



# INTERIM REPORT SECOND QUARTER 2020

NORMA GROUP SE  
MAINTAL

# Overview of Key Figures

		Q2 2020 <sup>1</sup>	Q2 2019 <sup>1</sup>	H1 2020 <sup>1</sup>	H1 2019 <sup>1</sup>
<b>Order situation</b>					
Order book (June 30)	EUR million	–	–	335.0	387.3
<b>Income statement / Financial control parameters</b>					
Revenue	EUR million	191.5	289.0	445.0	564.7
Gross profit	EUR million	103.1	167.1	250.9	328.4
Adjusted EBITA	EUR million	– 22.5	40.9	4.6	80.6
Adjusted EBITA margin	%	– 11.8	14.2	1.0	14.3
EBITA	EUR million	– 23.3	32.8	3.1	69.7
EBITA margin	%	– 12.2	11.3	0.7	12.3
Adjusted EBIT	EUR million	– 24.6	38.9	0.5	76.4
Adjusted EBIT margin	%	– 12.9	13.4	0.1	13.5
EBIT	EUR million	– 31.0	25.0	– 12.4	54.3
EBIT margin	%	– 16.2	8.7	– 2.8	9.6
Adjusted profit for the period	EUR million	– 22.9	25.7	– 7.2	50.9
Adjusted EPS	EUR	– 0.72	0.81	– 0.22	1.60
Profit for the period	EUR million	– 27.7	15.6	– 16.8	34.8
EPS	EUR	– 0.87	0.49	– 0.53	1.09
NORMA Value Added (NOVA)	EUR million	– 40.3	10.5	– 40.7	21.1
<b>Cash flow</b>					
Cash flow from operating activities	EUR million	29.1	27.0	38.9	36.7
Net operating cash flow	EUR million	1.9	28.8	8.5	28.6
Cash flow from investing activities	EUR million	– 6.0	– 11.6	– 15.5	– 28.2
Cash flow from financing activities	EUR million	– 41.1	– 40.8	– 8.9	– 54.7
<b>Balance sheet</b>					
Total assets	EUR million	1,472.2	1,514.3		
Equity	EUR million	602.2	629.5		
Equity ratio	%	40.9	41.6		
Net debt	EUR million	414.4	420.8		
<b>Employees</b>					
Core workforce		6,268	6,523		
<b>Non-financial control parameters</b>					
Number of invention applications		12	10		
Defective parts per million (PPM)		5	6		
Quality-related customer complaints per month		4	6		
<b>Share data</b>					
Stock exchange		Frankfurt Stock Exchange, Xetra			
Market segment		Regulated Market (Prime Standard), SDAX			
ISIN / Security identification number / Ticker symbol		DE000A1H8BV3 / A1H8BV / NOEJ			
Highest price H1 2020 <sup>2</sup> / Lowest price H1 2020 <sup>2</sup>	EUR	42.06 / 14.38			
Closing price as of June 30, 2020 <sup>2</sup>	EUR	23.70			
Market capitalization as of June 30, 2020 <sup>2</sup>	EUR million	755.1			
Number of shares		31,862,400			

1\_Adjustments are described in the notes starting on → PAGE 34.

2\_Xetra price.

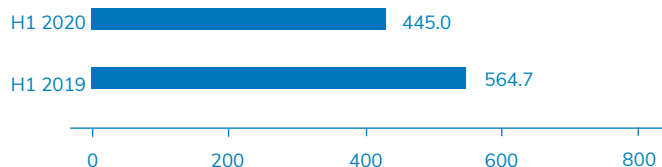
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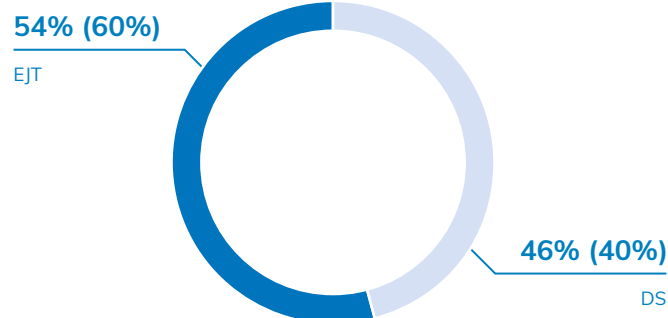
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# Highlights H1 2020 <sup>1</sup>

## Development of Sales H1 2020 in EUR million



## Distribution of Sales by Sales Channels H1 2020 in EUR million



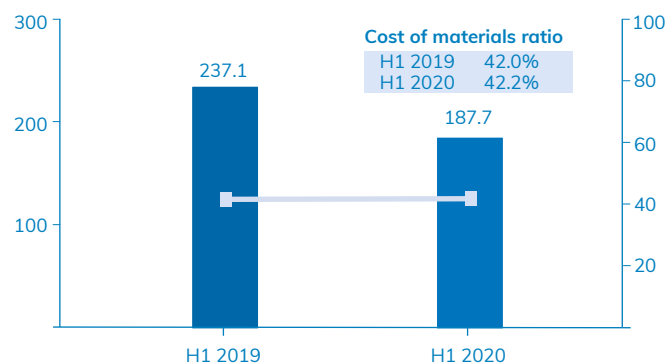
## Effects on Group Sales

	in EUR million	Share in %
Group sales H1 2019	564.7	
Organic growth	-122.6	-21.7
Currency effects	2.9	0.5
<b>Group sales H1 2020</b>	<b>445.0</b>	<b>-21.2</b>

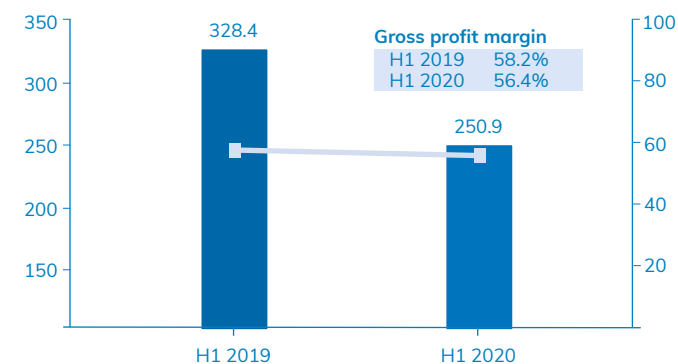
## Development of Sales Channels

	Engineered Joining Technology (EJT)		Distribution Services (DS)	
	H1 2020	H1 2019	H1 2020	H1 2019
Group sales (in EUR million)	239.5	338.7	203.7	223.5
Growth (in %)	-29.3	-4.2	-8.8	16.2
Share of sales (in %)	54.0	60.3	46.0	39.7

## Costs of Materials and Cost of Materials Ratio



## Gross Profit and Gross Profit Margin

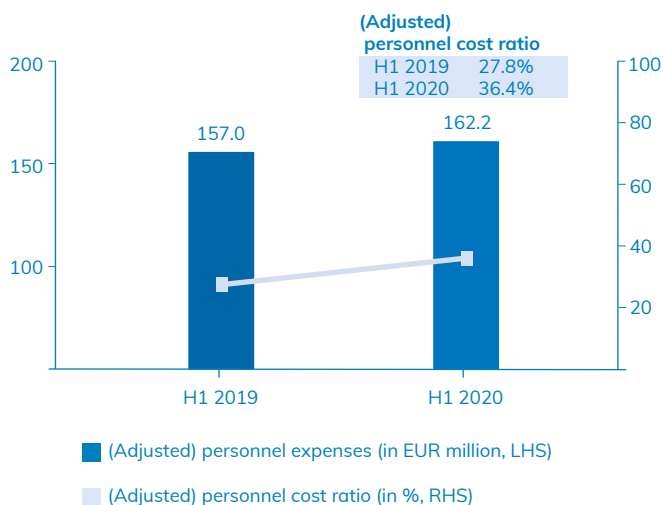


<sup>1</sup> Adjustments are described in the notes starting on → PAGE 34.

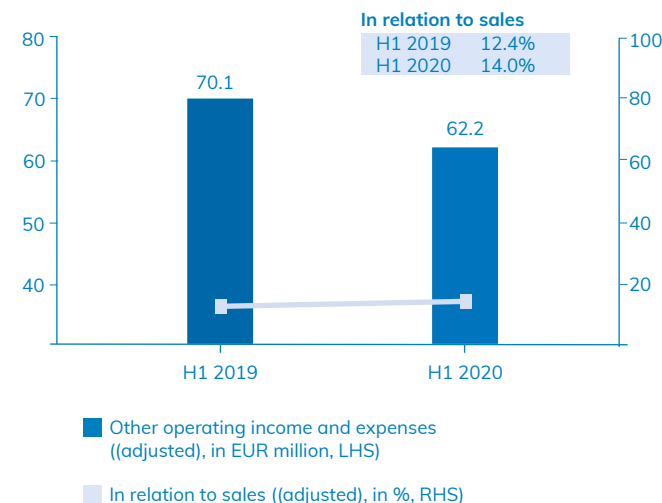
■ Costs of materials (in EUR million, LHS)  
■ Cost of materials ratio (in %, RHS)

■ Gross profit (in EUR million, LHS)  
■ Gross profit margin (in %, RHS)

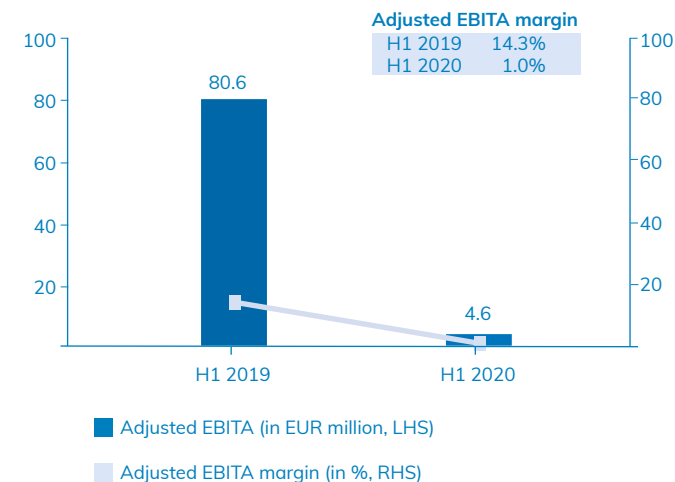
**(Adjusted) Personnel Expenses and Personnel Cost Ratio**



