poland	6,340	6,017
GN Renewable Investments S.a r.l., Luxembourg/Luxembourg	58	70
	6,398	**6,087**

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 share of the profit/loss of the non-listed associates:

EUR thousand	31.12.2021 [1]	31.12.2020 [2]
C&C Wind Sp. z o.o., Natolin/Poland	413	571
GN Renewable Investments S.a r.l., Luxembourg/Luxembourg	–12	–11
	401	**560**

[1] Preliminary annual financial statements as at 31 December 2021; the changes compared to the final annual financial statements as at 31 December 2021 will be posted in 2022
[2] Preliminary annual financial statements as at 31 December 2020; the changes compared to the final annual financial statements as at 31 December 2020 were posted in 2021

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2021 attached to the notes to the consolidated financial statements.

(16) OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets break down as follows:

EUR thousand	31.12.2021	31.12.2020
Receivables from non-consolidated affiliated companies and investments	7,422	6,567
Fixed-term deposits	6,690	0
Deposits	2,171	2,022
	16,283	**8,589**

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

Impairments amount to EUR 1,618 thousand (31 December 2020: EUR 141 thousand).

Pursuant to IFRS 7 and IFRS 9, the balances not relating to forward exchange transactions 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 16,283 thousand (31 December 2020: EUR 8,589 thousand) equals the fair value as in the previous year.

(17) OTHER NON-CURRENT NON-FINANCIAL ASSETS

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

EUR thousand	31.12.2021	31.12.2020
Prepaid expenses	11,762	16,227
Tax assets	1,682	29,631
	13,444	**45,858**

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

Tax assets concern input tax assets.

As of the beginning of the financial year, the presentation has been changed for reasons of clarity. Non-current contract assets from services are now shown separately. The prior-year figures have been restated.

(18) 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 is seven years (31 December 2020: 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 2021, a rounded tax rate of 32.00% (31 December 2020: 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	**31.12.2021**	**31.12.2020**	**31.12.2021**	**31.12.2020**
Contract assets from projects	0	0	136,114	65,751
Property, plant and equipment/intangible assets	5,025	7,168	65,896	68,852
Other assets	32,594	58,879	22,602	37,774
Provisions	21,483	24,040	3,730	10,019
Other liabilities	315,213	307,334	210,028	245,502
Unused tax losses and tax credits	268,502	193,802	0	0
	642,817	**591,223**	**438,370**	**427,898**
Netting	–341,470	–340,972	–341,470	–340,972
	301,347	**250,251**	**96,900**	**86,926**

The Management Board of Nordex SE currently estimates that of the existing corporate tax loss carryforwards of EUR 327,514 thousand (2020: EUR 311,042 thousand) and of the existing trade tax losses of EUR 291,695 thousand (2020: EUR 73,473 thousand) EUR 327,514 thousand (2020: EUR 311,042 thousand) and EUR 291,695 thousand (2020: EUR 73,473 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	31.12.2021	31.12.2020
Forfeitable in less than 1 year	17,930	11,136
Forfeitable within 2 to 5 years	101,588	59,103
Forfeitable within 6 to 9 years	88,455	48
Forfeitable in more than 9 years	48,755	8,363
Non-forfeitable	353,006	337,904
	609,734	**416,554**

Deferred tax assets of EUR 187,348 thousand (2020: EUR 80,425 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 27,649 thousand (2020: EUR 29,624 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 321,536 thousand (2020: EUR 227,003 thousand). Of the deferred tax liabilities, an amount of EUR 129,755 thousand (2020: EUR 206,288 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	2021	2020
Amount on 1.1.	163,325	126,347
Recognized in the income statement	26,534	54,872
Recognized in capital reserves [1]	5,834	0
Recognized in other comprehensive income	3,128	−3,917
Currency translation	5,626	−13,977
Amount on 31.12.	**204,447**	**163,325**

[1] In the context of the capital increase, pro rata taxes on the transaction costs have been recognized in capital reserves without affecting profit or loss.

(19) 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	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
31.12.2021	6,174	675	26,664	0	**33,513**
31.12.2020	259,616	224,647	49,715	6,692	**540,670**

Pursuant to IFRS 7 and IFRS 9, liabilities to banks are classified as financial liabilities measured at amortized cost. The fair value amounts to EUR 32,353 thousand (31 December 2020: EUR 534,788 thousand), of which EUR 6,845 thousand (31 December 2020: EUR 482,335 thousand) would be classified as current.

Maturity schedule

EUR thousand	Up to 3 months	3 to 12 months	Total
31.12.2021	1,032,600	0	**1,032,600**
31.12.2020	1,095,563	0	**1,095,563**

(20) 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 1,032,600 thousand (31 December 2020: EUR 1,095,563 thousand).

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 equals the fair value as in the previous year.

(21) 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	01.01.2021	Utilization	Reversals	Additions	31.12.2021
Warranties [1]	90,135	–33,335	–30,059	61,503	88,244
Others	57,270	–23,420	–9,822	24,913	48,941
	147,405	**–56,755**	**–39,881**	**86,416**	**137,185**

[1] The provisions reported in 2020 under individual guarantees and under warranties, service, maintenance are summarized under warranties in 2021 because they are very similar in nature.

The provisions for warranties predominantly cover risks arising from possible claims for damages in the service and project business. In principle, warranties are granted for a period of two years following the passing of ownership of the wind turbines, and in individual cases for a period of five years. The warranty provisions only include standard guarantees. Any service guarantees additionally purchased by customers are reflected in service contracts.

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

Other provisions comprise other non-current provisions of EUR 28,807 thousand (31 December 2020: EUR 22,107 thousand), which are expected to be utilized after the end of the 2022 financial year and of which in turn EUR 21,300 thousand (31 December 2020: EUR 16,073 thousand) relate to provisions for warranties. The amount derived from discounting the non-current provisions of EUR –40 thousand (2020: EUR 38 thousand) is reported within the additions.

(22) OTHER CURRENT FINANCIAL LIABILITIES

Other current financial liabilities break down as follows:

EUR thousand	31.12.2021	31.12.2020
Leases	22,467	18,104
Forward exchange transactions	8,358	2,804
Corporate bond	7,448	7,349
Guarantee commissions	5,710	10,008
Debtors with credit balances	356	2,511
Employee bond	56	61
Other	4,011	3,013
	48,406	**43,850**

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

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

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

EUR thousand	Up to 3 months	3 to 12 months	Total
31.12.2021	18,583	9,663	**28,246**
31.12.2020	23,292	10,309	**33,601**

Maturity schedule including interest on leases due in the future

EUR thousand	Up to 3 months	3 to 12 months	Total
31.12.2021	5,045	17,920	**22,965**
31.12.2020	4,834	13,659	**18,493**

Pursuant to IFRS 7 and IFRS 9, the balances not relating to forward exchange transactions reported under other current financial liabilities (and without leases not allocated to a measurement category) are classified as financial liabilities measured at amortized cost. Given the short residual terms to maturity, amortized cost amounting to EUR 17,581 thousand (31 December 2020: EUR 22,942 thousand) equals the fair value as in the previous year.

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 4,577 thousand (31 December 2020: EUR 786 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 3,780 thousand (31 December 2020: EUR 2,018 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.

(23) OTHER CURRENT NON-FINANCIAL LIABILITIES

Other current non-financial liabilities break down as follows:

EUR thousand	31.12.2021	31.12.2020
Accruals	68,647	60,807
Tax liabilities	59,775	77,523
Liabilities for social security	5,258	4,301
Other	3,286	3,691
	136,966	**146,322**

Accruals primarily comprise trailing project costs of EUR 46,840 thousand (31 December 2020: EUR 14,404 thousand) and liabilities in connection with staff of EUR 21,807 thousand (31 December 2020: EUR 42,211 thousand).

The tax liabilities mainly relate to VAT of EUR 46,685 thousand (31 December 2020: EUR 67,779 thousand).

As of the beginning of the financial year, the presentation has been changed for reasons of clarity. Contract liabilities from projects and current contract liabilities from services are now shown separately. The prior-year figures have been restated.

(24) 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	2021	2020
Obligation as at 1.1.	2,425	2,374
Current service cost	160	32
Interest expense	10	13
Retirement benefit payments	–51	–50
Actuarial gains/losses	–21	56
of which from changes in demographic assumptions	0	0
of which from changes in actuarial assumptions	–37	35
of which adjustments based on historical data	16	21
	2,523	**2,425**

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	2021	2020
Current service cost	160	32
Interest expense	10	13
	170	**45**

Other comprehensive income breaks down as follows:

EUR thousand	2021	2020
Actuarial gains/losses	–21	56
	–21	**56**

Annual retirement benefit payments of EUR 58 thousand (2020: EUR 52 thousand) are expected in future years.

The calculation is based on the following actuarial assumptions:

	2021	2020
Applied interest rate	1.18%	0.90%
Wage and salary trend	n/a	n/a
Pension trend	2.00%	2.00%

If the interest rate applied were +0.5 percentage points higher, the obligation would drop to EUR 2,461 thousand (31 December 2020: EUR 2,509 thousand). If the interest rate applied were –0.5 percentage points lower, the obligation would increase to EUR 2,591 thousand (31 December 2020: EUR 2,654 thousand).

The obligations have terms between 11 and 13 years (31 December 2020: between 12 and 13 years).

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

(25) OTHER NON-CURRENT FINANCIAL LIABILITIES

Other non-current financial liabilities break down as follows:

EUR thousand	31.12.2021	31.12.2020
Corporate bond	272,939	271,036
Leases	100,904	79,506
Shareholder loan	44,499	953
Employee bond	3,685	3,805
Loans	2,940	3,017
Forward exchange transactions	3,368	358
	428,335	**358,675**

More detailed information on the corporate bond, the shareholder loan and the employee bond 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 leases and forward exchange transactions)

EUR thousand	1 to 5 years	More than 5 years	Total
31.12.2021	346,199	2,633	**348,832**
31.12.2020	400,463	2,969	**403,432**

Maturity schedule including interest on leases due in the future

EUR thousand	1 to 5 years	More than 5 years	Total
31.12.2021	77,873	36,423	**114,296**
31.12.2020	50,638	40,138	**90,821**

Pursuant to IFRS 7 and IFRS 9, the balances not relating to forward exchange transactions reported under other non-current financial liabilities (and without leases not allocated to a measurement category) are classified as financial liabilities measured at amortized cost. The amortized cost amounts to EUR 324,063 thousand (31 December 2020: EUR 278,811 thousand). Based on the corporate bond's share price as at the reporting date, the fair value would be EUR 327,385 thousand (31 December 2020: EUR 302,880 thousand).

Pursuant to IFRS 7 and IFRS 9, the forward exchange transactions reported in other non-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 3,368 thousand (31 December 2020: EUR 358 thousand).

(26) OTHER NON-CURRENT NON-FINANCIAL LIABILITIES

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

EUR thousand	31.12.2021	31.12.2020
Tax liabilities	2,642	2,856
Other	50	0
	2,692	**2,856**

The tax liabilities concern liabilities to tax authorities in Brazil.

As of the beginning of the financial year, the presentation has been changed for reasons of clarity. Non-current contract liabilities from services are now shown separately. The prior-year figures have been restated.

(27) EQUITY

Equity breaks down as follows:

EUR thousand	31.12.2021	31.12.2020
Subscribed capital	160,021	117,349
Capital reserves	1,236,071	795,698
Other retained earnings	−11,087	50,976
Cash flow hedge reserve	2,415	9,341
Reserve for cash flow hedge costs	529	265
Foreign currency adjustment item	−113,719	−65,531
Consolidated net profit/loss carried forward	−211,835	−134,565
Consolidated net profit/loss [1]	0	0
Share in equity attributable to shareholders of the parent	1,062,395	773,533
	1,062,395	**773,533**

[1] Consolidated net profit/loss amounts to EUR 0 thousand due to the allocation to other retained earnings and the withdrawal from consolidated net profit/loss carried forward.

Subscribed capital amounts to EUR 160,021,035 (31 December 2020: EUR 117,348,759) and is divided into 160,021,035 (31 December 2020: 117,348,759) fully paid-up no-par-value shares, each with a notional share in capital of EUR 1. On 30 June 2021, the Management Board of Nordex SE, with the approval of the Company's Supervisory Board, adopted a resolution to implement a rights issue from authorized capital against cash contributions and a non-cash contribution from Acciona S.A. Of the 42,672,276 new shares, 98.2% were issued at a price of EUR 13.70 per share, The total gross transaction volume is EUR 586,146 thousand, consisting of cash proceeds of EUR 389,566 thousand before transaction costs and an equivalent value of EUR 196,580 thousand of the loan receivable from the shareholder loan contributed by Acciona S.A. Proceeds of EUR 543,474 thousand, which represents the amount exceeding the new shares' proportion of equity, have been allocated to the capital reserves after deduction of the transaction costs of EUR 18,231 thousand resulting due to the capital increase and taking into account deferred taxes. The capital reserves stand at EUR 1,236,071 thousand

(31 December 2020: EUR 795,698 thousand) and also contain additional premiums from capital increases amounting to EUR 761,695.

More detailed information on the employee stock options program bond is provided in the section on share-based payment programs.

The following table shows the changes in the cash flow hedge reserve before deferred taxes:

EUR thousand	31.12.2021	31.12.2020
Amount on 1.1.	13,737	3,428
Reclassifications through profit or loss due to realization of hedged items	−8,223	5,072
Reclassifications through profit or loss due to a basis adjustment	0	−2,268
Reclassifications through profit or loss due to a change in the expectation regarding the occurrence of hedged items	0	−260
Losses/gains from effective hedges	−1,962	7,765
Amount on 31.12.	**3,552**	**13,737**

The following table shows the changes in the reserve for cash flow hedge costs before deferred taxes:

EUR thousand	31.12.2021	31.12.2020
Amount on 1.1.	389	−1,599
Reclassifications through profit or loss due to realization of hedged items	77	1,390
Gains from effective hedges	312	598
Amount on 31.12.	**778**	**389**

Nordex SE's net loss for financial year 2021 determined in accordance with the German Commercial Code totaling EUR 158,860,395.43 (2020: net income of EUR 68,050,965.42 thousand) was compensated by a withdrawal from capital reserves in the amount of EUR 90,809,430.01, from legal reserves in the amount of EUR 3,402,548.00 and from other retained earnings in the amount of EUR 64,648,417.42. 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 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 when the annual financial statements for financial year 2020 were prepared. An amount of EUR 5,974,037.92 was allocated to other retained earnings as net retained profits for 2020 based on a corresponding resolution adopted by the Annual General Meeting on 5 May 2021.

Further details of the changes in the individual equity items can be found in the attached consolidated statement of changes in equity.

At 31 December 2021 the Company had no more Authorized Capital I (31 December 2020: EUR 15,522,041, equivalent to 15,522,041 shares) and no more Authorized Capital II (31 December 2020, at the time still called Authorized Capital III: EUR 16,002,103, equivalent to 16,002,103 shares). However, at 31 December 2021 the Company had Authorized Capital III of EUR 299,578, equivalent to 299,578 shares (31 December 2020, at the time still called Authorized Capital II: EUR 2,900,000, equivalent to 2,900,000 shares), Contingent Capital I of EUR 18,436,138, equivalent to 18,436,138 shares (31 December 2020: EUR 18,436,138, equivalent to 18,436,138 shares) and Contingent Capital II of EUR 3,500,000, equivalent to 3,500,000 shares (31 December 2020: 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 5 May 2021 may be issued on the basis of all of the authorizations and capital available to the Company (including the authorization to issue convertible bonds and stock options to senior managers/experts of the Group). This corresponds to 46,939,503 new shares.

Specifically:

In accordance with a resolution passed at the Annual General Meeting on 5 May 2021, 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 4 May 2024 by up to EUR 23,469,751 in total, in return for cash or non-cash capital contributions, by issuing new no-par-value bearer shares. The Management Board made use of this authorization for the full amount with the Supervisory Board's approval in accordance with the Company's Articles of Incorporation through its resolution of 30 June 2021, without disapplying shareholders' pre-emption rights.

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 II (from 5 May 2021, previously called 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 made use of this authorization for the full amount with the Supervisory Board's approval in accordance with the Company's Articles of Incorporation through its resolution of 30 June 2021, without disapplying shareholders' pre-emption rights.

In accordance with a resolution passed at the Annual General Meeting on 5 May 2021, the Management Board is authorized subject to the Supervisory Board's approval to utilize Authorized Capital III (from 5 May 2021, previously called Authorized Capital II) to increase the Company's share capital once or repeatedly on or before 4 May 2024 by up to EUR 3,500,000 in total, in return for cash or non-cash contributions, by issuing new no-par-value bearer shares. The Management Board made use of this authorization with the Supervisory Board's approval, through its resolution of 30 June 2021 in accordance with the Company's Articles of Incorporation for an amount of EUR 3,200,422, which corresponds to 3,200,422 shares. Authorized Capital III remains in an amount of EUR 299,578, equivalent to 299,578 shares.

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 and experts 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 4 May 2026, on the basis of the authorization provided by the Annual General Meeting on 5 May 2021. To date, 579,190 pre-emption rights have been granted to Nordex Group senior managers and experts in a first tranche.

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.

(28) 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:

2021 EUR thousand	Level 1	Level 2	Level 3	Total
Financial assets				
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	0	13,592	0	13,592
Other forward exchange transactions	0	2,147	0	2,147
Financial liabilities				
Liabilities to banks	0	32,353	0	32,353
Corporate bond	283,709	0	0	283,709
Employee bond	0	3,741	0	3,741
Shareholder loan	0	44,499	0	44,499
Forward exchange transactions in the scope of hedge accounting (cash flow hedges)	0	7,945	0	7,945
Other forward exchange transactions	0	3,780	0	3,780

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.

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:

2021 **EUR thousand**	**Interest**	**Other net gain / loss**	**Total**
Financial assets measured at amortized cost	6,022	23,263	29,285
Financial liabilities measured at amortized cost	–45,122	0	–45,122
Financial assets and liabilities measured at fair value through profit or loss	0	–19,112	–19,112
	–39,100	**4,151**	**–34,949**

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 [1]	–39,766	–36,364	–76,130
Financial assets and liabilities measured at fair value through profit or loss	0	4,039	4,039
	–35,347	**–11,693**	**–47,040**

[1] Interest has been corrected from EUR –98,434 thousand to EUR –39,766 thousand.

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:

2021 EUR thousand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Derivatives with negative fair values					
Cash outflow in EUR	60,324	0	0	0	**60,324**
Cash outflow in USD	6,500	0	0	0	**6,500**

2020 EUR thousand	Up to 3 months	3 to 12 months	1 to 5 years	More than 5 years	Total
Derivatives with negative fair values					
Cash outflow in EUR	0	49,954	0	0	**49,954**

NOTES TO THE INCOME STATEMENT

(29) SALES

The Nordex Group generates sales from projects and services. The transaction prices derived from the contractual terms and conditions for the production and sale of wind turbines and for service contracts include fixed and, to a lesser extent, variable consideration. The estimated amounts of the variable consideration will only be included in the transaction prices where it is considered to be highly probable that no significant cancellation of sales will arise as a result of the elimination of uncertainty regarding the size of the variable amounts. Moreover, the transaction prices which are realized by way of sales are reduced through payments made in connection with lump-sum compensation and other penalty payments associated with project and 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. Under the cost-to-cost method, the stage of completion is determined by comparing the costs incurred with the budgeted costs and recognizing sales in proportion to the stage of completion.

Sales for standardized turbine types are recognized at a point in time when control of the fully operational turbine is transferred to the customer. Control is transferred to the customer upon erection of the fully functional turbine. Costs are recognized in inventories until sales are recognized at a point in time.

Sales for customer-specific installations for which there is no alternative use and for which there is an enforceable right to payment for the service provided are recognized over 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. If the degree of completion exceeds the billed amount, contract assets from services are recognized and, if the billed amount exceeds the degree of completion, contract liabilities from services are recognized.

Sales break down to the Projects and Service segments as follows:

EUR thousand	2021	2020
Projects	4,986,744	4,217,220
Service	468,015	437,615
Not allocated	572	2,109
Intrasegment consolidation	–11,381	–6,204
	5,443,950	**4,650,740**

The timing of sales recognition from projects is as follows:

EUR thousand	1.1.–31.12.2021	1.1.–31.12.2020
Project sales recognized at a point in time	1,728,066	2,525,824
Project sales recognized over time	3,258,678	1,691,396
	4,986,744	**4,217,220**

The increase in consolidated sales is attributable to the higher installation figures compared with the previous year.

The total amount of the transaction price allocated to the remaining performance obligation from projects is EUR 4,238,575 thousand (2020: EUR 4,700,142 thousand) and the total amount of the transaction price allocated to the remaining short-term and long-term performance obligation from service contracts is EUR 160,315 thousand (2020: EUR 154,392 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 seven years.

Sales recognized in the reporting period included at the start of the period in the net amount of contract liabilities from projects and contract liabilities from services relate to the Projects segment in the amount of EUR 817.552 thousand (2020: EUR 488.520 thousand) and to the Service segment in the amount of EUR 29,391 thousand (2020: EUR 25,176 thousand).

(30) CHANGES IN INVENTORIES AND OTHER OWN WORK CAPITALIZED

Changes in inventories stand at EUR –425,905 thousand (2020: EUR –329,054 thousand) and reflect the higher volume of installations.

Own work capitalized is valued at EUR 33,676 thousand (2020: EUR 23,796 thousand) and, as in the previous year, relates to capitalized expenses for developing and enhancing new and existing wind turbines.

(31) COST OF MATERIALS

The cost of materials breaks down as follows:

EUR thousand	2021	2020
Cost of raw materials and other supplies	2,931,039	2,618,717
Cost of services purchased	1,293,720	1,179,403
	4,224,759	**3,798,120**

Cost of raw materials and other supplies mainly comprise expenses for construction components.

The cost of purchased services primarily results from third-party freight, third-party services and commissions for order processing and order provisions.

(32) OTHER OPERATING INCOME

Other operating income breaks down as follows:

EUR thousand	2021	2020
Forward exchange transactions	58,064	37,283
Currency translation gains	23,680	26,847
Profit sharing from the realization of a wind farm project	7,500	0
Indemnity and damages paid	6,918	10,273
Gains from the disposal of assets	3,909	1,569
Reversal of impairment losses	3,726	1,407
Research and development grants	968	936
Income from the sale of internally developed wind farm projects	0	362,802
Others	8,521	10,293
	113,286	**451,410**

(33) OTHER OPERATING EXPENSES

Other operating expenses break down as follows:

EUR thousand	2021	2020
Other staff costs	111,723	121,083
Forward exchange transactions	77,176	36,364
Legal and consulting costs	38,445	39,804
Maintenance	33,782	37,769
Travel expenses	30,302	28,142
Leases	22,774	16,373
Security service, occupancy and building costs	15,715	14,644
IT costs	15,390	12,274
Patent fees	12,715	7,883
Insurance	9,857	8,547
Training	5,755	5,250
Telecommunications	4,818	5,343
Losses from the disposal of assets	4,283	624
Impairment	4,143	5,133
Other taxes	3,542	8,406
Advertising	1,777	2,097
Office supplies	1,712	1,781
Bank fees	1,364	2,164
Expenses for the sale of internally developed wind farm projects	0	12,988
Currency translation losses	0	33,244
Loss of income [1]	0	48,039
Others	18,587	22,868
	413,860	**470,820**

[1] As of the beginning of the financial year, the presentation has been changed for reasons of clarity. Losses of income, which represent lump-sum compensation for damages in connection with project and service contracts, are now reported as a reduction in sales. For reasons of materiality, the previous year's figures have not been restated. In the year under review, losses of income in the amount of EUR 91,355 thousand were recognized in sales.

Of the expenses for leases, EUR 22,774 thousand (2020: EUR 5,836 thousand) relates to leases not recognized in the statement of financial position, of which EUR 11,899 thousand (2020: 4,282 thousand) is attributable to expenses for short-term leases, EUR 5,578 thousand (2020: EUR 1,538 thousand) is attributable to expenses for leases of low-value assets not including expenses for short-term leases of leases of low-value assets, EUR 1,280 thousand (2020: EUR 16 thousand) is attributable to expenses for variable lease payments not included in the measurement of lease liabilities and EUR 4,017 thousand (2020: EUR 0 thousand) is attributable to the service component.

(34) STAFF COSTS

Staff costs break down as follows:

EUR thousand	2021	2020
Wages and salaries	384,656	356,813
Social security and expenditure on retirement benefits and support	89,060	77,186
	473,716	**433,999**

Staff costs include expense of EUR 160 thousand (2020: EUR 32 thousand) for defined benefit plans and EUR 99 thousand (2020: EUR 100 thousand) for defined contribution plans. In addition, EUR 13,635 thousand (2020: EUR 12,053 thousand) has been paid as employer contributions to the statutory pension insurance in Germany, also as a defined contribution pension plan.

The Group headcount was as follows:

	2021 [1]	2020	Change
Reporting date			
Office staff	3,864	3,413	451
Technical staff	4,794	4,934	–140
	8,658	**8,347**	**311**
Average			
Office staff	3,671	3,302	369
Technical staff	4,804	4,489	315
	8,475	**7,791**	**684**

[1] Working students, trainees and employees on leave have not been included in the number of employees in 2021. The previous year's figure has been adjusted accordingly.