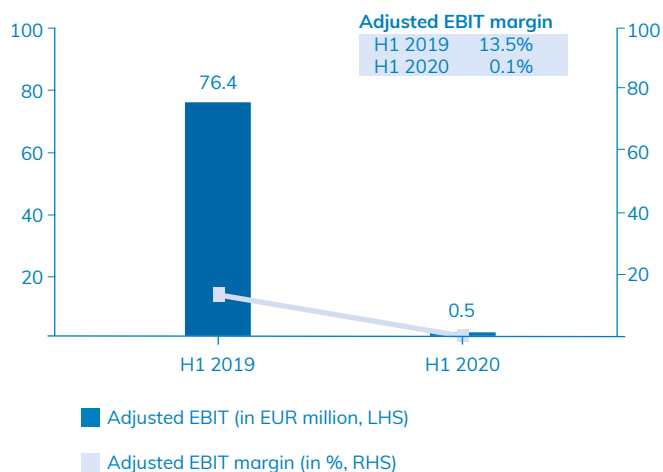
**(Adjusted) Other Operating Income and Expenses as well as in Relation to Sales**



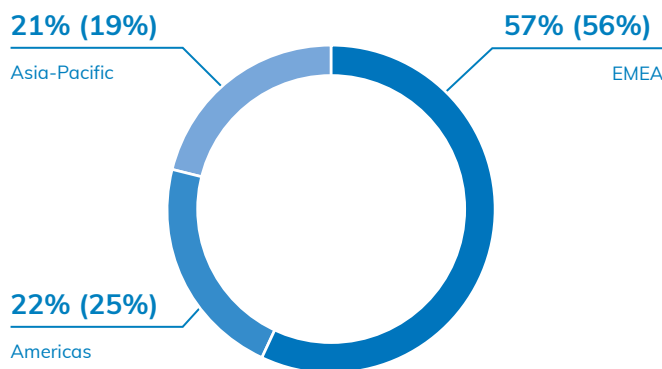
**Adjusted EBITA and Adjusted EBITA Margin**



**Adjusted EBIT and Adjusted EBIT Margin**



**Core Workforce by Segment**



As of June 30, 2020.

**Net Operating Cash Flow**

in EUR million	H1 2020	H1 2019
(Adjusted) EBITDA	26.5	101.3
Changes in working capital	- 3.6	- 48.6
Investments from operating business	- 14.3	- 24.1
<b>Net operating cash flow</b>	<b>8.5</b>	<b>28.6</b>

1\_Adjustments are described on → PAGE 34.

# NORMA Group on the Capital Market

## Corona Pandemic Causes Great Uncertainty on the Financial Markets

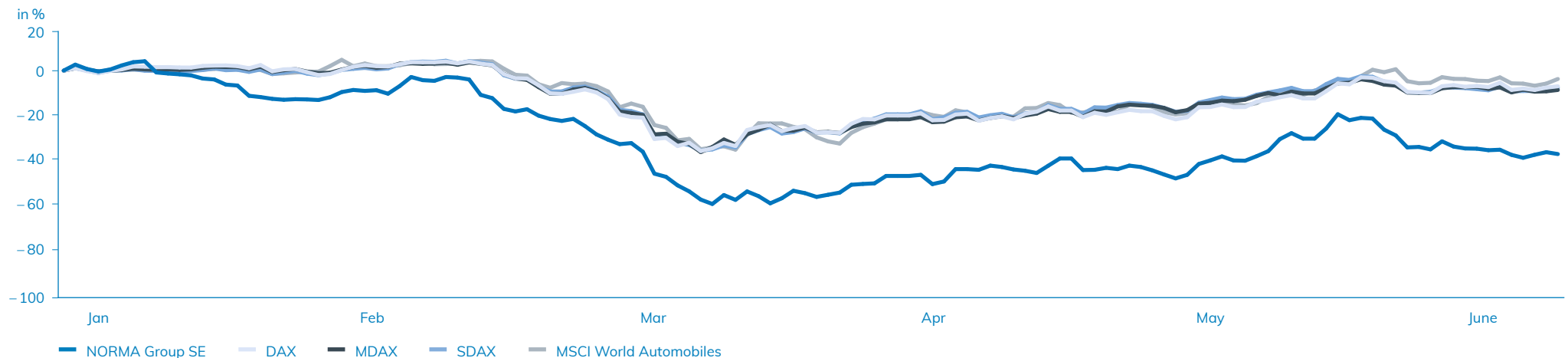
The international financial markets were subject to high volatility in the first half of 2020. While major indices still reached new all-time highs in February, prices underwent extensive corrections in March. The global spread of the coronavirus and the following social and economic limitations were a major burdening factor. In addition, the renewed intensification of tensions between the superpowers United States and China against the backdrop of the corona crisis led to additional pressure on the global financial markets. On the other hand, the expansionary fiscal and monetary policy measures taken by governments and central banks around the world and the declining infection figures in Europe

and China since April had a positive effect. The resulting increasing easing of national corona restrictions also provided for a steady recovery, whereupon the stock markets stabilized somewhat in the second quarter of 2020.

The effects of the corona pandemic have also had an effect on the performance of the German stock market. The DAX, Germany's leading index, ended the first half of 2020 at 12,311 points, a decline of 7.1% compared to the end of 2019. The MDAX also recorded significant price losses of 8.7%, ending the first half of 2020 at 25,840 points. The SDAX, the index the NORMA Group share is listed in, closed at 11,536 points on June 30, 2020, 7.8% lower compared to the end of 2019.

The American indices experienced the fastest fall in the history of the US stock market in the first quarter of 2020. The US Dow Jones Index ended the first half of the 2020 stock market year 9.6% lower. The broader S&P 500 Index also showed a negative trend and recorded a decline of 4.0% compared to the end of 2019. The global extent of the corona pandemic is also reflected in the performance of the MSCI World Automobiles index. The index closed 3.9% lower on June 30, 2020, at 148 points.

## Index-Based Comparison of NORMA Group's Share Price Performance with the DAX, MDAX, SDAX and MSCI World Automobiles in the First Half of 2020

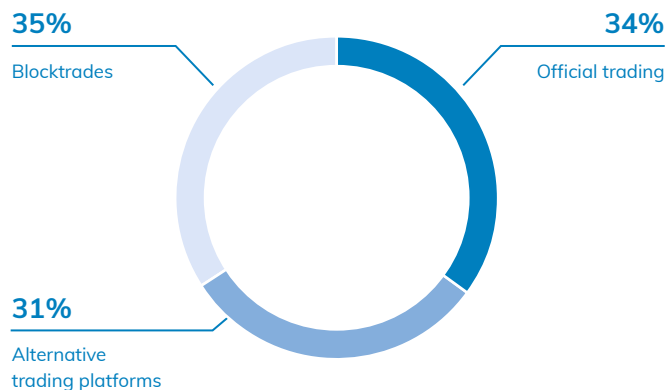


## Performance of the NORMA Group Share

The uncertainties triggered worldwide by the coronavirus were also reflected in the performance of the NORMA Group share. The share started the 2020 stock market year at a price of EUR 38.00 and reached its highest level in the first six months at EUR 42.06 on January 10. However, the share then deviated from the performance of the SDAX reference index and showed a much stronger downward trend in the further course of the year. The share reached its lowest level in the current reporting period at EUR 14.38 on March 19. Although the easing of the national lock-downs in the second quarter led to a recovery on the international stock markets, this only partially offset the price losses. In this highly volatile market environment, the NORMA Group share closed the first half of 2020 at a price of EUR 23.70. This represents a decline of 37.6% compared to the year-end price in 2019.

NORMA Group SE's market capitalization amounted to around EUR 755.1 million on June 30, 2020 (Dec 31, 2019: EUR 1.21 billion). Measured by the free float market capitalization relevant for determining index membership, it thus ranked 23rd out of 70 in the SDAX.

### Distribution of Trading Activity

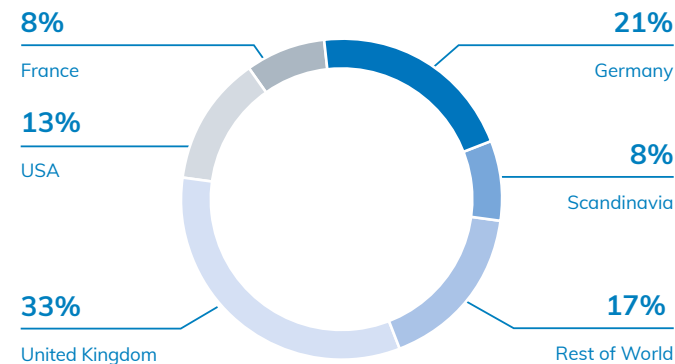


As of June 30, 2020.

### Trading Volume

From January to June 2020, the average Xetra trading volume of the NORMA Group share was 102,187 shares per day (H1 2019: 94,764 shares). In terms of value, this equates to approximately EUR 2.64 million (H1 2019: EUR 3.98 million). The NORMA Group share thus ranked 31st out of 70 in the SDAX based on trading volume. The distribution of the total trading activities of NORMA Group shares on the various trading platforms is shown in the → [GRAPHIC: DISTRIBUTION OF TRADING ACTIVITY](#).

### Free Float by Region



As of June 30, 2020.

### Regionally Diversified Shareholder Structure

NORMA Group has achieved a regionally broad diversified shareholder base with a significant share of international investors, primarily from the UK, the US, France and Scandinavia. → [GRAPHIC: FREE FLOAT BY REGION](#) German investors currently account for around 21%.

Institutional investors currently hold around 95% of the 31,862,400 NORMA Group shares. The Management Board of NORMA Group SE (Management Board and Supervisory Board) held approximately 0.1% of the shares (as of the end of June 2020). Another 4.5% are held by private shareholders. At 5,586 in total, the number of private shareholders increased considerably in the first half of 2020 compared to the end of 2019 (4,553).