The increase in the number of employees is mainly due to the expansion of production in Germany and of rotor blade production and engineering in India. An offsetting effect stemmed from Spain, where the number of employees declined due to the completion of projects.

(35) DEPRECIATION / AMORTIZATION

Depreciation and amortization breaks down as follows:

EUR thousand	2021	2020
Depreciation of property, plant and equipment	113,680	98,667
Amortization of capitalized development expenses	38,266	46,416
Amortization of other intangible assets	8,053	10,711
	159,999	**155,794**

Depreciation includes EUR 27,749 thousand for depreciation of lease assets (2020: EUR 21,804 thousand); of this amount EUR 18,443 thousand (2020: EUR 15,216 thousand) concern land and buildings and EUR 9,306 thousand (2020: EUR 6,588 thousand) other fixtures and fittings, tools and equipment.

(36) FINANCIAL RESULT

The financial result breaks down as follows:

EUR thousand	2021	2020
Income from investments	0	0
Profit/loss from equity-accounting method	311	6,006
Impairment of investments	0	–421
Net profit / loss from investments	**311**	**5,585**
Other interest and similar income	6,022	4,419
Interest and similar expenses	–122,743	–98,434
Interest result	**–116,721**	**–94,015**
	–116,410	**–88,430**

Net gains / losses from valuation using the equity method reflect the share of profit of associates.

Interest income and expense arises primarily from deposits with banks, and from guarantee commissions, the shareholder loan, the revolving credit facility and the corporate bond. Of the interest expense, EUR 6,529 thousand (2020: EUR 3,876 thousand) is attributable to leases.

(37) INCOME TAX

As at 31 December 2021, a tax rate of 31.82% (31 December 2020: 31.82%) was applied for the purpose of calculating domestic current taxes. The above tax rate was calculated using a rate of 15.83% (31 December 2020: 15.83%) including the solidarity surcharge for corporate tax and 15.99% (31 December 2020: 15.99%) for trade tax.

Income tax breaks down as follows:

EUR thousand	2021	2020
Domestic income tax	–5,747	–1,832
of which for other periods	–1,706	606
Foreign income tax	–27,206	–32,474
of which for other periods	–440	672
Current income tax	**–32,953**	**–34,306**
Deferred taxes	**26,534**	**54,872**
Total income tax	**–6,419**	**20,566**

Tax income from deferred taxes in the amount of EUR 26,534 thousand (2020: EUR 54,872 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% (2020: 31.82%) on the net loss from ordinary activities of EUR –222,737 thousand (2020: EUR –150,271 thousand), differs from the total income tax as follows:

EUR thousand	2021	2020
Expected income tax expense	**71,193**	**47,816**
Differences in non-domestic tax rates	–10,714	–8,947
Tax-free income	4,561	52,320
Tax effects from equity-accounted investments	100	1,922
Changes in tax rates and tax legislation	280	105
Non-deductible expenses	–7,459	–10,688
Tax effects from previous years	–1,651	652
Impairments and loss carryforwards	–63,809	–63,799
Other tax effects	1,080	1,185
Total income tax expense	**–6,419**	**20,566**

(38) 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:

		2021	2020
Consolidated net loss for the year	EUR thousand	–230,156	–129,705
of which shareholders of the parent	EUR thousand	–230,156	–129,705
Weighted average number of shares		137,223,518	107,584,271
Basic earnings per share	**EUR**	**–1.68**	**–1.21**

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 –1.68 (2020: EUR –1.21).

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 248 thousand (31 December 2020: EUR 7 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 6,059 thousand (2020: EUR 954 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% (31 December 2020: 33.6%) 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 amountIncome (+) / expenses (–)	
EUR thousand	**31.12.2021**	**31.12.2020**	**2021**	**2020**
Acciona Energía Chile SpA	164,302/–83	164,970/–156,711	3,520/–1,405	3,285/–681
Acciona Energía Mexico S.r.l.	1,807/–18	1,232/–44	0/0	0/0
Acciona Energía S.A.	227,354/–38,917	69,304/–33,011	163,392/–790	62,641/–473
Acciona Energía Servicios Mexico S. de RL de C.V.	58,868/–58,528	139,351/–131,456	240/–5,540	72,385/–1
Acciona Energy Australia Global Pty. Ltd.	17/–9,325	0/0	2,229/0	0/–867
Acciona Energy Oceania Construction Pty Ltd.	116,244/–113,050	48/–106,372	122,623/–1,976	61,230/0
Acciona Forwarding S.A.	7/–31	0/–977	77/–10,068	0/–1,950
Acciona S.A.	0/–44,633	0/–1,088	0/–29,205	0/0
Other	1,705/–549	779/–291	788/–836	2,453/–650

The changes in income and expenses and the related receivables from and liabilities to Acciona Energía S.A., Acciona Energía Servicios Mexico S. de RL de C.V. and Acciona Energy Oceania Construction Pty. Ltd. are mainly attributable to the installation of wind farms in Spain, Mexico and Australia. On the other hand, the expenses and related liabilities to Acciona S.A. mainly resulted from the shareholder loan which has been granted. More detailed information on the shareholder loan is provided in the section on financial instruments.

During the 2021 financial year, orders to deliver and assemble wind power systems in the amount of EUR 520,659 thousand (2020: EUR 186,315 thousand) were placed by Acciona Energía 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 amountIncome (+) / expenses (–)	
EUR thousand	**31.12.2021**	**31.12.2020**	**2021**	**2020**
C&C Wind Sp. z o.o.	26/0	363/0	960/–4	6,635/–3
GN Renewable Investments S.a.r.l.	0/0	0/0	0/–12	0/–11

The business relations with C&C Wind Sp. z o.o. and GN Renewable Investments S.a.rl. result from the project business.

There are receivables of EUR 8,253 thousand (31 December 2020: EUR 6,904 thousand) and liabilities of EUR 35 thousand (31 December 2020: EUR 41 thousand) relating to non-consolidated entities, as well as income of EUR 368 thousand (2020: EUR 581 thousand) and expenses of EUR 1 thousand (2020: EUR 55 thousand).

For further details on shareholdings we refer to the list of shareholdings as at 31 December 2021 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	**2021**	**2020**
Short-term employee benefits	1,697	1,605
Other long-term benefits	0	841
Termination benefits	0	800
Share-based payment	471	2,813
	2,168	**6,059**

Short-term employee benefits include the Management Board's fixed remuneration and bonuses as well as fixed remuneration and remuneration for the Supervisory Board's committee activities. The bonus for the Management Board is measured based on financial criteria (earnings before taxes, working capital ratio and order intake quality) and non-financial criteria (occupational safety, health and environmental protection, and quality and technology management costs).

The share-based payment corresponds to the expenses recognized in the Group's income statement in the financial year.

The obligations for key management personnel remuneration recognized as of the reporting date amount to EUR 2,300 thousand (31 December 2020: EUR 5,720 thousand) and relate to share-based payment under the performance share unit plans for the Management Board.

If, in the event of revocation of an appointment, the Company terminates a service contract without good cause or if a severance agreement is signed in this case, Mr. Blanco and Mr. Landa will have a contractual entitlement to receive a severance payment. The amount of this severance payment is calculated on the basis of the target remuneration to be paid for the remaining term of the service contract. It is limited to two years' total target remuneration. In the event of the Company's revocation of their appointment, the Company may moreover release Mr. Blanco and Mr. Landa from their work duties subject to continued payment of their remuneration. Mr. Blanco and Mr. Landa will not be entitled to receive any severance payment if the premature termination of their service contracts is attributable to them.

In the event of the Company's revocation of his appointment and termination of his service contract without good cause, the Company may release Dr. Hartmann from his work duties subject to continued payment of his remuneration.

If the service contract or the appointment to the Management Board is terminated early in certain, more closely defined "bad leaver" cases (in particular if it is terminated by Nordex SE for good cause pursuant to Section 626 (1) of the German Civil Code (BGB) or if the member of the Management Board resigns before the end of the financial year without the Company being at fault), they shall forfeit their entitlement to the bonus and the performance share units under the active Management Board members' service contracts without replacement.

If the service relationship ends prior to the end of the financial year or performance period as a result of the regular expiry of a contractual term or due to retirement, invalidity or death, the Management Board members will hold bonus and performance share unit plan entitlements on a pro rata temporis basis.

In accordance with HGB, the total remuneration of the Company's executive bodies amounted to EUR 4,664 thousand in the financial year (Management Board: EUR 4,408 thousand and Supervisory Board: EUR 256 thousand). Of this amount, EUR 3,035 thousand relates to the fair value of the share-based payment granted under the Transformation Incentive Plan and Performance Share Units Plan for the Management Board as of the grant date in 2021. In addition, remuneration of EUR 613 thousand from the previous year was paid out in financial year 2021 due to the condition precedent from the repayment of the revolving credit facility existing at that time.

The total remuneration of the former Management Board member Mr. Burkhard in financial year 2021 amounted to EUR 68 thousand. In addition, EUR 1,028 thousand was paid out in financial year 2021, also due to the condition precedent from the repayment of the revolving credit facility existing at that time.

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.

Of the cash flow from operating activities in the amount of EUR 127,562 thousand (2020: EUR –352,197 thousand) EUR –70,157 thousand (2020: EUR 26,510 thousand) result from the consolidated loss including depreciation/amortization. Changes in working capital resulted in payments received of EUR 263,097 thousand (2020 payments made of EUR 6,107 thousand). Payments made for other operating activities stand at EUR 65,378 thousand (2020: EUR 372,600 thousand). This means that cash flow from operating activities has been influenced significantly by the positive development of working capital.

Cash flow from investing activities amounted to EUR –152,093 thousand (2020: EUR 231,822 thousand). Investments of EUR 129,254 thousand (2020: EUR 134,098 thousand) were made in property, plant and equipment, which mainly related to the establishment and expansion of blade production in India, and the procurement of installation and transportation equipment in Spain for international projects. Development projects of EUR 35,077 thousand (2020: EUR 24,714 thousand) were capitalized.

Cash flow from financing activities amounted to EUR 62,340 thousand (2020: EUR 405,796 thousand) and is mainly attributable to the capital increase and the granting of the revolving credit facility. Repayment of the revolving credit facility, promissory note, the research and development loan, and lease liabilities had an offsetting effect.

The reconciliation of cash flow from financing activities to changes in liabilities from financing activities is as follows:

31.12.2021 EUR thousand	Liabilities to banks	Leases	Corporate bond	Employee bond	Shareholder loan
Amount on 1.1.	536,064	97,610	278,385	3,866	953
Cash flows from financing activities	**–501,675**	**–22,201**	**0**	**–119**	**215,000**
Interest and transaction costs	–2,653	0	2,002	–6	25,126
Foreign currency translation	328	907	0	0	0
New leases	0	47,055	0	0	0
Debt equity swap	0	0	0	0	–196,580
Income tax	0	0	0	0	0
Employee stock option program	0	0	0	0	0
Allocation of profit or loss	0	0	0	0	0
Amount on 31.12.	**32,064**	**123,371**	**280,387**	**3,741**	**44,499**

EUR thousand	Subscribed capital	Capital reserves	
Amount on 1.1.	117,349	795,698	
Cash flows from financing activities	**42,672**	**328,663**	**62,340**
Interest and transaction costs	0	0	
Foreign currency translation	0	0	
New leases	0	0	
Debt equity swap	0	196,580	
Income tax	0	5,834	
Employee stock option program	0	105	
Allocation of profit or loss	0	–90,809	
Amount on 31.12.	**160,021**	**1,236,071**	

31.12.2020 EUR thousand	Liabilities to banks	Leases	Corporate bond	Employee bond	Shareholder loan
Amount on 1.1.	317,364	104,048	276,582	0	0
Cash flows from financing activities	**222,957**	**–19,532**	**0**	**3,805**	**0**
Interest and transaction costs	218	0	1,803	61	953
Foreign currency translation	–4,475	–2,014	0	0	0
New leases	0	15,108	0	0	0
Income tax	0	0	0	0	0
Amount on 31.12.	**536,064**	**97,610**	**278,385**	**3,866**	**953**

EUR thousand	Subscribed capital	Capital reserves	
Amount on 1.1.	106,681	606,820	
Cash flows from financing activities	**10,668**	**187,898**	**405,796**
Interest and transaction costs	0	0	
Foreign currency translation	0	0	
New leases	0	0	
Income tax	0	980	
Amount on 31.12.	**117,349**	**795,698**	

EVENTS AFTER THE REPORTING DATE

On 24 February 2022, Russia attacked Ukraine and started a war. The Western international community reacted strongly and unanimously to this development by imposing numerous sanctions on Russia, including the exclusion of Russian financial institutions from the SWIFT banking system. This very rare and unfortunate series of events created significant uncertainty and volatility on the global markets that can directly or indirectly affect the Nordex Group in the short and medium term. The Nordex Group immediately began monitoring these developments and identifying and mitigating associated risks via the working group set up for this purpose.

Based on its initial findings, the Nordex Group can confirm that it does not have any direct business, direct suppliers or any assets in Russia, although there may be disruption within the supply chain arising from the use of Russian ships.

While the Nordex Group does have direct business in Ukraine, this is relatively small compared to the Group's global business, as Ukraine is one of the Group's smaller markets. The Nordex Group has a subsidiary in Ukraine with only minor inventories and cash and cash equivalents. However, the ongoing conflict represents a risk regarding some minor service income with a wind farm and a handful of projects planned for 2022, as all local construction sites and service activities are currently suspended.

At this point in time, the indirect consequences of this conflict are unknown and difficult to predict. They could include margin effects caused by volatile FX rates, supplier dependency on the countries involved, rising inflation, a decline in order intake, impact on logistics costs, etc.

To sum up, the Nordex Group assumes based on its initial findings that the total income at risk of loss in Ukraine is in the mid-double-digit millions for 2022, which would have an impact on margins. While the operating business may incur additional unforeseeable indirect costs, it is not currently possible to assess them.

On 17 February 2022, Nordex Energy Spain S.A.U. informed employees at the La Vall d'Uixó site in Spain that a process was underway to review the continuation of hub, nacelle and drivetrain production at the site. This is due to an intense competitive environment that has prompted the Group to review the optimization of its procurement and production processes. Nordex Energy Spain S.A.U. employs around 110 people in La Vall d'Uixó.

On 28 February 2022, the Nordex Group informed the workforce at the Rostock GVZ rotor blade production site of its intention to cease production of rotor blades at this site at the end of June 2022. The increasingly challenging market environment and fierce competition, as well as a shift in demand, necessitated adjustments to the Nordex Group's global procurement and production processes at this site too. Around 600 employees are affected by the termination of production. This measure also affects around 40 staff at the Nordex Blade Technology Centre ApS in Denmark.

Since negotiations with the employee representatives have only just begun, it is not yet possible at this time to reliably measure potential costs at both sites, e.g. provisions for severance payments.

CORPORATE GOVERNANCE CODE DECLARATION PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

The Management Board and the Supervisory Board issued the declaration of conformance for 2021 pursuant to Section 161 of the Stock Corporation Act on 30 November 2021 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

In accordance with Section 264b of the HGB, Nordex Energy SE & Co. KG is exempt from the requirement to prepare notes and a management report and disclose the annual financial statements for the financial year ending 31 December 2021. Nordex Germany GmbH, Nordex Grundstücksverwaltung GmbH, Nordex International GmbH and Nordex Windpark Beteiligung GmbH are exempt from the obligation to prepare notes to financial statements and a management report and from disclosure requirements in accordance with Section 325 HGB due to the application of the provisions contained in Section 264 (3) HGB.

Pursuant to Article 403 Part 9 of Book 2 of the Dutch civil code, Nordex Netherlands B.V. is exempt from the obligation for its annual financial statements to be audited in the Netherlands. Nordex SE has issued a liability declaration (403 Liability Statement) in this respect. It thus assumes joint and several liability for the liabilities of Nordex Netherlands B.V.

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
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 and 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 Bestinver Sociedad de Valores S.A.
- Chairman of the board of directors of Scutum Logistics S.L. (Acciona Group)
- Deputy Chairman of the board of directors of Bestinver Gestion S.A. SGIIC
- Deputy Chairman of the board of directors of Bestinver S.A.
- Member of the board of directors of QEV Extreme S.L.

María Cordón, Madrid/Spain
Member of the Strategy and Technology Committee (since 2 September 2021)

- Director Corporate Transactions Acciona S.A. (Acciona Group, listed)

Connie Hedegaard, Copenhagen/Denmark
Member of the Audit Committee

- Chairwoman of the board of the KR Foundation
- Chairwoman of the board of the University of Arhus
- 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

Jan Klatten, Munich/Germany
Member of the Executive Committee and chairman of the Strategy and Technology Committee
- Managing shareholder of momentum Beteiligungsgesellschaft mbH

Martin Rey, Traunstein/Germany
Chairman of the Audit Committee
- Attorney at law and managing shareholder of Maroban 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

Rafael Mateo, Teruel/Spain
Member of the Strategy and Technology Committee (until 25 June 2021)
- Chairman of the board of directors of Acciona Energía 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 Energía 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 Energía Renovables S.L. as legal representative (Acciona Group)
- Member of the board of directors of Desarrollo de Energías Renovables de Navarra S.A. as legal representative (Acciona Group)
- Member of the board of directors of Energías 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.

AUDITOR'S FEE

The following fees were incurred for services provided by the auditor of the financial statements, PricewaterhouseCoopers:

EUR thousand	2021	2020
Auditing services [1]	934	616
Other assurance services	658	89
Tax advisory services	144	117
Other services	0	119
	1,736	**941**

[1] The auditing services include fees of EUR 195 thousand for the 2020 financial year.

The auditing services include the fees for the audit of the consolidated financial statements and the statutory audit of Nordex SE and its subsidiaries. Other assurance services mainly comprise fees for statutory or contractually agreed assurance services. Tax advisory services primarily include fees for project-related consultancy services.

Nordex SE
Rostock, 23 March 2022

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 2021

	Cost						
EUR thousand	**Opening balance 01.01.2021**	**Additions**	**Disposals**	**Reclassifi-cations**	**Currency translation**	**Closing balance 31.12.2021**	**Opening balance 01.01.2021**
Property, plant and equipment							
Land and buildings	246,090	49,759	6,045	486	2,335	292,625	76,370
Technical equipment and machinery	389,281	63,851	13,016	7,671	–457	447,330	217,613
Other fixtures and fittings, tools and equipment	177,394	46,008	23,575	310	–541	199,596	94,239
Assets under construction	25,476	15,552	0	–8,483	1,043	33,588	0
Prepayments made	4,140	6,503	5,631	0	47	5,059	0
Total	**842,381**	**181,673**	**48,267**	**–16**	**2,427**	**978,198**	**388,222**
Intangible assets							
Goodwill	552,259	0	0	0	0	552,259	4,501
Capitalized development expenses	468,823	35,077	1	0	64	503,963	302,146
Prepayments made	1,706	3	5	0	0	1,704	0
Other intangible assets	155,309	4,354	748	16	2,845	161,776	137,069
Total	**1,178,097**	**39,434**	**754**	**16**	**2,909**	**1,219,702**	**443,716**

Depreciation / amortization / impairment losses				Carrying amount
Additions	Disposals	Currency translation	Closing balance 31.12.2021	31.12.2021
24,460	3,639	497	97,688	194,937
54,145	7,303	–416	264,039	183,291
35,075	19,510	–291	109,513	90,083
0	0	0	0	33,588
0	0	0	0	5,059
113,680	**30,452**	**–210**	**471,240**	**506,958**
0	0	0	4,501	547,758
38,265	0	1	340,412	163,551
1,672	0	0	1,672	32
6,382	747	2,446	145,150	16,626
46,319	**747**	**2,447**	**491,735**	**727,967**

STATEMENT OF CHANGES IN PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

For the period from 1 January to 31 December 2020

						Cost	
EUR thousand	**Opening balance 01.01.2020**	**Additions**	**Disposals**	**Reclassifi-cations**	**Currency translation**	**Closing balance 31.12.2020**	**Opening balance 01.01.2020**
Property, plant and equipment							
Land and buildings	237,363	13,148	1,822	63	–2,662	246,090	55,659
Technical equipment and machinery	341,143	64,852	8,708	12,487	–20,493	389,281	181,021
Other fixtures and fittings, tools and equipment	127,200	57,544	3,832	315	–3,833	177,394	73,196
Assets under construction	32,986	8,955	0	–12,865	3,600	25,476	1
Prepayments made	11,275	9,357	15,535	0	–957	4,140	0
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	5,350	1,704	42	–5,306	0	1,706	0
Other intangible assets	160,131	2,408	86	5,306	–12,450	155,309	138,157
Total	**1,161,954**	**28,826**	**128**	**0**	**–12,555**	**1,178,097**	**398,382**

Depreciation / amortization / impairment losses				Carrying amount
Additions	**Disposals**	**Currency translation**	**Closing balance 31.12.2020**	**31.12.2020**
21,400	253	−436	76,370	169,720
51,668	4,954	−10,122	217,613	171,668
25,592	2,949	−1,600	94,239	83,155
7	0	−8	0	25,476
0	0	0	0	4,140
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
0	0	0	0	1,706
10,711	155	−11,644	137,069	18,240
57,127	**155**	**−11,638**	**443,716**	**734,381**

LIST OF SHAREHOLDINGS

As at 31 December 2021

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	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	–	–158,860,395.43	1,447,172,685.67	–
Alfresco Renewable Energy Private Limited, Bangalore/India[2]	EUR	99.99/0.01	–45,977.71	–5,881,609.78	Nordex Windpark Beteiligung GmbH/Nordex Energy Internacional S.L.
Component Purchasing Company II LLC, Dover/USA[3]	EUR	100.00	–110,451.64	–109,636.43	Nordex USA Inc.
Component Purchasing Company III LLC, Dover/USA[3]	EUR	100.00	–110,451.64	–109,636.43	Nordex USA Inc.
Corporacion Nordex Energy Spain S.L., Barasoain/Spain[3]	EUR	100.00	–88,420.64	95,363,498.26	Nordex SE
Eolicos R4E S.A. de C.V., Tegucigalpa/Honduras[3]	EUR	100.00	–1,160,875.58	–8,737,861.84	Nordex USA Management LLC
Industria Toledana de Energías Renovables S.L., Barasoain/Spain[3]	EUR	100.00	–167,924.42	1,056,381.75	Nordex Energy Spain S.A.U.
Limited Liability Company Nordex Energy Ukraine, Kiev/Ukraine[3]	EUR	100.00	–4,170,989.14	–2,852,970.30	Nordex International GmbH
Nordex (Beijing) Wind Power Engineering & Technology Co. Ltd., Peking/PR China[3]	EUR	100.00	–174,446.19	550,406.02	Nordex Energy SE & Co. KG
Nordex Belgium SRL, Rochefort/Belgium[3, 4]	EUR	100.00	503,190.81	–15,764.88	Nordex SE
Nordex Beteiligungen GmbH, Hamburg[3]	EUR	100.00	–2,406.25	21,602.65	Nordex SE

List of shareholdings (continued)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Nordex Blade Technology Center ApS, Kirkeby/Denmark [3]	EUR	100.00	3,976,055.05	7,591,426.34	Nordex SE
Nordex Blades Spain S.A.U., Barasoain/Spain [3]	EUR	100.00	−16,901,576.92	−35,577,729.15	Nordex Energy Spain S.A.U.
Nordex (Chile) SpA, Santiago/Chile [3]	EUR	100.00	−2,063,375.97	−5,164,487.36	Nordex Windpark Beteiligung GmbH
Nordex Education Trust, Cape Town/South Africa [3]	EUR	100.00	2,925,042.07	1,217,175.72	Nordex Energy South Africa RF (Pty.) Ltd.
Nordex Electrane d.o.o., Split/Croatia [3]	EUR	100.00	539,682.96	2,478,404.53	Nordex Energy Internacional S.L.
Nordex Employee Holding GmbH, Hamburg [3]	EUR	100.00	−59,061.82	155,465.59	Nordex SE
Nordex Energy Brasil – Comércio e Indústria de Equipamentos Ltda., Sao Paulo/Brazil [3]	EUR	99.00/1.00	−68,725,689.09	34,212,247.45	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.U.
Nordex Energy Chile S.A., Santiago/Chile [3]	EUR	99.00/1.00	−7,030,016.29	−5,939,253.81	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.U.
Nordex Energy Colombia S.A.S., Bogota/Columbia [3]	EUR	100.00	−206,404.51	−371,543.38	Nordex Energy Internacional S.L.
Nordex Energy Ibérica S.A., Barcelona/Spain [3]	EUR	100.00	391,086.23	9,090,568.92	Nordex International GmbH
Nordex Energy Internacional S.L., Barasoain/Spain [3]	EUR	100.00	−2,577,314.47	85,782,470.02	Nordex Energy Spain S.A.U.
Nordex Energy Ireland Ltd., Dublin/Ireland [3]	EUR	100.00	5,018,205.88	17,412,885.64	Nordex International GmbH
Nordex Energy Romania S.r.l., Bucharest/Romania [3]	EUR	99.98/0.02	1,025,833.54	4,272,202.67	Nordex International GmbH/ Nordex Energy SE & Co. KG
Nordex Energy SE & Co. KG, Hamburg [5]	EUR	99.99/0.01	0.00	25,000.00	Nordex SE/ Nordex Beteiligungen GmbH
Nordex Energy South Africa RF (Pty.) Ltd., Cape Town/South Africa [3]	EUR	80.00/20.00	−59,946,608.12	−92,775,101.85	Nordex Energy SE & Co. KG/ Nordex Education Trust
Nordex Energy Spain S.A.U., Barasoain/Spain [3]	EUR	100.00	−69,119,811.06	−51,545,495.34	Corporacion Nordex Energy Spain S.L.
NordexEnergy Uruguay S.A., Montevideo/Uruguay [3]	EUR	100.00	−5,090,487.34	−51,315,527.07	Nordex International GmbH