According to the voting rights notifications received by the end of July 2020, shares in NORMA Group SE designated as free float were held by the following investors:

### Voting Rights Notifications <sup>1</sup>

Investor	in %
Allianz Global Investors GmbH, Frankfurt am Main, Germany	15.20
thereof Allianz SE, Munich, Germany	5.28
thereof Allianz Global Investors Fund, Senningerberg, Luxembourg	3.30
Ameriprise Financial Inc., Wilmington, DE, USA	6.74
Impax Asset Management Group Plc, London, Great Britain	5.08
T. Rowe Price Group Inc., Baltimore, MD, USA	5.01
Threadneedle (Lux), Bertrange, Luxembourg	4.90
T. Rowe Price International Funds, Inc., Baltimore, MD, USA	3.38

<sup>1</sup>As of July 31, 2020: All voting results can be found on the NORMA Group website in the Investor Relations section. [WWW.NORMAGROUP.COM/CORP/EN/INVESTORS/](http://WWW.NORMAGROUP.COM/CORP/EN/INVESTORS/)

### Directors' Dealings

In the first half of 2020, three transactions were reported as notifications of Directors' Dealings.

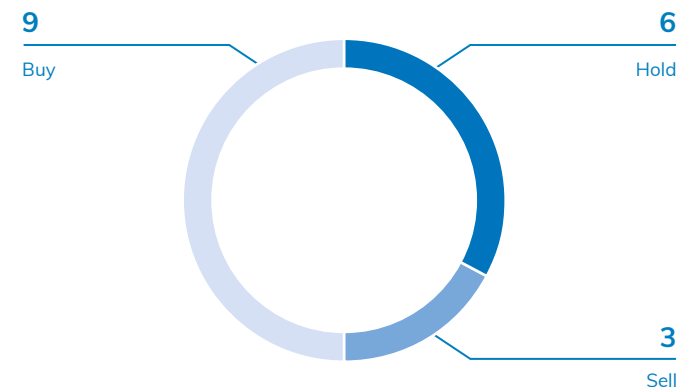
#### Directors' Dealings

Buyer / Seller	Dr. Knut J. Michelberger Member of the Supervisory Board
Type of transaction	Acquisition
Financial instrument	Share
Date of transaction	March 25, 2020
Average price in EUR	16.00
Volume in EUR	80,000.00

Buyer / Seller	Dr. Friedrich Klein, COO
Type of transaction	Acquisition
Financial instrument	Share
Date of transaction	May 12, 2020
Average price in EUR	21.48
Volume in EUR	99,881.74

Buyer / Seller	Dr. Michael Schneider, CEO
Type of transaction	Acquisition
Financial instrument	Share
Date of transaction	May 20, 2020
Average price in EUR	22.96
Volume in EUR	103,320.00

### Analyst Recommendations



As of July 31, 2020.

### Sustainable Investor Relations Activities

NORMA Group's Investor Relations activities seek to further increase awareness of the Company on the capital market, strengthen confidence in its share and achieve a realistic, fair valuation of the Company.

Maintaining an ongoing, transparent dialog with analysts represents one key element of Investor Relations work. Currently, 18 national and international research houses and institutions are following the Company's share performance and submit their valuations at regular intervals. As of July 31, 2020, nine of them rated the NORMA Group share as a 'buy' and six recommended holding the share. Three analysts issued a 'sell' recommendation. The average target price was EUR 26.40 (Dec 31, 2019: EUR 37.89).



## Annual General Meeting 2020: Minimum Dividend of EUR 0.04 Resolved

The Annual General Meeting of NORMA Group SE was held on June 30, 2020. Due to the corona pandemic, the Annual General Meeting was held as a virtual meeting without shareholders being physically present for the first time. In total, approximately 78% of the share capital of NORMA Group SE was represented at the Annual General Meeting and 31 shareholders attended the virtual meeting live.

The proposal by the Management Board and Supervisory Board to pay a minimum dividend of EUR 0.04 per share (2019: EUR 1.10) in light of the effects of the corona pandemic was accepted by the Annual General Meeting by a majority of 99.90%. The total

distribution amounted to around EUR 1.3 million (2019: EUR 35.0 million). This represents a payout ratio of 1.5% of adjusted Group earnings in fiscal year 2019 of EUR 87.8 million (2019: 30.5%).

All voting results can be found in the Investor Relations section of the NORMA Group website.

[WWW.NORMAGROUP.COM/CORP/EN/INVESTOREN/](http://WWW.NORMAGROUP.COM/CORP/EN/INVESTOREN/)

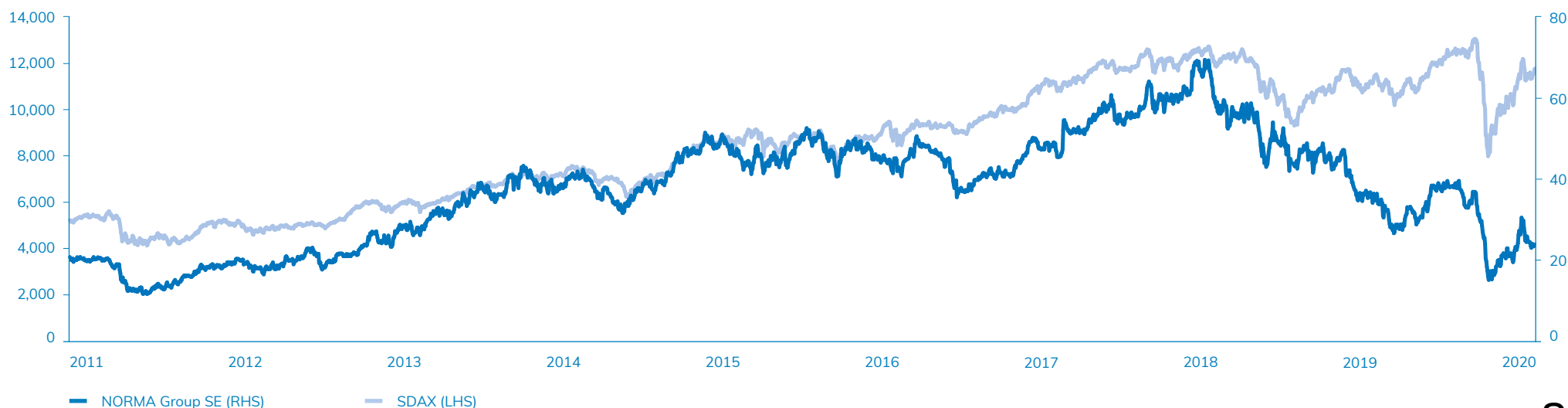
### Key Figures of the NORMA Group Share<sup>1</sup>

	H1 2020
Closing price <sup>2</sup> as of June 30 (in EUR)	23.70
Highest price <sup>2</sup> (in EUR)	42.06
Lowest price <sup>2</sup> (in EUR)	14.38
Number of unweighted shares as of June 30	31,862,400
Market capitalization <sup>2</sup> (in EUR million)	755.1
Average daily Xetra volume	
Shares	102,187
EUR million	2.64
Earnings per share (in EUR)	-0.53
Adjusted earnings per share (in EUR)	-0.22

1\_As of June 30, 2020.

2\_Xetra price.

### Development of the NORMA Group Share Since the IPO in 2011 Compared to the SDAX



# Consolidated Interim Management Report

## Principles of the Group

The 2019 Annual Report provides a detailed overview of business activities, objectives and the strategy of NORMA Group SE. The statements contained therein remain valid. There were no major changes in the first half of 2020.

The developments of the most important financial and non-financial performance indicators in the first half of 2020 are shown in the following tables.

### Financial Control Parameters

	H1 2020	H1 2019
Group sales (in EUR million)	445.0	564.7
Adjusted EBITA margin (in %)	1.0	14.3
Net operating cash flow (in EUR million)	8.5	28.6
NORMA Value Added (NOVA) (in EUR million)	-40.7	21.1

### Non-Financial Control Parameters

	H1 2020	H1 2019
Number of invention applications	12	10
Defective parts per million (PPM)	5	6
Quality-related customer complaints per month	4	6

### Research and Development

The main activities of the Research and Development department of NORMA Group are described in detail in the 2019 Annual Report. → [2019 ANNUAL REPORT, P. 55](#)

In the first half of 2020, the global R&D department was realigned based on the product areas Fasten, Fluid, Water. This structure will enable NORMA Group to pursue development projects more efficiently and implement them faster, as all processes from the origin of the initial idea to technology development and the final production process are now in one hand. This should increase the Company's competitiveness.

In terms of content, R&D activities in the first half of 2020 focused on implementing and supplementing the Innovation Roadmaps. With the help of the Roadmaps for the product areas, the megatrends and changed market requirements relevant to NORMA Group are to be identified at an early stage and the appropriate development projects planned and implemented. The Innovation Councils initiated by the R&D department drive the implementation of the projects that have been identified.

Besides digitalization, the topics of water management and electromobility continued to be focal points during the reporting period.

### R&D Key Figures

	H1 2020	H1 2019
Number of R&D employees	351	374
R&D employee ratio in relation to permanent staff (in %)	5.6	5.5
R&D expenses in the area of EJT (in EUR million)	14.5	16.7
R&D ratio in relation to EJT sales (in %)	6.1	4.9

## Economic Report

### General Economic and Industry-Specific Conditions

#### Corona pandemic plunges the global economy into a deep recession

The original expectations that an economic recovery would set in over the course of 2020 were rendered obsolete by the global spread of the coronavirus. Countries around the world reacted with far-reaching lockdowns and corona restrictions that brought public life and the global economy to an abrupt halt starting in March 2020. Value and supply chains were interrupted as a result. In this uncertain environment, US industrial production fell by 42.6% in the second quarter (Q1 2020: –6.8%), with capacity utilization amounting to 64.2% in April (June: 68.6%; long-term average in the US: approx. 80%). Thus, the US economy has shrunk by 32.9% in the second quarter on an annualized basis (GDP Q1 2020: –5.0%). Industrial production in China already slumped by a total of 13.5% in January and February, but has now recovered significantly; a decline of 1.3% is officially reported for the first half of the year (Q2 2020: +4.4%; Q1 2020: –8.4%). China's GDP dropped by 1.6% over the same period (Q2 2020: +3.2%; Q1 2020: –6.8%). After coming under massive pressure as early as 2019, industry in the euro zone suffered a near collapse in 2020. Production in Europe slumped by a massive 28.7% in April and by 20.9% in May (Q1 2020: –6.2%), causing capacity utilization to fall to 68.3% in the second quarter. At the same time, the GDP in the euro zone fell by 15.0% (Q1 2020: –3.1%).