List of shareholdings (continued)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	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	25,929,031.30	5,313,835.00	Nordex International GmbH/ Nordex SE/Nordex Energy SE & Co. KG/Nordex Windpark Beteiligung GmbH/Nordex Grundstücksverwaltung GmbH
Nordex Finland Oy, Helsinki/Finland[3]	EUR	100.00	136,674.42	–9,713,006.12	Nordex SE
Nordex Forum II GmbH & Co. KG, Hamburg[3]	EUR	100.00	22,874.73	335,065.65	Nordex Energy SE & Co. KG
Nordex Forum II Verwaltungs GmbH, Hamburg[3]	EUR	100.00	–3,300.05	14,303.83	Nordex Energy SE & Co. KG
Nordex France S.A.S., Paris/France[3]	EUR	100.00	–7,946,169.76	110,098,201.46	Nordex International GmbH
Nordex Germany GmbH, Hamburg[1, 3]	EUR	99.99/0.01	0.00	30,000.00	Nordex SE/Nordex Beteiligungen GmbH
Nordex Grundstücksverwaltung GmbH, Hamburg[1, 3]	EUR	100.00	0.00	52,000.00	Nordex SE
Nordex Hellas Monoprosopi EPE, Athens/Greece[3]	EUR	100.00	–528,382.63	–9,465,160.23	Nordex Energy SE & Co. KG
Nordex India Manufacturing Private Limited, Bangalore/India[2]	EUR	99.99/0.01	–8,926,845.10	–46,786,203.18	Nordex Offshore GmbH/Nordex International GmbH
Nordex India Private Limited, Bangalore/India[2]	EUR	99.99/0.01	–10,733,959.07	–167,152,412.15	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.U.
Nordex International GmbH, Hamburg[1, 3, 6]	EUR	100.00	0.00	57,516,815.94	Nordex SE
Nordex Italia S.r.l., Rome/Italy[3]	EUR	100.00	3,906,065.57	29,327,227.86	Nordex International GmbH
Nordex Netherlands B.V., Zwolle/Netherlands[3]	EUR	100.00	–11,853,295.41	–27,046,339.14	Nordex SE
Nordex Norway AS, Oslo/Norway[3, 8]	EUR	100.00	4,577,498.66	4,267,936.44	Nordex SE
Nordex Oceania Pty. Ltd., Melbourne/Australia[3]	EUR	100.00	3,936,944.96	–8,282,526.01	Nordex Energy Internacional S.L.
Nordex Offshore GmbH, Hamburg[3]	EUR	100.00	–29,701,328.14	–41,851,277.59	Nordex SE
Nordex Pakistan (Private) Ltd., Islamabad/Pakistan[3]	EUR	100.00	1,912,826.29	9,226,097.62	Nordex Energy SE & Co. KG

List of shareholdings (continued)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Nordex Polska Sp. z o.o., Warsaw/Poland[3]	EUR	99.00/1.00	−3,593,797.53	6,662,738.71	Nordex International GmbH/ Nordex Energy SE & Co. KG
Nordex Portugal Unipessoal Lda., Porto/Portugal[3, 9]	EUR	100.00	965,353.35	2,557,553.95	Nordex SE
Nordex Singapore Equipment Private Ltd., Singapore/Singapore[3]	EUR	100.00	1,220,885.26	−7,478,435.58	Nordex Energy SE & Co. KG
Nordex Singapore Service Private Ltd., Singapore/Singapore[3]	EUR	100.00	−323,972.85	−4,235,093.85	Nordex Energy SE & Co. KG
Nordex Sverige AB, Uppsala/Sweden[3]	EUR	100.00	−25,281,546.51	−75,687,943.18	Nordex International GmbH
Nordex Towers Spain S.L., Barasoain/Spain[3]	EUR	100.00	9,206.49	89,879.01	Nordex Energy Spain S.A.U.
Nordex UK Ltd., Manchester/United Kingdom[3]	EUR	100.00	4,344,990.70	6,614,192.11	Nordex International GmbH
Nordex USA Inc., Chicago/USA[3]	EUR	78.35/21.65	−77,729,513.00	−117,135,277.68	Nordex Energy Internacional S.L./ Nordex International GmbH
Nordex USA Management LLC, Chicago/USA[3]	EUR	100.00	0.00	94,229.00	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	260,320.55	1,643,230.09	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.U.
Nordex Windpower Rüzgar Enerjisi Sistemleri Anonim Sirketi, Istanbul/Turkey[3]	EUR	100.00	−3,870,013.95	561,222.00	Nordex Energy Internacional S.L.
Nordex Windpower S.A., Buenos Aires/Argentina[3]	EUR	98.17/1.83	−38,702,619.49	−29,551,232.04	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.U.
NPV Dritte Windpark GmbH & Co. KG, Hamburg[3]	EUR	100.00	−15,602.87	−48,955.65	Nordex Grundstücksverwaltung GmbH
NX Energy Mexico S. de R.L. de C.V., Mexico City/Mexico[3]	EUR	99.97/0.03	−27,376,518.46	129.62	Nordex Energy Internacional S.L./ Nordex Energy Spain S.A.U.
Parque Eolico Llay-Llay SpA, Santiago/Chile[3]	EUR	100.00	−31,468.51	−2,101,264.86	Nordex (Chile) SpA
Ravi Urja Energy India Private Limited, Bangalore/India[2]	EUR	99.99/0.01	−530,735.40	−14,392,386.34	Nordex Windpark Beteiligung GmbH/Nordex Energy Internacional, S.L.

List of shareholdings (continued)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	Equity investment via
Consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
San Marcos Colon Holding Inc., Chicago/USA [3, 10]	EUR	100.00	−250,433.76	−249,935.55	Nordex Windpark Beteiligung GmbH
Shanghai Nordex Windpower Co. Ltd., Shanghai/PR China [3]	EUR	100.00	86,819.80	453,774.86	Nordex Energy Internacional S.L.
Solar Fields Energy Photo Voltaic India Private Limited, Bangalore/India [2]	EUR	99.99/0.01	−19,642.58	−3,473,925.19	Nordex Windpark Beteiligung GmbH/Nordex Energy Internacional, S.L.
UAB Nordex Lithuania, Vilnius/Lithuania [3, 11]	EUR	100.00	706,690.95	345,860.97	Nordex SE

List of shareholdings (continued)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	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	138,251.74	–994,712.02	Nordex France S.A.S.
Farma Wiatrowa Kwidzyn Sp. z o.o., Warsaw/Poland [3]	EUR	99.00/1.00	–228,872.05	–3,010,860.98	Nordex Windpark Beteiligung GmbH/Nordex Energy SE & Co. KG
Farma Wiatrowa NXD V Sp. z o.o., Warsaw, Poland [3, 12]	EUR	99.00/1.00	0.00	–110,674.93	Nordex Windpark Beteiligung GmbH/Nordex Energy SE & Co. KG
Farma Wiatrowa Wymyslow Sp. z o.o., Warsaw/Poland [3, 12]	EUR	99.00/1.00	0.00	–38,697.34	Nordex Windpark Beteiligung GmbH/Nordex Energy SE & Co. KG
Gregal Power Private Limited, Bangalore/India [2]	EUR	99.99/0.01	–5,516.36	36,804.44	Nordex India Private Limited/ Nordex Energy Internacional S.L.
Leveche Energy Private Limited, Bangalore/India [2]	EUR	99.99/0.01	–5,001.28	36,804.44	Nordex Windpark Beteiligung GmbH/Nordex Energy Internacional S.L.
NAWM Servicios Administrativos, Mexico City/Mexico [3]	EUR	99.95/0.05	28,677.76	231,746.10	NX Energy Mexico S. de R.L. de C.V./ Nordex Energy Internacional S.L.
NAWM Servicios de Obra, Mexico City/Mexico [3]	EUR	99.9975/0.0025	164,982.30	296,805.40	NX Energy Mexico S. de R.L. de C.V./ Nordex Energy Internacional S.L.
NAWM Servicios Operacion y Mantenimiento, Mexico City/Mexico [3]	EUR	99.995/0.005	0.00	0.00	NX Energy Mexico S. de R.L. de C.V./Nordex Energy Internacional S.L.
NAWM Servicios Tecnicos, Mexico City/Mexico [3]	EUR	99.9975/0.0025	–65,158.65	10,473.69	NX Energy Mexico S. de R.L. de C.V./ Nordex Energy Internacional S.L.
Nordex Energy Cortes S.L., Barasoain/Spain [3]	EUR	100.00	–388.80	352.03	Nordex Energy Spain S.A.U
Nordex Energy d.o.o. Belgrade, Belgrade/Serbia [3]	EUR	100.00	0.00	0.00	Nordex International GmbH
Nordex H2 S.L., Barasoain/Spain [3]	EUR	100.00	0.00	3,000.00	Nordex SE
Nordex Windpark Verwaltung GmbH, Hamburg [3]	EUR	100.00	–216.46	49,348.21	Nordex SE
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	–31,263.74	–9,067.49	Nordex Windpower S.A.

List of shareholdings (continued)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	Equity investment via
Non-consolidated affiliated companies (figures as per statutory financial statements or financial statements prepared based on uniform Group accounting principles)					
Qingdao Huawei Wind Power Co. Ltd., Qingdao/PR China [3]	EUR	66.67	603,371.36	3,497,126.77	Nordex Energy SE & Co. KG
San Marcos Wind Energy S.A. de C.V., Tegucigalpa/Honduras [3]	EUR	100.00	0.00	180,077.00	San Marcos Colon Holding Inc.
Sechste Windpark Support GmbH & Co. KG, Hamburg [3]	EUR	100.00	−16,335.14	−95,895.14	Nordex Grundstücksverwaltung GmbH
Shri Saai Pasumai Private Limited, Bangalore/India [2]	EUR	98.76/1.24	−56,702.34	961,664.40	Nordex Windpark Beteiligung GmbH/Nordex Energy Internacional S.L.
South Kinetic Wind Energy Private Limited, Bangalore/India [2]	EUR	99.99/0.01	−4,985.14	36,804.44	Nordex India Private Limited/ Nordex Energy Internacional S.L.
Terral Energy Private Limited, Bangalore/India [2]	EUR	99.99/0.01	−5,623.75	36,804.44	Nordex Windpark Beteiligung GmbH/Nordex Energy Internacional S.L.
Vent d'est S.a.r.l., Paris/France [3]	EUR	100.00	−705.80	−12,462.36	Nordex France S.A.S.
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 International GmbH
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 International GmbH
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 International GmbH
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 International GmbH
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 International GmbH
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 International GmbH

List of shareholdings (continued)

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	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	1,031,306.22	17,827,669.24	Nordex Windpark Beteiligung GmbH
GN Renewable Investments S.a.r.l., Luxembourg/Luxembourg[3]	EUR	30.00	−39,520.94	192,954.16	Nordex Windpark Beteiligung GmbH

	Currency	Share in capital in %	Net profit/loss 01.01.–31.12.2021	Equity 01.01.–31.12.2021	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	−2,211.00	−16,548.00	Nordex France S.A.S.
Farma Wiatrowa Stogi Sp. z o.o., Kwidzyn/Poland[3]	EUR	50.00	0.00	−57,936.77	Nordex Windpark Beteiligung GmbH
Parc Eolien du Val Aux Moines, Paris/France[3]	EUR	34.92	−48,616.00	−819,012.00	Nordex Employee Holding GmbH
Rose Windfarm AB, Stockholm/Sweden[3]	EUR	50.00	−201,630.45	196,969.84	Nordex Sverige AB
Ventus Kwidzyn Sp. z o.o., Gorki/Poland[3]	EUR	50.00	−91,011.80	−1,033,287.81	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 2021
3 preliminary annual financial statements as at 31 December 2021
4 formerly Nordex Belgium GmbH, Hamburg
5 loss absorption agreement; net profit/loss and equity after absorption of loss
6 formerly Nordex Energy B.V., Rotterdam/Netherlands
7 formerly Nordex Netherlands GmbH, Hamburg
8 formerly Nordex Norway GmbH, Hamburg
9 formerly Nordex Portugal GmbH, Hamburg
10 Initial consolidation on 1 January 2021
11 formerly Nordex Lithuania GmbH, Hamburg
12 in liquidation

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 2021, and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, 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 2021. In accordance with the German legal requirements, we have not audited the content of the statement on corporate governance pursuant to § [Article] 289f HGB [Handelsgesetzbuch: German Commercial Code] and § 315d HGB.