#### Lockdown leads to massive economic recession in Germany

As a result of the global economic downturn, demand decreased on a broad scale basis (Q1 2020: exports: –3.2%, domestic use: –1.1%). During the lockdown, private consumption, which had been strong before, also declined noticeably (Q1 2020: –2.2%).

In addition, industrial production slumped massively (March: –14.0%; April: –31.2%; May: –23.1%). According to Eurostat, capacity utilization in the second quarter fell to 70.3% (Q2 2019: 85.4%) after 82.7% in the first three months of 2020. Although the effects of the lockdown did not show up until mid-March, GDP in Germany fell by 1.8% in the first quarter of 2020 (calendar-adjusted: –2.0%). According to the Deutsche Bundesbank (German Federal Bank), the crisis in the economy was clearly felt in the second quarter. GDP then massively collapsed by 11.7% (calendar-adjusted: –10.1%).

#### Slump in the industrial economy puts heavy pressure on the mechanical engineering and construction sector

Industrial production worldwide was only able to generate weak growth of +0.8% already last year, partly due to the trade conflicts between the US and China. The pandemic-induced recession put additional pressure on it in early 2020 and it fell worldwide by 4.2% in the first quarter as a result. Output then slumped particularly sharply in April (–12.5%) and May (–12.0%). Considering this strong decline, many industrial sectors are showing a clear capacity underutilization. This in turn has a negative effect on the propensity to invest and also has a direct impact on the mechanical engineering and construction sector in the form of cancellations and slumps on new orders. According to the statistical offices, production of machinery and equipment fell significantly in the first quarter of 2020 (euro zone: –10.2%, Germany: –9.0%), although the lockdown mainly affected the second half of March. Viewed in isolation, the decline in the euro zone was already 22.5% in March (April –41.1%, May –28.4%). German mechanical engineering companies suffered significant drops in production compared to the previous year. Production fell by 14.2% in March and 28.6% in April, while May saw a decrease of –21.3%.

#### Automotive industry suffers massive volume slumps in the light vehicles and commercial vehicles sector

According to LMC Automotive, global sales of light vehicles (LV up to 6t) fell substantially to 32.6 million units in the first half of 2020 (–27.7%). This was due to the deep slump in demand resulting from the lockdowns as well as other specific burdens triggered by trade conflicts and the technological upheaval. Manufacturers were forced to cut back their LV production by 45.5% in the second quarter (Q1 2020: –22.2%). Due to the lead time of the pandemic in China, the production reductions there were particularly high during the first quarter (Q1 2020: –46.4%), with the market recovering significantly from its low in the second quarter (Q2 2020: +7.7%). In contrast, the lockdown had a massive impact on LV manufacturers in Europe (Q1 2020: –17.6%; Q2 2020: –61.7%) and North America (Q1 2020: –10.8%; Q2 2020: –69.1%), especially in the second quarter. In addition, global commercial vehicles production in the year to date has been very weak (Q1 2020: –24.6%; Q2 2020: –33.9%), again mainly in North America and Europe.

#### Construction industry in China and Europe recovers after pandemic-related drop

In China, investment in building construction already slumped by nearly 8% in the first quarter. This was followed by a strong recovery, however. According to the NBS statistics office, cumulative construction output in the first half of 2020 was even slightly higher at +1.9%. Residential construction rose by 2.6%. US construction output rose by 5.0% in nominal terms (residential construction: +7.8%) through the end of June despite the strong spread of the coronavirus. In the further course of the first half of the year, however, the previously strong development from April onwards began to falter noticeably and construction starts fell sharply again (May: 974,000; June 2020: 1.2 million). A controversial picture could be seen in the euro zone: Production in the

construction industry initially slumped at a double-digit rate (March: – 16.4%, April: – 31.0%), whereas the situation in the euro zone eased slightly in May (construction output: – 11.9%). While Eastern European construction output remained relatively stable overall, France, Spain and Belgium recorded massive slumps of up to 67%. Germany's construction output remained resilient despite the heavy burdens and even rose slightly during the low point of the crisis (Q1: +7.3%, April: – 0.5%, May: +1.7%).

## Significant Events in the First Half of 2020

### Coronavirus strongly affects business performance

In the first half of 2020, the development of NORMA Group's business was strongly affected by the corona pandemic and the resulting government-imposed restrictions. Due to the weaker demand for joining technology, particularly in the automotive industry, and to protect its own employees, NORMA Group temporarily suspended production at many plants starting in mid-March. The US subsidiary National Diversified Sales (NDS), which was classified as part of the critical infrastructure in the 'Water and Wastewater Systems' sector, was an exception and was allowed to continue its production. Two distribution centers in Italy and Spain that have been supplying an increasing number of Y-type hose connectors and threaded screw-in connectors for respiratory equipment and white cable ties for fastening medical hoses since the end of March have also been open again since the beginning of April following a brief closure.

In the meantime (as of the end of June 2020), nearly all sites have resumed their production in Europe with very few exceptions. The average total capacity utilization is currently around 65–70%.

### Annette Stieve named new Chief Financial Officer

In June 2020, the Supervisory Board appointed Annette Stieve the new Chief Financial Officer of NORMA Group. She will take over the role of CFO from Dr. Michael Schneider, who was appointed CEO in November 2019, no later than October 1, 2020. Dr. Michael Schneider will continue to assume the function of CFO in addition to his position as CEO until she takes office. With the appointment of Annette Stieve, the Management Board of NORMA Group now comprises three members and is thus once again fully staffed.

Annette Stieve joins NORMA Group from Hoffmann Group, an international tool distribution company, where she also served as CFO. Prior to that, she held various management positions with the automotive supplier Faurecia Automotive GmbH, most recently as Managing Director and CFO of the Northern and Eastern Europe region.

### Implementation of 'Get on Track' measures proceeding according to plan

Implementation of the measures under the 'Get on Track' program continues to progress according to plan. NORMA Group announced further planned measures to increase efficiency and competitiveness in mid-June 2020. The focus is on the relocation and bundling of production activities in Central Europe. As NORMA Group currently has three sites with a similar product range and production profile in Central Europe, production at the Gerbershausen site in Thuringia is to be relocated for the most part to Hustopeče, Czech. In connection with this move, a TORRO Center of Excellence will be established in either Hustopeče or Maintal and the site in Gerbershausen will most likely be closed by June 2022.

### Financial flexibility ensures scope for action

NORMA Group took measures to ensure its financial flexibility early on in response to the corona crisis and the production interruptions it caused. These measures included taking out additional loans and continued active working capital management. The Management Board and Supervisory Board have temporarily waived part of their remuneration in fiscal year 2020 in order to do justice to the difficult economic situation. In addition, the proposal of the Management Board to pay a minimum dividend of EUR 0.04 was approved by a majority of 99.90% at the Annual General Meeting on June 30, 2020. The payout ratio thus amounted to 1.5% of adjusted earnings for the period.

The combination of these measures helps to ensure that NORMA Group will continue to have sufficient financial scope for action in the future.

### General Statement by the Management Board on the Course of Business and the Economic Situation

NORMA Group's business development in the first half of 2020 was dominated by the corona crisis and the related economic and social restrictions. The automotive industry, an important customer group for NORMA Group, was hit hard by the consequences of the pandemic. Many car manufacturers had to shut down their production sites, supply chains collapsed and customer demand fell sharply. NORMA Group also closed many of its sites in all regions in mid-March. This resulted in a significant decline in sales by 21.2% to EUR 445.0 million in the first half of the year. The only positive effects on sales came from the water business in the US, which recorded organic growth of 4.4% in the first half of 2020.

The sharp drop in sales and the challenges posed by the corona crisis, combined with the expenses from the 'Get on Track' program launched in the fourth quarter of 2019, which totaled EUR 22.1 million in the first half of 2020 and were not adjusted, had a strong

negative impact on the operating result in the first half of 2020. Consequently, adjusted EBITA was down 94.3% year-on-year at EUR 4.6 million. The adjusted EBITA margin amounted to 1.0%.

NORMA Group managed to significantly increase its capacities and reopen all of its sites at the end of the first half of 2020. In view of the still uncertain general conditions, however, it is currently impossible to provide a precise forecast for the year as a whole. → [FORECAST REPORT, P. 22](#)

## Earnings, Assets and Financial Position

NORMA Group adjusts certain expenses for the operational management of the Company. The adjusted results presented in the following reflect the Management's view.

### Adjustments

No adjustments (H1 2019: EUR 9.2 million) were made for expenses within EBITDA (earnings before interest, taxes, depreciation and amortization) in the first six months of 2020. Within EBITA (earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets), adjustments of EUR 1.5 million (H1 2019: EUR 1.7 million) were made for depreciation of property, plant and equipment from purchase price allocations. Within EBIT, amortization of intangible assets from purchase price allocations in the amount of EUR 11.3 million (H1 2019: EUR 11.2 million) was presented in adjusted form.

Notional income taxes resulting from the adjustments are calculated at the tax rates of the respective local companies concerned and taken into account in the adjusted earnings after taxes.