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 § 315e Abs. [paragraph] 1 HGB 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 2021, and of its financial performance for the financial year from 1 January to 31 December 2021, 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 the statement on corporate governance referred to above.

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 2021. 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:

❶ Recoverability of goodwill

❷ 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:

❶ Recoverability of goodwill

① In the Company's consolidated financial statements goodwill amounting in total to € 548 million (13.3% 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 (10) 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 € 5,444 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 Notes (3) and (4) in the section "Notes to the statement of financial position", as well as Note (29) 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 statement on corporate governance pursuant to § 289f HGB and § 315d HGB as an unaudited part of the group management report.

The other information comprises further

- the separate non-financial group report pursuant to § 315b Abs. 3 HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all 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 mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with 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 controls.

- 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

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with §317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file Nordex_SE_KA+KLB_ESEF-2021-12-31.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 work extends only 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 these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of §328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion 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 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with §317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with §317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with §328 Abs. 1 Satz 4 Nr. [number] 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 supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work 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 work. 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 opinion.

- Obtain an understanding of internal control relevant to the assurance work 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 opinion 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 in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering 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) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 5 May 2021. We were engaged by the supervisory board on 11 December 2021. 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).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Dr. Thomas Ull.

Hamburg, 23 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Dr. Thomas Ull	ppa. Harald van Voorst
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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, 23 March 2022

José Luis Blanco, Chairman of the Management Board

Dr. Ilya Hartmann, Member of the Management Board

Patxi Landa, Member of the Management Board

REMUNERATION REPORT

This remuneration report presents the components and effects of the remuneration logic and outlines the individual amounts of remuneration of the Management Board and Supervisory Board.

Detailed information concerning the remuneration systems for the members of the Management Board and Supervisory Board members of Nordex SE may be found on the Company's website *(http://ir.nordex-online.com/websites/Nordex/English/6000/corporate-governance.html)*.

GUIDELINES AND PRINCIPLES OF THE REMUNERATION SYSTEM FOR THE MANAGEMENT BOARD OF NORDEX SE

Nordex SE's corporate strategy is aimed at creating a competitive and global company with long-term sustainable and positive future prospects – with innovative products, decarbonization of the economy shall be promoted and a significant contribution to the fight against climate change shall be made. These strategic objectives are aimed at successfully developing Nordex SE, i.e. consolidating the Company's competitive global positioning and thus enhancing its value for its shareholders in the long term. The success of this development is measured using financial and non-financial performance criteria and is also considered accordingly in the remuneration system for the Company's members of the Management Board (in the following referred to as the remuneration system). Remuneration systems are corporate management tools. The Supervisory Board of Nordex SE is convinced that a suitably designed remuneration structure will provide effective incentives for the members of the Management Board to successfully implement the Company's corporate strategy. Therefore, the remuneration paid to Nordex SE's members of the Management Board includes variable components which reward achieving the targets set and which are reduced accordingly if the targets are not met and may even cease entirely in certain circumstances. This establishes a clear link between corporate success and remuneration.

The operational and strategic corporate planning reflects the implementation of the Company's corporate structure. This corporate planning thus documents the envisaged short- and medium-term development of the Nordex Group. For their part, the variable remuneration components depend, in particular, on the development of the share price and the achievement of demanding performance criteria which are determined on the basis of the Company's corporate planning. Through this structure, the Company's remuneration system promotes its business strategy as well as its long-term development.

The following principles in particular are considered when determining the remuneration of the Management Board:

- **Promotion of the corporate strategy**
- **Harmonisation with shareholder interests**
- **"Pay for performance"**
- **Long-term orientation and sustainability**
- **Compliance and market standards**

REMUNERATION OF THE MEMBERS OF THE MANAGEMENT BOARD

Overview of the remuneration of the Management Board for the 2021 financial year

The remuneration system, which was approved with a 99.37% majority at the Annual General Meeting of Nordex SE, applies for all service contracts newly concluded or extended after 5 May 2021. This is without prejudice to the service contracts concluded up to this date for all members of the Management Board, which will remain in force until such time as they are extended or revised. The new remuneration system will therefore only apply to future service contracts. Accordingly, the reporting in this year's remuneration report largely reflects the currently applicable remuneration system.

The remuneration report will reflect the remuneration system which was approved in 2021 once this remuneration system's arrangements have been fully incorporated in the service contracts then applicable. Detailed information on the new remuneration system may be found on Nordex SE's website *(http://ir.nordex-online.com/websites/Nordex/English/6000/corporate-governance.html)*.

The remuneration of the Management Board defined in the current service contracts comprises performance-unrelated (fixed) and performance-related (variable) remuneration components. The latter reflect the Company's business performance in a given year as well as its long-term business performance. The fixed, performance-unrelated remuneration comprises the annual base salary plus fringe benefits. The short-term variable remuneration (bonus) and the long-term variable remuneration (Performance Share Unit Plan, in the following also referred to as PSUP) will be granted on a performance-related and therefore variable basis. To incentivize the achievement of medium-term strategic targets, the Supervisory Board has decided to establish a one-off Transformation Incentive Plan (in the following also referred to as TIP) for the members of the Management Board.

Under Section 162 (1) sentence 1 of the German Stock Corporation Act (AktG), the Management Board and Supervisory Board of a listed company are obliged to prepare an annual report on the remuneration awarded and due in the previous financial year to the current or former members of the Management Board and Supervisory Board. The following is a clear and easily understandable overview of the remuneration awarded, i.e. all benefits to members of the Management Board and Supervisory Board who discharged the functions serving as the basis for their remuneration throughout the 2021 financial year.

DETERMINATION OF THE REMUNERATION OF THE MANAGEMENT BOARD FOR THE 2021 FINANCIAL YEAR

Target remuneration and remuneration structure

In determining the remuneration of the Management Board, the Supervisory Board is guided by the market position of Nordex SE – in particular, with regard to its sector, size (revenues, number of employees worldwide and market capitalization), country (headquarter location and reach of operations) – and the structure and amount of management remuneration at comparable companies as well as internal salary structures. The function and area of responsibility of the individual members of the Management Board are further criteria. In addition, in determining the amount of the total target remuneration the Supervisory Board has ensured that the proportion of the long-term variable remuneration exceeds that of the short-term variable remuneration. This approach fulfills the requirements of the German Stock Corporation Act and the provisions of the German Corporate Governance Code, as amended on 16 December 2019 (GCGC).

Under the agreements on the working capital loan taken out by the Company under the German government's guarantee program by way of protection against the consequences of the COVID-19 pandemic, from August 2020 the contractually agreed annual base salary of the members of the Management Board which was paid from January 2020 was reduced to the level of the annual base salary applicable as of 31 December 2019. This reduction applied until at least 75% of the guaranteed loan was repaid. Under the above agreements, the amount resulting from this deviation from the contractually prescribed annual base salary was to be deferred and only paid out after the guaranteed loan had been repaid in full. Moreover, for the term of this loan the members of the Management Board were not entitled to receive any variable remuneration components until the guaranteed loan had been repaid in full. Nordex SE fully repaid and terminated the guaranteed loan during the 2021 financial year. As a result, the covenants of the temporarily utilized state guarantee program have lapsed ahead of schedule.

FIXED REMUNERATION IN THE 2021 FINANCIAL YEAR

The fixed remuneration comprises an annual base salary paid out in equal monthly installments and fringe benefits customary 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.

The Company has also taken out a D&O insurance policy which also covers the service of the members of the Management Board. In accordance with the provisions of the German Stock Corporation Act, the policy stipulates a deductible.

VARIABLE REMUNERATION IN THE 2021 FINANCIAL YEAR

The variable remuneration components reflect the achievement of annual targets as well as the Company's long-term performance. The short-term variable remuneration (bonus) and the long-term variable remuneration (PSUP) incentivize the performance of the members of the Management Board from a variety of different perspectives, over assessment periods of varying duration and while taking various performance criteria into consideration.

The achievement of short-term operational targets is of primary significance for the selection of the performance criteria for the bonus. The PSUP focuses on the performance of the Nordex SE shares (in the following also referred to as Nordex shares) by comparison with the capital market. Among other criteria, this evaluates the capital market's assessment of Nordex SE's strategic orientation and its implementation by the Management Board.

In addition, in the 2021 financial year the Supervisory Board granted a one-off TIP on the basis of virtual shares with a two-year assessment period (in the following also referred to as the TIP performance period). The TIP establishes incentives for the achievement of strategic targets, in particular in relation to the sales and earnings growth of Nordex SE.

The performance criteria on which the variable remuneration is based in financial year 2021 and their strategic relevance are shown in the following table:

Performance criteria	Bonus	Performance Share Unit Plan	Transformation Incentive Plan	Strategic relevance
EBT in EUR million	x			Ensuring profitability while taking into account the borrowing costs required for this purpose
EBITDA in EUR million			x	Reviewing the development of profitability of the operating business
Working capital	x			Ensuring efficient use of capital in the operating business
Relative total shareholder return		x		Long-term development of enterprise value compared with the capital market
Free cash flow			x	Generating the necessary cash to self-finance the operating business
Quality of order intake [1]	x			Ensuring target profitability of projects in order intake to secure future profitability
HSE performance [2]	x			Protecting and promoting employees by ensuring occupational safety
Non-quality cost and technology management cost [3]	x			Promoting customer satisfaction through quality assurance

[1] Gross contribution margin of order intake in EUR million
[2] Frequency of lost-time incidents in relation to total hours worked (lost-time incident frequency)
[3] Cost of quality deviations and technology management measured as a percentage of total sales

SHORT-TERM VARIABLE REMUNERATION (BONUS)

An individual target amount is defined in the service contract of each member of the Management Board. The degree of target achievement is determined on the basis of financial and non-financial performance criteria.

The Supervisory Board individually determines these performance criteria on an annual basis for each member of the Management Board. The respective degree of target achievement is established at the end of the financial year. For 2021 financial year, the Supervisory Board has defined the following performance criteria and weightings for the members of the Management Board:

Targets for short-term variable remuneration (bonus)

0%–200% target achievement

The performance criteria are determined by the Supervisory Board at the beginning of each financial year.

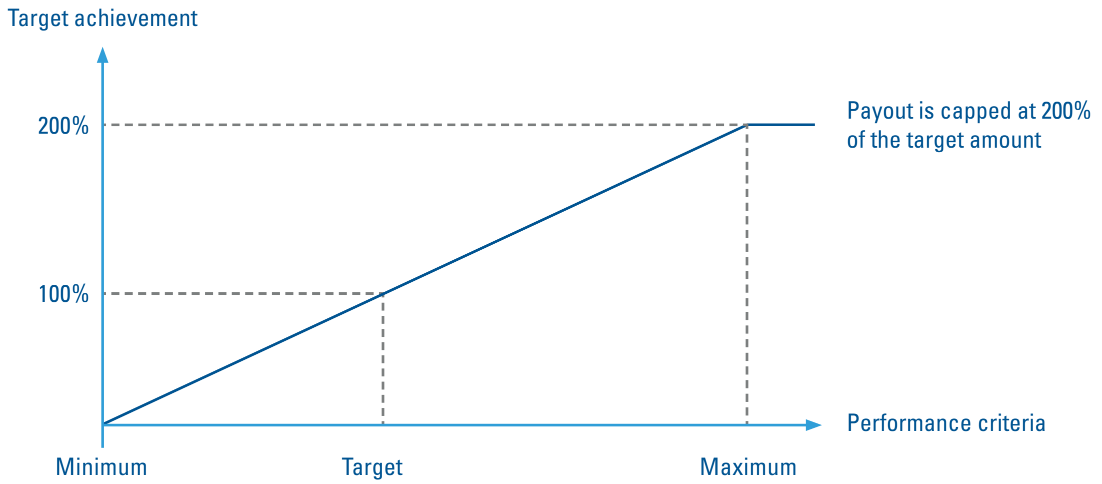
Weighting of performance criteria	José Luis Blanco	Patxi Landa	Dr. Ilya Hartmann
EBT in EUR million	50%	50%	50%
Working capital	20%	20%	30%
Quality of order intake [1]	20%	30%	20%
HSE performance [2]	5%	–	–
Non-quality cost and technology management cost [3]	5%	–	–

1 Gross contribution margin of order intake in EUR million
2 Frequency of lost-time incidents in relation to total hours worked (lost-time incident frequency)
3 Cost of quality deviations and technology management measured as a percentage of total sales

Targets are derived from corporate planning, thus ensuring consistency with corporate strategy.