The adjusted figures are presented below. More detailed information on the unadjusted figures is provided in the Notes to the Consolidated Financial Statements. → [NOTES, P. 34](#)

### Adjustments <sup>1</sup>

in EUR million	H1 2020 reported	Total adjustments	H1 2020 adjusted
<b>Revenue</b>	<b>445.0</b>	<b>0</b>	<b>445.0</b>
Changes in inventories of finished goods and work in progress	-8.2	0	-8.2
Other own work capitalized	1.8	0	1.8
Raw materials and consumables used	-187.7	0	-187.7
<b>Gross profit</b>	<b>250.9</b>	<b>0</b>	<b>250.9</b>
Other operating income and expenses	-62.2	0	-62.2
Employee benefits expense	-162.2	0	-162.2
<b>EBITDA</b>	<b>26.5</b>	<b>0</b>	<b>26.5</b>
EBITDA margin (in %)	5.9		5.9
Depreciation	-23.4	1.5	-21.8
<b>EBITA</b>	<b>3.1</b>	<b>1.5</b>	<b>4.6</b>
EBITA margin (in %)	0.7		1.0
Amortization	-15.4	11.3	-4.2
<b>EBIT</b>	<b>-12.4</b>	<b>12.8</b>	<b>0.5</b>
EBIT margin (in %)	-2.8		0.1
Financial costs – net	-7.4	0	-7.4
<b>Earnings before taxes</b>	<b>-19.7</b>	<b>12.8</b>	<b>-6.9</b>
Income tax	2.9	-3.2	-0.3
<b>Profit for the period</b>	<b>-16.8</b>	<b>9.6</b>	<b>-7.2</b>
Non-controlling interests	0	0	0
<b>Profit attributable to shareholders of the parent</b>	<b>-16.8</b>	<b>9.6</b>	<b>-7.2</b>
<b>Earnings per share (in EUR)</b>	<b>-0.53</b>	<b>0.31</b>	<b>-0.22</b>

<sup>1</sup> Deviations in decimal places are the result of commercial rounding.

## Earnings Position

### Order backlog

The order backlog was EUR 335.0 million as of June 30, 2020 (June 30, 2019: EUR 387.3 million), a decrease of 13.5% compared to the previous year. This was due to the lower order intake of the EJT division due to the corona crisis. Currency effects also had a negative effect on the level of the order backlog.

### Sharp drop in sales in the first half of 2020 due to the corona pandemic

NORMA Group's sales amounted to EUR 445.0 million in the first half of 2020, down 21.2% on the same period of the previous year (H1 2019: EUR 564.7 million). Organic sales declined by 21.7%, while currency effects had a slightly positive impact of 0.5% in the first half of the year. Positive sales contributions also came from the continued growth of NDS's water business (+ 4.4%) and the resurgence of business in China in the second quarter of 2020. However, these could not offset the significant decline in sales as a result of the corona pandemic. The global economic and social restrictions imposed in mid-March also led to a lack of new orders for NORMA Group and temporary production interruptions at many of its sites in all regions. This was reflected in particular in a drastic decline in sales in the second quarter of 2020. In the period from April to June 2020, sales were EUR 191.5 million, a decrease of 33.8% compared to the same quarter of the previous year (Q2 2019: EUR 289.0 million). This includes currency effects of 0.1% and with this a decline in organic sales of 33.9%.

### Declining sales in both sales channels, EJT business reports significant declines

The effects of the corona pandemic were reflected in a significant decline in sales for the EJT division. Due to the production shut-downs at car manufacturers and the resulting lack of demand for joining technology from this important customer group for NORMA Group, sales in the EJT division declined by 29.3% to EUR 239.5 million in the first half of 2020 (H1 2019: EUR 338.7 million). Effects from currency translation had only an insignificant positive impact, while organic sales declined by 29.4%.

The impact of the pandemic was even more noticeable in the second quarter and the decline in sales in the EJT division was even more pronounced: sales amounted to EUR 85.8 million, a decline of 49.3% year-on-year (Q2 2019: EUR 169.2 million). Organic sales declined by 49.0% and currency effects contributed – 0.3%.

The DS distribution channel was also affected by the corona pandemic, however the decline in sales was significantly more moderate at – 8.8% and sales of EUR 203.7 million (H1 2019: EUR 223.5 million). Organic sales declined by 9.9%, while currency effects had a slightly positive impact of 1.1%. NDS's US water business, which grew by 4.4% in the first half of the year, had a positive counteracting effect to the general decline in the DS division.

Sales in the DS division amounted to EUR 104.9 million in the second quarter of 2020 and were thus 11.3% below the previous year's level (Q2 2019: EUR 118.2 million). Organic sales declined by 12.1%, while currency effects had a slightly positive impact of 0.8%.

### Material cost ratio increased only slightly

Costs of materials amounted to EUR 187.7 million in the first half of 2020 and were thus down 20.8% compared to the same period of the previous year (H1 2019: EUR 237.1 million). This was mainly due to production interruptions in the wake of the corona pandemic. Based on the significant decline in sales in the first half of 2020, this resulted in an only slightly higher material cost ratio of 42.2% compared to the previous year (H1 2019: 42.0%). The material cost ratio compared to total output was 42.8% (H1 2019: 41.9%).

In the second quarter of 2020, the costs of materials amounted to EUR 78.8 million, a decline of 33.7% compared to the prior-year quarter (Q2 2019: EUR 118.9 million). This resulted in a material cost ratio of 41.1% (Q2 2019: 41.1%).

### Gross margin down

In the first half of 2020, NORMA Group generated gross profit (sales revenues less cost of materials and changes in inventories plus other own work capitalized) of EUR 250.9 million. This equates to a decline of 23.6% over the same period of the previous year (H1 2019: EUR 328.4 million) and a gross margin (based on sales) of 56.4% (H1 2019: 58.2%).

In the second quarter of 2020, NORMA Group generated gross profit of EUR 103.1 million, a decrease of 38.3% on the same quarter of the previous year (Q2 2019: EUR 167.1 million). Thus, the gross margin in the second quarter of 2020 was 53.8%, compared to 57.8% in the same quarter of the previous year. Gross profit was also influenced by the reduction of inventories in the second quarter in the amount of EUR 10.6 million, which mainly resulted from the sale of products in stock in the course of the corona crisis.

### Higher personnel cost ratio

On June 30, 2020, NORMA Group had 7,476 employees worldwide, including temporary employees, of whom 6,268 were permanent staff. The number of permanent employees has thus fallen by 8.3% compared to June 30, 2019 (6,838). The number of temporary workers also decreased by 41.1% compared to the previous year.

Personnel costs amounted to EUR 162.2 million in the first half of 2020, an increase of 3.3% compared to the previous year (H1 2019, adjusted: EUR 157.0 million) due to the additional personnel costs for the 'Get on Track' program.

### Development of Personnel Figures

	June 30, 2020	June 30, 2019	Change in %
EMEA	3,557	3,793	-6.2%
Americas	1,372	1,725	-20.5%
Asia-Pacific	1,339	1,320	1.4%
<b>Core workforce</b>	<b>6,268</b>	<b>6,838</b>	<b>-8.3%</b>
Temporary workers	1,208	2,052	-41.1%
<b>Total number of employees including temporary workers</b>	<b>7,476</b>	<b>8,890</b>	<b>-15.9%</b>
	H1 2020	H1 2019	Change in %
Average number of employees (core workforce)	6,531	6,964	-6.2%

NORMA Group has made use of government-subsidized short-time working in some European countries since April 2020. These measures have had a positive effect on personnel costs. However, this effect was more than offset by the additional personnel costs of EUR 20.6 million incurred as a result of the 'Get on Track' program that are not adjusted. Total personnel costs increased significantly as a result. The personnel cost ratio amounted to 36.4% in the first half of the year (H1 2019: 27.8% on an adjusted basis).

In the second quarter of 2020, personnel costs amounted to EUR 85.4 million, up 9.5% on the second quarter of 2019 (H1 2019: EUR 78.0 million). The personnel cost ratio was 44.6% in the past quarter (Q2 2019: 27.0%) due to the effects of the 'Get on Track' program discussed above and the simultaneous decline in sales as a result of the corona crisis. → NOTES, P. 39

### Decline in other operating income and expenses

In the first half of 2020, the balance of other operating income and expenses was EUR -62.2 million, 11.2% below the level of the prior-year period (H1 2019: EUR -70.1 million).

Other operating income increased to EUR 11.5 million compared to the same period of the previous year (H1 2019: EUR 6.3 million). On the one hand, this is due to foreign exchange gains from operating activities in the amount of EUR 4.9 million. On the other hand, among others, the release of liabilities for personnel-related obligations and the release of unused provisions resulting from the measurement of the current tranches of the long-term incentive plan had a positive effect on other operating income.

→ NOTES, P. 38

At EUR 73.7 million, other operating expenses in the first half of 2020 were 5.2% lower than in the same period of the previous year (H1 2019: EUR 77.8 million). This decline is primarily due to lower need for temporary workers due to the temporary interruption of production resulting in lower expenses for temporary workers. Furthermore, expenses for travel and hospitality fell in the first six months due to the corona restrictions. Also freight costs were significantly lower. On the other hand, consulting costs increased in the first half of 2020 compared to the prior-year period due to the ongoing 'Get on Track' program. The consulting costs generated by the 'Get on Track' program amounted to EUR 1.6 million in the first half of 2020. The increased risk of non-payment by customers because of the corona crisis also had a negative impact on other operating expenses.

As a percentage of sales, other operating expenses and income amounted to 14.0% in the current reporting period and thus rose compared to the previous year (H1 2019: 12.4%) due to the significant slump in sales.

In the second quarter of 2020, the balance of other operating income and expenses amounted to EUR 29.4 million, down 21.5% on the prior-year quarter (Q2 2019: EUR -37.5 million). The ratio of other operating income and expenses to sales was 15.4% (Q2 2019: 13.0%).

### Operating profit down sharply due to the corona pandemic and costs for the 'Get on Track' program

EBITDA (earnings before interest, taxes, depreciation and amortization) reached EUR 26.5 million in the first half of 2020, down 73.9% on the previous year (H1 2019: adjusted EUR 101.3 million). This resulted in an EBITDA margin of 5.9% for the first half of 2020 (H1 2019: 17.9% on an adjusted basis).



EBITDA in the second quarter of 2020 amounted to EUR – 11.7 million, down 122.8% on the previous year (Q2 2019: EUR 51.6 million on an adjusted basis). The EBITDA margin was – 6.1% (Q2 2019, adjusted: 17.9%).

The drastic decline in EBITDA is mainly due to the sharp drop in sales, especially in the second quarter of 2020, that was caused by the corona pandemic. In addition, higher personnel costs and other operating expenses due to the 'Get on Track' program had a negative impact on EBITDA. Total costs incurred in the first half of the year amounted to EUR 22.1 million.