For all of the performance criteria, the possible degrees of target achievement are between 0% and 200%. A targeted range is defined for each performance criterion. If the target value is reached, the degree of target achievement is 100% in each case; if the value falls below the minimum value, the degree of target achievement is 0%. The degree of target achievement is limited to 200% if the maximum value is matched or exceeded. Intermediate values are subject to linear interpolation. Payment of the bonus for the 2021 financial year also was subject to the condition precedent of the minimum EBT and working capital values being cumulatively achieved.

Short-term variable remuneration (bonus) – target corridor



The degree of overall target achievement for a financial year is determined while taking into account each individual target achievement level and the weighting of the performance criteria. The bonus amount is calculated on the basis of the specified target amount, with reference to the degree of overall target achievement. The payout amount is capped at 200% of the target amount.

The resulting individual remuneration corridor for the bonus for 2021 financial year is as follows:

EUR	Minimum amount	Target amount	Maximum amount (200% of the target amount)
José Luis Blanco	0	420,000	840,000
Patxi Landa	0	250,000	500,000
Dr. Ilya Hartmann	0	170,000	340,000

The following table shows the individual target achievement for the 2021 bonus.

Target achievement in %	José Luis Blanco	Patxi Landa	Dr. Ilya Hartmann
EBT in EUR million	0%	0%	0%
Working capital	200%	200%	200%
Quality of order intake	133%	133%	133%
HSE performance	130%	–	–
Non-quality cost and technology management cost	0%	–	–
Overall target achievement [1]	**0%**	**0%**	**0%**
Performance factor (0.8–1.2) [2]	–	–	–

[1] Payment of the bonus for the 2021 financial year was subject to the condition precedent of the minimum EBT and working capital values being cumulatively achieved.
[2] Since the overall target achievement was 0%, no adjustment by way of the performance factor was made.

Since the minimum EBT figure set by the Supervisory Board as a condition precedent for the 2021 bonus was not achieved, the overall target achievement level for all members of the Management Board determined for the 2021 financial year is 0%.

The Supervisory Board may also adjust the bonus individually on the basis of the Company's performance and the individual performance of the members of the Management Board within a corridor of 0.8 to 1.2 times the overall target achievement level. Since the overall target achievement was 0%, this adjustment was not necessary.

LONG-TERM VARIABLE REMUNERATION (PSUP)

The long-term variable remuneration component is a PSUP which is based on virtual shares.

Long-term variable remuneration (PSUP)

50%–200% target achievement

The number of PSUs for a tranche that is decisive for payout amount depends on a share price-based target

Type	Performance Share Unit Plan
Performance period	3 or 4 years
Performance criterion	Development of RTSR compared to a suitable peer group (DAX, MDAX and TecDAX)
Initial number	Target amount ÷ Ø closing share price of Nordex shares on the last 20 trading days prior to the start of the performance period
Final number	Initial number of PSUs of a tranche x target achievement in %
Payout amount	Final number × Ø closing share price of Nordex shares on the last 20 trading days prior to the end of the performance period

Payout is capped at 300% of the target amount

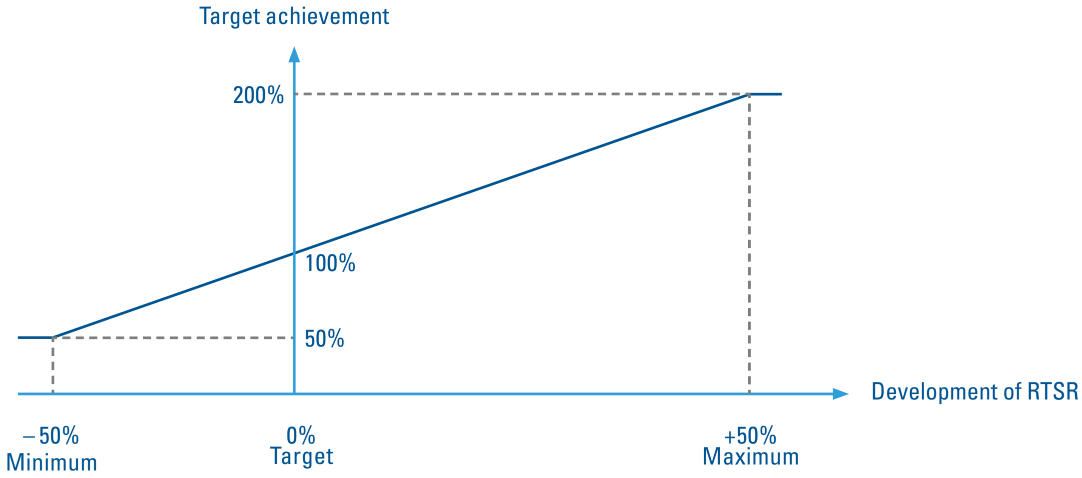
Creates incentives for the sustainable increase in enterprise value and promotes the alignment of Management Board and shareholder interests

An individual target amount has been agreed with the members of the Management Board in respect of their long-term variable remuneration. This amount is converted into performance share units (in the following also referred to as PSU). To do so, the target amount is divided by the average closing share price of Nordex shares on the last 20 trading days prior to the start of the assessment period (in the following also referred to respectively as the initial number and the performance period).

The performance criterion is a comparison of the performance of the relative total shareholder return (in the following also referred to as RTSR) of Nordex shares with the arithmetic mean of the performance of the DAX, MDAX and TecDAX benchmark indices. The level of target achievement is calculated over a three-year performance period (four-year for Dr. Hartmann), starting on 1 January of the year of allocation in each case.

The target corridor of the 2019–2021 tranche for the development of the RTSR has been established for all members of the Management Board as follows:

Long-term variable remuneration (PSUP) – target corridor



A minimum of –50% and a maximum of +50% have been defined as the targeted range. An RTSR performance in line with the benchmark indices will represent a 100% target achievement level. If the benchmark indices are exceeded by 50% or more, this will represent a 200% target achievement level. If the development of the RTSR of Nordex SE lags behind the development of the RTSR of the benchmark indices by 50% or more, a 50% level of target achievement is assumed. Intermediate values are subject to linear interpolation.

The final number of PSUs is calculated by multiplying the initial number by the level of target achievement. This is multiplied by the average closing share price of Nordex shares on the last 20 trading days prior to the end of the performance period to determine the payout amount. The PSUP payout amount is capped at 300% of the individual target amount.

Each member of the Management Board is required to hold shares valued at no less than 33% of their payout after tax and social security contributions for a period of at least two years (one year in the case of Dr. Hartmann).

Target achievement for the 2019 tranche

The target achievement for the PSUP tranche issued in 2019 is as follows:

EUR	Target amount	Average closing share price of Nordex shares prior to the start of the performance period	Initial number of PSUs	Target achievement	Final number of PSUs	Average closing share price of Nordex shares prior to the end of the performance period
Members of the Management Board in office as of 31 December 2021						
José Luis Blanco	350,000	8.38	41,766	131%	54,805	14.50
Patxi Landa	200,000	8.38	23,866	131%	31,317	14.50
Dr. Ilya Hartmann	–	–	–	–	–	–
Former members of the Management Board						
Christoph Burkhard	200,000	8.38	23,866	131%	20,878 [1]	14.50

[1] Pursuant to the termination agreement, Mr. Burkhard forfeits 1/3 of the 2019 tranche

Allocation of the 2021 tranche

The allocation of the PSUP tranche issued in 2021 is presented below:

EUR	Target amount	Average closing share price of Nordex shares prior to the start of the performance period	Initial number of PSUs	Fair value per PSU at allocation
José Luis Blanco	420,000	20.16	20,833	22.11
Patxi Landa	250,000	20.16	12,401	22.11
Dr. Ilya Hartmann	200,000	20.16	9,921	19.73 [1]

[1] Different fair value due to different plan term

The resulting individual remuneration corridor for the 2021 tranche is as follows:

EUR	Minimum amount	Target amount	Maximum amount (300% of the target amount)
José Luis Blanco	210,000	420,000	1,260,000
Patxi Landa	125,000	250,000	750,000
Dr. Ilya Hartmann	100,000	200,000	600,000

Development of the portfolio of virtual shares in connection with the PSUP in financial year 2021

The following overview shows the development of the portfolio of PSUs held by the members of the Management Board in financial year 2021.

	Information on the PSUP				Information on the 2021 financial year: Opening balance	During the financial year			Closing balance
Current and former members of the Management Board	Plan	Tranche	Performance period	Allocation price	Balance at the beginning of the financial year	Newly allocated PSUs	Change	PSUs exercised	Balance at the end of the financial year
José Luis Blanco	PSUP	Tranche 2021	Jan 2021 – Dec 2023	20.16	0	20,833	0	0	20,833
		Tranche 2020	Jan 2020 – Dec 2022	12.43	33,789	0	0	0	33,789
		Tranche 2019	Jan 2019 – Dec 2021	8.38	41,766	0	13,039[2]	54,805	0
Patxi Landa	PSUP	Tranche 2021	Jan 2021 – Dec 2023	20.16	0	12,401	0	0	12,401
		Tranche 2020	Jan 2020 – Dec 2022	12.43	20,113	0	0	0	20,113
		Tranche 2019	Jan 2019 – Dec 2021	8.38	23,866	0	7,451[2]	31,317	0
Dr. Ilya Hartmann	PSUP	Tranche 2021	Jan 2021 – Dec 2024	20.16	0	9,921	0	0	9,921
Christoph Burkhard[1]	PSUP	Tranche 2020	Jan 2020 – Dec 2022	12.43	20,113	0	–13,409[3]	0	6,704
		Tranche 2019	Jan 2019 – Dec 2021	8.38	23,866	0	–2,988[4]	20,878	0

[1] Until 28.02.2021
[2] Increase in PSUs of the 2019 tranche in line with target achievement of the performance criteria
[3] Pursuant to the termination agreement, Mr. Burkhard forfeits 2/3 of the 2020 tranche
[4] Adjustment of PSUs in line with target achievement of the performance criteria; pursuant to the termination agreement, Mr. Burkhard forfeits 1/3 of the 2019 tranche

Transformation Incentive Plan

Within the scope of the TIP, each member of the Management Board is granted an individual number of performance share units (in the following also referred to as the initial number of TIP PSU) subject to the condition precedent of the achievement of a predefined free cash flow threshold as of the end of the 2022 financial year (in the following also referred to as the threshold). The EBITDA reported in the consolidated financial statements of the Nordex Group for the 2022 financial year will be applied as a performance criterion if this threshold is reached. The final number of TIP PSU (in the following also referred to as the final number of TIP PSU) will be calculated by multiplying the initial number of TIP PSU by the percentage degree of target achievement. The amount paid out will be determined by multiplying the final number of TIP PSU by the average closing share price of Nordex shares on the last 20 trading days prior to the end of the two-year TIP performance period. At the Company's discretion, this amount will be paid out either in the form of Nordex shares or in cash. In the case of a cash payment, the members of the Management Board will be obliged to purchase Nordex shares whose value is equivalent to the net payment amount. The members of the Management Board will be obliged to hold these shares for a period of at least two years, both in the event of a cash payment and the subsequent reinvestment of the net payment amount and in the event of payment in the form of Nordex shares.

Malus and clawback arrangements

The Supervisory Board did not make any use of the option to withhold or claw back variable remuneration components in the 2021 financial year.

REMUNERATION AWARDED AND DUE TO THE MEMBERS OF THE MANAGEMENT BOARD WHO HELD OFFICE IN THE 2021 FINANCIAL YEAR

The following tables show the remuneration awarded and due to the members of the Management Board who held office in the 2021 financial year. In the following, for the members of the Management Board holding office the remuneration awarded is the remuneration for which the relevant service or performance period ended in the financial year. Accordingly, as well as the annual base salary and the fringe benefits, the 2021 bonus and the PSUP with a 2019–2021 performance period are shown as the remuneration awarded for the 2021 financial year. In addition to the remuneration amounts, pursuant to section 162 (1) sentence 2 no. 1 AktG the relative proportion of the fixed and variable remuneration components is also indicated. A maximum remuneration pursuant to section 87a (1) sentence 2 no. 1 AktG has not been determined for the applicable service contracts of the members of the Management Board.