Adjusted EBITA, which is adjusted for depreciation and amortization of tangible assets from purchase price allocations, amounted to EUR 4.6 million in the first half of 2020, a decline of 94.3% compared to the same period of the previous year (H1 2019: EUR 80.6 million). In relation to sales, this results in an adjusted EBITA margin of 1.0% for the first six months of 2020 (H1 2019: 14.3%). In the second quarter of 2020, adjusted EBITA declined by 155.0% to EUR – 22.5 million (Q2 2019: EUR 40.9 million). The adjusted EBITA margin amounted to – 11.8% (Q2 2019: 14.2%).

The EBIT additionally adjusted for amortization of intangible assets from purchase price allocations amounted to EUR 0.5 million in the first half of the year (H1 2019: EUR 76.4 million) and thus declined by 99.4%. The adjusted EBIT margin amounted to 0.1% (H1 2019: 13.5%). In the second quarter, adjusted EBIT was EUR – 24.6 million (Q2 2019: EUR 38.9 million). The resulting adjusted EBIT margin was – 12.9% (Q2 2019: 13.4%).

#### **NORMA Value Added (NOVA)**

NORMA Value Added (NOVA) amounted to EUR – 40.7 million in the first half of 2020, a significant decline compared to the previous year (H1 2019: EUR 21.1 million). The main reason for the significant decline was the significantly lower adjusted EBIT.

In the second quarter of 2020, NOVA also declined to EUR – 40.3 million compared to EUR 10.5 million in the second quarter of the previous year, also due to the lower EBIT compared to the previous year.

#### **Financial result nearly at previous year's level**

The financial result in the first six months of the current fiscal year was EUR – 7.4 million, a slight increase of 1.1% compared to the same period of the previous year (H1 2019: EUR – 7.3 million). → [NOTES, P. 39](#) The financial result includes net interest expenses of EUR 5.8 million (H1 2019: EUR 6.2 million). In addition, the financial result was impacted by interest expenses from leases in the amount of EUR – 0.6 million (H1 2019: EUR – 0.7 million) and other financial expenses of EUR – 0.6 million (H1 2019: EUR – 0.8 million).

The financial result in the second quarter of 2020 was EUR – 4.2 million (Q2 2019: EUR – 3.6 million).

#### **Tax rate and adjusted earnings after taxes**

Despite negative adjusted earnings before taxes (EBT), adjusted tax expenses of EUR 0.3 million were incurred in the first half of 2020. This is primarily due to non-tax-deductible expenses and the fact that no deferred tax assets could be recognized for certain companies on tax losses in the current fiscal year.

Adjusted earnings after taxes amounted to EUR – 7.2 million in the first half of 2020 and were thus 114.2% below the previous year's level (H1 2019: EUR 50.9 million).

In the second quarter of 2020, adjusted net income for the period amounted to EUR – 22.9 million. This equates to a 189.0% decline compared to the prior-year quarter (Q2 2019: EUR 25.7 million).

#### **Adjusted earnings per share**

Adjusted earnings per share amounted to EUR – 0.22 in the first half of 2020 (H1 2019: EUR 1.60). In the second quarter of 2020, adjusted earnings per share totaled EUR – 0.72 (Q2 2019: EUR 0.81). → [NOTES, P. 39](#) The number of shares of 31,862,400 on which the calculation is based remained unchanged in the period under review.

#### **Asset position**

##### **Total assets**

As of June 30, 2020, total assets amounted to EUR 1,472.2 million, down 2.8% from the end of 2019 (December 31, 2019: EUR 1,514.3 million).

##### **Assets**

Non-current assets amounted to EUR 949.5 million as of June 30, 2020, down 1.4% on December 31, 2019 (EUR 962.8 million). The main reason for this reduction is a decrease of EUR 22.2 million in intangible assets and property, plant and equipment. In contrast, deferred tax assets increased by EUR 8.7 million due to the recognition of tax loss carryforwards from the first six months of 2020. In addition, deferred tax assets were recognized for a restructuring provision of EUR 20.3 million that is not tax deductible. → [NOTES, P. 40](#)

Non-current assets accounted for 64.5% of total assets as of June 30, 2020 (Dec 31, 2019: 63.6%).

Current assets amounted to EUR 522.6 million as of June 30, 2020, down 5.2% from the end of the year (Dec 31, 2019: EUR 551.5 million). This was partly due to the 13.0% increase in trade receivables as a result of the lower sales volume.



In addition, inventories decreased by 6.6% in the first half of the year. This was mainly due to a reduction in stocks. On the other hand, cash and cash equivalents increased by 7.0%, also due to the increase in the volume of commercial paper.

Current assets accounted for 35.5% of total assets as of June 30, 2020 (Dec 31, 2019: 36.4%).

### Equity ratio down

The equity ratio fell to 40.9% as of June 30, 2020 (Dec 31, 2019: 41.6%). Group equity amounted to EUR 602.2 million as of June 30, 2020, down 4.3% compared to December 31, 2019 (EUR 629.5 million). Equity changed in the first six months of 2020 due to the net result for the period (EUR – 16.8 million), currency translation differences (EUR – 8.0 million), dividends (EUR 1.3 million) and cash flow hedges (EUR – 1.1 million).

### Non-current and current liabilities

Non-current liabilities amounted to EUR 637.2 million as of June 30, 2020, only a slight increase of 2.7% compared to the end of the year (Dec 31, 2019: EUR 620.3 million). This was also due to the increase in long-term provisions that were created as part of the 'Get on Track' program.

Current liabilities declined by EUR 31.8 million or 12.0% to EUR 232.7 million in the first half of 2020 compared to the end of 2019 (Dec 31, 2019: EUR 264.6 million). They were mainly influenced by the decrease in trade payables by EUR 36.2 million or 25.3% compared to the end of the year. In addition, other financial liabilities decreased by 61.7% or EUR 10.8 million in the same period. This is mainly due to the repayment of liabilities from the ABS and factoring programs. The decrease in other non-financial liabilities is mainly due to a decrease in personnel-related liabilities, which is mainly related to the reduced liabilities from expected bonus payments for employees.

On the other hand, the increase of EUR 12.2 million or 26.5% in loan liabilities as a result of the increase in commercial paper and the provisions formed as part of the 'Get on Track' program had an increasing effect on current liabilities.

On the balance sheet date, non-current liabilities accounted for 43.3% of total assets (Dec 31, 2019: 41.0%), while current liabilities accounted for 15.8% (Dec 31, 2019: 17.5%).

### (Trade) working capital

The changes in current assets described and the significant decrease in trade payables resulted in an increase in (trade) working capital (inventories plus receivables minus liabilities, each mainly from trade payables) by EUR 1.9% to EUR 196.2 million as of June 30, 2020 compared to the end of 2019 (December 31, 2019: EUR 192.5 million). Compared to the same period of the previous year (June 30, 2019: EUR 232.8 million) (Trade) Working Capital decreased by 15.7% due to the decline in business volume in the first half of the year.

### Lower net debt

Net debt was EUR 414.4 million on June 30, 2020, down 1.5% or EUR 6.4 million from EUR 420.8 million on December 31, 2019. This was mainly due to an increase in cash and cash equivalents by EUR 12.6 million as a result of a positive net cash flow in the first six months. This was offset by current interest expenses, the increase in leasing liabilities and negative currency effects not affecting payments. → [NOTES, P. 45](#)

At 0.7, gearing (the ratio of net debt to equity) as of June 30, 2020, was constant at the level at the end of 2019 (Dec 31, 2019: 0.7). Leverage (net debt excl. hedging instruments in relation to EBITDA for the last 12 months) amounted to 3.7 as of June 30, 2020 (Dec 31, 2019: 2.3). Leverage without the effects of the 'Get on Track' program, and thus the relevant leverage for the financial covenants, was 3.1.

## Financial position

### Central financial management

A detailed overview of the general financial management of NORMA Group is provided in the 2019 Annual Report. → [2019 ANNUAL REPORT, P.55](#)

### Solid net operating cash flow despite expenses for the 'Get on Track' program

Net operating cash flow was EUR 8.5 million in the first half of 2020 (H1 2019: EUR 28.6 million) and was impacted by non-cash expenses within EBITDA of EUR 22.1 million in connection with the 'Get on Track' program.

Investments of EUR 14.3 million were made in the period from January to June 2020 (H1 2019: EUR 24.1 million). The main focus of investments was on the plants in Germany, Serbia, Poland, China, the US and Mexico.

### Cash flow from operating activities

In the first half of 2020, NORMA Group generated cash flow from operating activities of EUR 38.9 million (H1 2019: EUR 36.7 million).

NORMA Group participates in a reverse factoring program, a factoring program and an ABS program. The respective cash flows are shown under cash flow from operating activities, as this corresponds to the economic substance of the transactions. The liabilities under the reverse factoring program are reported under trade payables and similar liabilities. As of June 30, 2020, liabilities of EUR 13.1 million (Dec 31, 2019: EUR 21.3 million) from reverse factoring programs are recognized. The total amount of cash flow relevant trade receivables sold under the factoring and ABS programs amounted to EUR 37.5 million as of June 30, 2020.

In the second quarter of 2020, the cash inflow from operating activities amounted to EUR 29.1 million (Q2 2019: EUR 27.0 million). → [NOTES, P. 52](#)

### Cash flow from investing activities

In the first half of 2020, the cash outflow from investing activities amounted to EUR 15.5 million (H1 2019: EUR – 28.2 million).

This includes net cash outflows of EUR 15.5 million (H1 2019: EUR 27.7 million) for the purchase and sale of non-current assets. These include the change in liabilities for the acquisition of intangible assets and property, plant and equipment totaling EUR 2.4 million (H1 2019: EUR – 4.4 million).

The comparable period of the previous year also included net payments of EUR 0.5 million for acquisitions.

The investment ratio in the first half of 2020 as a percentage of sales (excluding payments for acquisitions and proceeds from the sale of property, plant and equipment) was thus 3.8% (H1 2019: 5.0%).

The cash outflow from investing activities in the second quarter of 2020 amounted to EUR 6.0 million (Q2 2019: EUR 11.6 million). → [NOTES, P. 53](#)

### Cash flow from financing activities

In the first half of 2020, cash flow from financing activities was EUR – 8.9 million and includes proceeds from loans of EUR 48.7 million (H1 2019: EUR 0), interest payments (H1 2020: EUR 4.4

million; H1 2019: EUR 4.3 million), payments for the repayment of loans (H1 2020: EUR 38.8 million; H1 2019: EUR 2.8 million), repayments of liabilities from ABS and factoring in the amount of EUR 9.4 million (H1 2019: EUR 7.4 million) and payments from derivatives in the amount of EUR 44 thousand (H1 2019: EUR 97 thousand).

In addition, lease payments of EUR 5.0 million (H1 2019: EUR 5.0 million) are reported under cash flow from financing activities.

The dividend resolved at the Annual General Meeting on June 30, 2020, will be paid in the third quarter.

The prior-year period also included dividend payments to the shareholders of NORMA Group SE in the amount of EUR 35.0 million and dividends distributed to minority shareholders in the amount of EUR 42 thousand.

Cash flow from financing activities amounted to EUR – 41.1 million in the second quarter of 2020 (H1 2019: EUR 40.8 million) against the backdrop of the aforementioned effects. → [NOTES, P. 53](#)

### Segment reporting

Foreign Group companies accounted for around 83.3% of total sales (H1 2019: 82.5%) in the period from January to June 2020.

#### EMEA region: corona pandemic leads to a significant drop in sales; operating profit additionally burdened by expenses for the 'Get on Track' program

In the first half of 2020, external sales in the EMEA region fell short of the previous year's figure by a total of 26.8%. Only 0.1% of this figure was due to negative currency effects. The global restrictions in the wake of the corona crisis, which also led to interruptions in production at a number of NORMA Group sites, became particularly noticeable in the second quarter and caused a significant drop in sales of – 45.5% (in organic terms) in this period.

Both sales channels in the EMEA region were visibly affected by the drastic decline in sales. The EJT business recorded a significant reduction in sales by 29.4% (in organic terms) in the first half of 2020 due to production reductions at all automobile manufacturers and the resulting weak demand. The DS business recorded an organic decline in sales of 19.2% in the first six months of 2020.

Sales in the EMEA region thus fell to 42% of total Group sales (H1 2019: 45%) in the first half of 2020.

## Segment Reporting

in EUR thousands	EMEA		Americas		Asia-Pacific		Total segments		Central functions		Consolidation		Consolidated Group	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Total revenue	200,371	273,089	195,764	242,373	67,097	74,624	463,232	590,086	14,030	14,177	-32,234	-39,593	445,028	564,670
thereof inter-segment revenue	13,979	18,497	3,072	5,078	1,153	1,841	18,204	25,416	14,030	14,177	-32,234	-39,593	0	0
<b>Revenue from external customers</b>	<b>186,392</b>	<b>254,592</b>	<b>192,692</b>	<b>237,295</b>	<b>65,944</b>	<b>72,783</b>	<b>445,028</b>	<b>564,670</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>445,028</b>	<b>564,670</b>
Contribution to consolidated Group sales	42%	45%	43%	42%	15%	13%	100%	100%						
Gross profit	112,539	158,022	106,405	136,696	31,798	33,805	250,742	328,523	n/a	n/a	139	-153	250,881	328,370
<b>(Adjusted) EBITDA <sup>1</sup></b>	<b>-1,531</b>	<b>50,108</b>	<b>21,236</b>	<b>47,065</b>	<b>10,988</b>	<b>10,044</b>	<b>30,693</b>	<b>107,217</b>	<b>-4,055</b>	<b>-5,616</b>	<b>-178</b>	<b>-328</b>	<b>26,460</b>	<b>101,273</b>
(Adjusted) EBITDA margin <sup>1,2</sup>	-0.8%	18.3%	10.8%	19.4%	16.4%	13.5%							5.9%	17.9%
Depreciation without PPA depreciation <sup>3</sup>	-9,213	-8,614	-7,977	-7,651	-4,060	-3,671	-21,250	-19,936	-599	-762	0	0	-21,849	-20,698
<b>Adjusted EBITA <sup>1</sup></b>	<b>-10,744</b>	<b>41,494</b>	<b>13,259</b>	<b>39,414</b>	<b>6,928</b>	<b>6,373</b>	<b>9,443</b>	<b>87,281</b>	<b>-4,654</b>	<b>-6,378</b>	<b>-178</b>	<b>-328</b>	<b>4,611</b>	<b>80,575</b>
Adjusted EBITA margin <sup>1,2</sup>	-5.4%	15.2%	6.8%	16.3%	10.3%	8.5%							1.0%	14.3%
Adjusted EBIT	-12,035	40,153	11,840	37,905	6,551	6,184	6,356	84,242	-5,721	-7,520	-180	-329	455	76,394
<b>Adjusted EBIT margin</b>	<b>-6.0%</b>	<b>14.7%</b>	<b>6.0%</b>	<b>15.6%</b>	<b>9.8%</b>	<b>8.3%</b>							<b>0.1%</b>	<b>13.5%</b>
Assets (prior year as of Dec 31, 2019) <sup>4</sup>	576,074	632,012	650,594	655,301	246,110	258,943	1,472,778	1,546,256	294,511	301,560	-295,136	-333,476	1,472,153	1,514,340
Liabilities (prior year as of Dec 31, 2019) <sup>5</sup>	179,054	204,606	266,029	271,858	45,282	53,732	490,365	530,196	625,571	631,795	-245,978	-277,105	869,958	884,886
CAPEX	6,175	11,489	5,201	6,855	3,218	5,997	14,594	24,341	507	712	n/a	n/a	15,101	25,053
Number of employees <sup>6</sup>	3,557	3,728	1,467	1,801	1,392	1,325	6,416	6,854	115	110	n/a	n/a	6,531	6,964

1\_For details regarding the adjustments, refer to → P. 34.

2\_Based on segment sales.

3\_Depreciation from purchase price allocations.

4\_Including allocated goodwill, taxes are shown in the column 'consolidation'.

5\_Taxes are shown in the column 'consolidation'.

6\_Number of employees (average headcount).

The consequences of the corona pandemic could also be seen in the development of the operating result in the EMEA region in the first half of 2020. This was burdened even further by the expenses incurred as part of the 'Get on Track' program that was announced in November 2019 that are not adjusted.

### Sharp decline in organic sales in the Americas region

External sales in the Americas region fell by 18.8% in the first six months of 2020. Here, too, the extent of the corona pandemic was reflected in a drastic decline in organic sales in the first half of the year (– 20.6%), whereby the Americas region suffered from massive declines in sales in the second quarter (Q2 2020: – 30.1% in organic terms), in particular. Currency effects related to the US dollar provided a slight tailwind of 1.8% in the first half of 2020.

The far-reaching effects of the restrictions imposed as a result of the coronavirus have also hit the American automotive business hard. Organic sales in the EJT division in the Americas fell by 40.5% in the first six months of 2020, and the organic decline in sales in the second quarter of 2020 was as high as – 64.5%. By contrast, the DS business remained relatively stable in the first

six months of 2020 by posting a slight 0.4% decline in sales thanks to the continued good growth of the US subsidiary NDS's water business (+ 4.4%). The Americas region thus accounted for around 43% of sales in the first half of 2020 (H1 2019: 42%).

The operating result in the Americas region was also impacted very negatively by the effects of the corona pandemic.

### Asia-Pacific region: EJT business stabilized again in the second quarter after the lockdowns ended; DS division reports significant decline in sales

External sales in the Asia-Pacific region fell by 9.4% in the current reporting period. The organic decline in sales in the region was – 7.9% overall. Negative currency effects of – 1.5% also had a negative impact on the development of sales in the first half of 2020.

Although the EJT business was able to recover strongly again in the second quarter after the temporary national lockdowns. Here, sales after six months of 2020 were nearly at last year's level (– 0.7% in organic terms). By contrast, the DS division recorded a significant decline in organic sales of – 19.0% in the first half of 2020. This was only partially offset by the noticeable stabilization of the automotive business, particularly in China. The Asia-Pacific region accounted for 15% of total sales in the first six months of 2020, compared to 13% the previous year.

In contrast to the other regions, the Asia-Pacific region recorded a positive development in terms of its operating result in the first half of 2020. This is mainly due to savings in the area of personnel costs. In this context, government inflows had a favorable impact on the development of its earnings. These were granted as support packages against the backdrop of the current corona pandemic and mainly comprised support in the area of social security contributions from the employer.

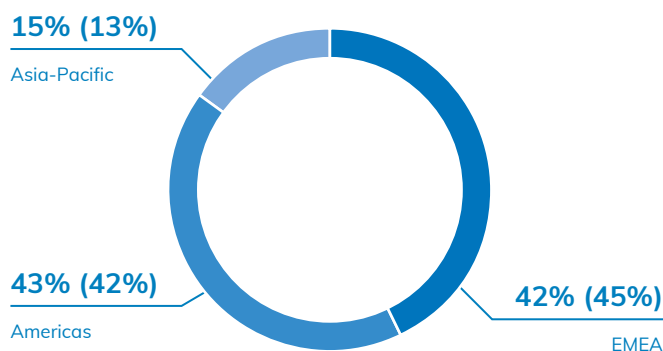
### Non-Financial Performance Indicators

The most important non-financial control parameters for NORMA Group include the extent of market penetration, the Group's power of innovation, the employees' problem-solving behavior and the sustainable overall development of NORMA Group. The development of these performance indicators in the first half of 2020 is described here.

Other non-financial performance indicators include employee and environmental indicators and indicators on occupational safety and healthcare within the Group. They are reported on once per year in the CR Report. → [CR REPORT 2019](#)

The new Management Board contracts that have been drawn up since January 2020 now also include a sustainability component for the first time. In the future, a certain percentage of their annual salaries will depend on whether sustainability goals have been met, namely the reduction of CO<sub>2</sub> emissions. NORMA Group has included the Group-wide CO<sub>2</sub> emissions (in tons) from the consumption of electricity, gas and district heating (Scope 1 and 2) of the production sites in its management system and will report on these in the 2020 Annual Report and subsequently on a quarterly basis.

### Share of Sales by Segment <sup>1</sup>



1\_Prior year's value in brackets.