	José Luis Blanco				Dr. Ilya Hartmann			
	2021	2021	2020	2020	2021	2021	2020	2020
Remuneration awarded and due	**EUR**	**%**	**EUR**	**%**	**EUR**	**%**	**EUR**	**%**
Annual base salary	610,000[1]	43	585,000	30	350,000	97	–	–
Fringe benefits	1,655	0	8,591	0	11,028	3	–	–
Fixed remuneration	**611,655**	**43**	**593,591**	**30**	**361,028**	**100**	**–**	**–**
Short-term variable remuneration (bonus)	**0**	**0**	**325,710**	**17**	**0**	**0**	**–**	**–**
2019–2021 Performance Share Unit Plan	794,673	57	–	–	–	–	–	–
2018–2020 Performance Share Unit Plan	–	–	1,050,000	53	–	–	–	–
Long-term variable remuneration (Performance Share Unit Plan)	**794,673**	**57**	**1,050,000**	**53**	**0**	**0**	**–**	**–**
Total remuneration	**1,406,328**	**100**	**1,969,301**	**100**	**361,028**	**100**	**–**	**–**

[1] In addition, Mr. Blanco was paid EUR 25,000 in annual base salary that was deferred in 2020

	Patxi Landa				Christoph Burkhard			
	2021	2021	2020	2020	2021	2021	2020	2020
Remuneration granted and owed	EUR	%	EUR	%	EUR	%	EUR	%
Annual base salary	400,000 [1]	47	362,500	31	66,667 [2]	6	379,167	32
Fringe benefits	606	0.1	606	0	1,395	0.1	8,370	1
Fixed remuneration	**400,606**	**47**	**363,106**	**31**	**68,062**	**6**	**387,537**	**32**
Short-term variable remuneration (bonus)	**0**	**0**	**224,650**	**19**	**0**	**0**	**207,575**	**17**
2019–2021 Performance Share Unit Plan	454,097	53	–	–	302,731	26	–	–
2018–2020 Performance Share Unit Plan	–	–	600,000	51	–	–	600,000	50
Long-term variable remuneration (Performance Share Unit Plan)	**454,097**	**53**	**600,000**	**51**	**302,731**	**26**	**600,000**	**50**
Severance payment	–	–	–	–	**800,000**	**68**	–	–
Total remuneration	**854,703**	**100**	**1,187,756**	**100**	**1,170,793**	**100**	**1,195,112**	**100**

[1] In addition, Mr. Landa was paid EUR 37,500 in annual base salary that was deferred in 2020
[2] Until 28.02.2021; in addition, Mr. Burkhard was paid EUR 20,833 in annual base salary that was deferred in 2020

BENEFITS UPON TERMINATION OF SERVICE RELATIONSHIP

Benefits in the event of premature termination

If, in the event of revocation of an appointment, the Company terminates a service contract without good cause or if a termination agreement is signed in this case, Mr. Blanco and Mr. Landa will have a contractual entitlement to receive a severance payment. The amount of this severance payment is calculated on the basis of the target remuneration to be paid for the remaining term of the service contract. It is limited to two years' total target remuneration. In the event of the Company's revocation of their appointment, the Company may moreover release Mr. Blanco and Mr. Landa from their work duties subject to continued payment of their remuneration. Mr. Blanco and Mr. Landa will not be entitled to receive any severance payment if the premature termination of their service contracts is attributable to them.

In the event of the Company's revocation of his appointment and termination of his service contract without good cause, the Company may release Dr. Hartmann from his work duties subject to continued payment of his remuneration.

If the service contract or the appointment to the Management Board is terminated early in certain, more closely defined "bad leaver" cases (in particular if it is terminated by Nordex SE for good cause pursuant to Section 626 (1) of the German Civil Code (BGB) or if the member of the Management Board resigns before the end of the financial year without the Company being at fault), they shall forfeit their entitlement to the bonus and the PSUs under the active Management Board members' service contracts without replacement.

Benefits in the event of regular termination

If the service relationship ends prior to the end of the financial year or performance period as a result of the regular expiry of a contractual term or due to retirement, invalidity or death, the Management Board members will hold bonus and PSUP entitlements on a pro rata temporis basis.

BENEFITS TO FORMER MEMBERS OF THE MANAGEMENT BOARD

Mr. Burkhard's service contract was terminated prematurely in November 2020 with effect as of 28 February 2021. By way of compensation for the premature termination of his service contract, a settlement of EUR 800,000 was agreed in order to cover his remuneration entitlements. This amount was paid out in the 2021 financial year.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

Under Article 18 (1) to (4) of the Articles of Incorporation, each member of the Supervisory Board is entitled to fixed remuneration of EUR 30,000 (2020: 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 and his deputy one-and-a-half times the fixed remuneration received by a regular member of the Supervisory Board.

Each member of the Supervisory Board also receives fixed remuneration for membership of Supervisory Board committees. This amounts to EUR 3,000 (2020: EUR 3,000) for each full financial year in which the Supervisory Board member belonged to the committee. The chairman of a committee receives twice this amount.

The following table shows the memberships and chairmanships of the members of the Supervisory Board on the various committees.

Supervisory Board member	Committee
Dr. Wolfgang Ziebart (Chairman of the Supervisory Board)	Chairman of the Executive Committee and member of the Strategy and Technology Committee
Juan Muro-Lara (Deputy Chairman of the Supervisory Board)	Member of the Executive Committee and Audit Committee
Jan Klatten	Member of the Executive Committee and chairman of the Strategy and Technology Committee
Connie Hedegaard	Member of the Audit Committee
Rafael Mateo [1]	Member of the Strategy and Technology Committee
Martin Rey	Chairman of the Audit Committee
María Cordón [2]	Member of the Strategy and Technology Committee

[1] Until 25.06.2021
[2] Since 02.09.2021

Supervisory Board members who have only belonged to the Supervisory Board or one of its committees for part of a given financial year will, for each commenced month of their service, receive one twelfth of the remuneration amount they are entitled to due to their membership.

According to Article 18 (5) of the Articles of Incorporation, members of the Supervisory Board receive reimbursement for expenses arising during the exercise of their duties. They are also reimbursed for any VAT incurred. The Company also pays the premiums for D&O liability insurance, which also includes the members of the Supervisory Board.

The remuneration of the Supervisory Board comprises the following:

Remuneration awarded/due to the Supervisory Board	2021 Fixed remuneration		2021 Remuneration for committee work		2021 Total remuneration	2020 Fixed remuneration		2020 Remuneration for committee work		2020 Total remuneration
	EUR	%	EUR	%	EUR	EUR	%	EUR	%	EUR
Prof. Dr. Wolfgang Ziebart	60,000	87	9,000	13	69,000	60,000	87	9,000	13	69,000
Juan Muro-Lara	45,000	88	6,000	12	51,000	45,000	88	6,000	12	51,000
Jan Klatten	30,000	77	9,000	23	39,000	30,000	77	9,000	23	39,000
Connie Hedegaard	30,000	91	3,000	9	33,000	30,000	91	3,000	9	33,000
Rafael Mateo [1]	15,000	91	1,500	9	16,500	30,000	91	3,000	9	33,000
Martin Rey	30,000	83	6,000	17	36,000	30,000	83	6,000	17	36,000
María Cordón [2]	**10,000**	**91**	**1,000**	**9**	**11,000**	–	–	–	–	–

[1] Until 25.06.2021
[2] Since 02.09.2021

DETAILS OF THE RELATIVE DEVELOPMENT OF THE MANAGEMENT BOARD'S REMUNERATION, THE REMUNERATION OF THE REST OF THE WORKFORCE AND THE COMPANY'S EARNINGS

The following table shows the development of the remuneration of the Management Board by comparison with the development of the earnings of Nordex SE and the average remuneration received by all employees on a full-time equivalent basis at the Nordex Group's German companies – Nordex SE, Nordex Energy SE & Co. KG and Nordex Germany GmbH – over the past five financial years. This excludes trainees, interns, working students and students preparing their diploma theses and employees on extended sick leave or parental leave.

The development of earnings is presented on the basis of the net income of the Company as well as the Nordex Group.

Development of remuneration compared to the development of earnings and the remuneration of employees in %

Members of the Management Board	Change 2021 vs. 2020	Change 2020 vs. 2019	Change 2019 vs. 2018	Change 2018 vs. 2017
José Luis Blanco	−28.6%	114.3%	−31.8%	62.5%
Patxi Landa	−28.0%	121.5%	−33.1%	105.6%
Dr. Ilya Hartmann (since 01.01.2021) [1]	–	–	–	–
Christoph Burkhard (until 28.02.2021)	−2.0%	112.5%	−40.2%	56.6%
Bernard Schäferbarthold (until 30.09.2016) [2]	–	–	–	−78.2%
Members of the Supervisory Board				
Prof. Dr. Wolfgang Ziebart	0.0%	0.0%	0.0%	0.0%
Juan Muro–Lara	0.0%	0.0%	0.0%	0.0%
Jan Klatten	0.0%	0.0%	0.0%	0.0%
Connie Hedegaard	0.0%	0.0%	0.0%	0.0%
Martin Rey	0.0%	0.0%	0.0%	0.0%
Rafael Mateo (until 25.06.2021)	−50.0%	0.0%	0.0%	0.0%
María Cordón (since 02.09.2021) [3]	–	–	–	–
Remuneration of employees				
Employees in Germany	−5.6%	0.7%	−3.8%	4.3%

[1] Figures do not include Dr. Hartmann, as he has only been a member of the Management Board since 01.01.2021 and did not receive any Management Board remuneration for the years under review
[2] Figures for Mr. Schäferbarthold only relate to payments from the PSUP, as his Management Board term ended back in 2016
[3] Figures do not include Ms. Cordón, as she has only been a member of the Supervisory Board since 02.09.2021 and received no remuneration in 2020

Earnings	2021	Change in % 2021 vs. 2020	2020	Change in % 2020 vs. 2019	2019	Change in % 2019 vs. 2018	2018	Change in % 2018 vs. 2017	2017
Net income of Nordex SE in EUR thsd.	−20,972.6	n/a	68,051.0	159.6%	−114,122.7	−46.6%	−77,850.4	n/a	78,315.4
Net income of the Nordex Group in EUR thsd.	−235,119.3	−81,3%	−129,705.0	−78.7%	−72,570.0	13.5%	−83,853.0	n/a	329.0

REPORT OF THE INDEPENDENT AUDITOR ON THE FORMAL AUDIT OF THE REMUNERATION REPORT PURSUANT TO § 162 ABS. 3 AKTG

To Nordex SE, Rostock

Opinion

We have formally audited the remuneration report of the Nordex SE, Rostock, for the financial year from 1 January to 31 December 2021 to determine whether the disclosures pursuant to § [Article] 162 Abs. [paragraphs] 1 and 2 AktG [Aktiengesetz: German Stock Corporation Act] have been made in the remuneration report. In accordance with § 162 Abs. 3 AktG, we have not audited the content of the remuneration report.

In our opinion, the information required by §162 Abs. 1 and 2 AktG has been disclosed in all material respects in the accompanying remuneration report. Our opinion does not cover the content of the remuneration report.

Basis for the opinion

We conducted our formal audit of the remuneration report in accordance with §162 Abs. 3 AktG and IDW [Institut der Wirtschaftsprüfer: Institute of Public Auditors in Germany] Auditing Standard: The formal audit of the remuneration report in accordance with §162 Abs. 3 AktG (IDW AuS 870). Our responsibility under that provision and that standard is further described in the "Auditor's Responsibilies" section of our auditor's report. As an audit firm, we have complied with the requirements of the IDW Quality Assurance Standard: Requirements to quality control for audit firms [IDW Qualitätssicherungsstandard – IDW QS 1]. We have complied with the professional duties pursuant to the the Professional Code for German Public Auditors and German Chartered Auditors [Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer – BS WP/vBP], including the requirements for independence.

Responsibility of the Management Board and the Supervisory Board

The management board and the supervisory board are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our objective is to obtain reasonable assurance about whether the information required by §162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report and to express an opinion thereon in an auditor's report.

We planned and performed our audit to determine, through comparisson of the disclosures made in the remuneration report with the disclosures required by § 162 Abs. 1 and 2 AktG, the formal completeness of the remuneration report. In accordance with §162 Abs 3 AktG, we have not audited the accuracy of the disclosures, the completeness of the content of the individual disclosures, or the appropriate presentation of the remuneration report.

Hamburg, 23 March 2022

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	
29 March 2022	Publication of 2021 Annual Report
12 May 2022	Publication of quarterly financial report (call-date Q1)
31 May 2022	Annual General Meeting
11 August 2022	Publication of half-yearly financial report
15 November 2022	Publication of quarterly financial report (call-date Q3)

PUBLISHING INFORMATION AND CONTACT

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