### Maintaining the Group's market position

NORMA Group continuously works on sustainably expanding its business and achieving sales growth and profitability that is higher than the market average. By using innovative solutions and considering sustainable business practices and relationships, NORMA Group is able to add value creation potential in various areas of application and numerous industries. The Group's organic growth is thus a sign of NORMA Group's market penetration.

### Maintaining the Group's power of innovation

Sustainably securing its technological leadership is a key driver of NORMA Group's future growth. The development of new products that are based on the changed requirements of end markets, customers and legal regulations is indispensable. NORMA Group therefore encourages the spirit of invention among its employees through targeted incentive systems, and records, manages and reports the number of annual invention applications in the Group. 12 invention applications were filed in the first half of 2020 (H1 2019: 10).

### Quality and delivery reliability

NORMA Group stands for the highest possible reliability and quality of service. The reputation of its brands and reliability of its products are key factors in the Company's success. The Group therefore relies on the highest quality standards in developing and manufacturing its products. In order to minimize production losses and maximize customer satisfaction, NORMA Group measures and manages the problem solving behavior of its employees by using two performance indicators: the average number of quality-related customer complaints per month and defective parts per million of manufactured parts (parts per million / PPM).

The two metrics are collected and aggregated at Group level on a monthly basis. In the first half of 2020 the number of defective parts (PPM) was 5 (H1 2019: 6). The average number of quality-related complaints per month was 4 (H1 2019: 6).

### Acting responsibly in all areas of the company

NORMA Group considers it to be its primary responsibility to bring the effects of its business activity into balance with the expectations and needs of society. For this reason, operational decisions are based on the principles of responsible corporate governance and sustainable action. NORMA Group's strategy and goals in the area of Corporate Responsibility (CR) are evaluated and updated on a regular basis. The current scope of action was published in the CR Roadmap 2020. A detailed description of each area of action and its strategic contents is described in the Group's CR Report. → [CR REPORT 2019](#)

## Forecast Report

### General Economic And Industry-Specific Conditions

#### Global economy in the midst of a crisis in 2020 – recovery scenario remains unclear

The COVID-19 pandemic has plunged the global economy into a deep recession, far exceeding even the crash that followed the financial crisis in 2008. With successive reopenings from the lockdowns and record levels of government support packages, an attempt was made to stabilize the global economy and provide new impetus. Due to the continuing uncertain economic environment, the IMF revised its forecasts downwards in June. According to the latest estimate, global economic output is expected to decline by 4.9% in 2020 (previous assumption: – 3,0%). Developments in the industrialized countries (– 8.0%) and the emerging markets and developing countries (– 3.0%) are expected to be particularly negative. According to the IMF, the GDP in the US is expected to fall noticeably by 8.0% and in the euro zone by 10.2%, while slight growth of + 1.0% is forecast for China. The IMF expects a more moderate recovery of the global economy for 2021 (2021: + 5.4%, previous assumption + 5.8%). This baseline scenario released by the IMF was based on the assumption that the lockdown restrictions would be gradually lifted on a country-specific basis, however. It does not take the possible occurrence of a second wave of the pandemic into account either. The outlook therefore remains uncertain.

#### Germany's economic downturn overcome – headwinds for consumption and investments remain

Germany's economy fell into the deepest recession since World War II, triggered by the negative effects of the coronavirus. Consumption in particular has slumped so sharply that a return to previous levels seems unlikely in the near future. This effect is intensified primarily by a loss of income and jobs, continuing restrictions on travel plans, events and other restrictions. A significant slump can also be observed with equipment investments and exports. Construction investments thus remain the mainstay of the German economy. The significant containment of new infections allowed for various lockdown measures to be eased in the second quarter. Government monetary aid measures also had a supportive effect. Thus, after reaching the lowest point of the economic development in the second quarter, a slight upturn set in again. However, there is currently a high degree of uncertainty regarding the speed and duration of a potential recovery in the further course of the year and beyond the current year. The ifo Institute expects the GDP to drop by 6.7% in 2020 and forecasts a recovery of 6.4% in 2021. In contrast, the IMF is much more skeptical and expects a deeper slump in 2020 (– 7.8%) and a visibly flatter positive trend for 2021 (+ 5.4%).

#### Forecasts for GDP Growth (Real)

in %	2019	2020e	2021e
World <sup>1</sup>	+ 2.9	– 4.9	+ 5.4
USA <sup>1</sup>	+ 2.3	– 8.0	+ 4.5
China <sup>1</sup>	+ 6.1	+ 1.0	+ 8.2
Euro region <sup>1</sup>	+ 1.2 <sup>2</sup>	– 10.2	+ 6.0
Germany			
IWF <sup>1</sup>	+ 0.6	– 7.8	+ 5.4
ifo Institute <sup>4</sup>	+ 0.6 <sup>3</sup>	– 6.7	+ 6.4

1\_ IMF WEO update June 2020; 2\_ Eurostat; 3\_ Destatis: (Q1 2020 adjusted on a calendar-basis: – 2.0%; Q2 2020: – 10.1%); 4\_ ifo summer forecast 2020

#### Mechanical engineering and construction on a downward trend in 2020 – capacities are being reduced

The extremely low level of economic output and utilization of industrial capacities worldwide and the continuing considerable uncertainty regarding the sustainability of a recovery result in investment plans being cut back and projects being postponed. A VDMA survey conducted in June 2020 showed that around 40% of German mechanical engineering companies recorded a noticeable or even severe drop in orders and cancellations. As a result, orders received by German mechanical engineering companies slumped by 22% in the period from March to May (Germany: – 16%, abroad: – 25%). Over 80% of mechanical engineering companies are therefore currently reducing their capacities in Germany. The previous forecast

of a 5% decline in domestic production in the sector for 2020 (VDMA), which was formulated before the lockdowns took place, will now be exceeded by a large margin in all probability. Nevertheless, it can be assumed that despite the crisis, long-term investment projects for automation and digitalization, for environmental protection and the restructuring of the energy industry will not be fundamentally questioned. This could support the development of the mechanical engineering and construction industry worldwide.

#### Mechanical Engineering: Change in Production and Order Inflow in Germany (Real)

in %	2019	Q1 2020	Q2 2020
Production <sup>1</sup>	-2.8	-9.0 (Mar: -14.2)	Apr: -28.6 May: -21.3
according to VDMA <sup>2</sup>	-2.8	-	-
Order inflow <sup>2</sup>	-9.0	-2.0	-22.0 <sup>3</sup>
Domestic	-9.0	+1.0	-16.0 <sup>3</sup>
Abroad	-9.0	-4.0	-25.0 <sup>3</sup>

1\_German Central Bank / Destatis (adjusted for working days);

2\_VDMA; 3\_VDMA, 3 months time frame March until May 2020

#### Declines in volume put even greater pressure on the automotive industry

After two years of declining production figures in the automotive industry, 2020 will be a year of crisis of exceptional magnitude. LMC Automotive (LMCA) expects the world market for light vehicles (LV up to 6 t) to shrink by a fifth in 2020 (sales: -21.3%, production: -20.0% to 71.0 million LV). Production in Europe (-23.1%) and North America (-20.7%) is expected to decline slightly more than in Asia-Pacific (-17.0%). In addition, the production volume of truck manufacturers worldwide slumped by 25.4% to just under 2.7 million units. By contrast, 95.0 million LVs were produced in 2017 and 3.7 million commercial vehicles in 2018. This development illustrates a market volume that has collapsed massively in only a very short period of time. Accordingly, the pressure on manufacturers and suppliers to cut costs and adapt is intensifying, especially as the challenges in terms of innovations in new drive systems, other systems and mobility concepts will persist beyond the corona crisis. Although LMCA expects global automobile production to increase in 2021 (LV +16.0%, commercial vehicles: +13.8%), this will not nearly close the volume gap that has arisen.

#### Automotive Industry: Global Production and Sales Development (Light Vehicles, Commercial Vehicles)

in %	2019	2020e	2021e
<b>Light vehicles</b>			
Global sales <sup>1</sup>	-4.3	-21.3	+14.7
Global production <sup>1</sup>	-5.7	-20.0	+16.0
<b>Commercial vehicles</b>			
Global sales <sup>2</sup>	-3.7	-21.5	+9.0
Global production <sup>2</sup>	-2.9	-25.4	+13.8

1\_LMC Automotive; 2\_LMC Automotive (Trucks > 6 t, Busses > 30 seats).

#### International construction industry relatively crisis-proof – China and Europe on a moderate recovery course

China's construction industry has rapidly recovered from the virus-related setback with the help of timely government intervention. The sector is expected to remain on an expansion course due to the extraordinarily high demand in residential and infrastructure construction. By contrast, the environment for the construction industry in the US has deteriorated despite low interest rates. Among other developments, the massive rise in unemploy-

ment is having a negative impact on demand for residential construction. Against this backdrop, building permits fell to an annual rate of 1.2 million apartments in May and June (Dec 2019: 1.4 million). Furthermore, since construction starts have fallen significantly, the headwind for US construction in 2020 will initially still be quite noticeable. The industry experts at JBREC (John Burns Real Estate Consulting) expect a positive development in 2020 with regard to consumer demand in the market segments relevant for NORMA Group's NDS activities. New construction activities are expected to grow by 8% in 2020, whereas stagnation is expected in 2021. According to JBREC, maintenance and modernization activities are also expected to increase by 6% in 2020 (2021: + 5%). Due to the highly volatile market environment, however, the forecasts made are currently still considered to be uncertain. The industry network Euroconstruct (including ifo) expects an abrupt slump in Europe's construction output in 2020 (19 core countries: – 11.5%), but a fresh breeze in 2021 (+ 6.0%). Germany's construction investments are expected to grow moderately by only 1.0% in real terms in 2020 (ifo Institute). In contrast, the HDB construction association lowered its forecast for 2020 in May. Stagnating sales in nominal terms are now expected in the German construction industry. In real terms, this equates to a decline of 3%.

#### Construction Industry: Development of European Construction Industry

in %	2019	2020e	2021e
Europe (core markets) <sup>1</sup>	+ 2.7	– 11.5	+ 6.0
Western Europe (EU15)	+ 2.6	– 12.1	+ 6.3
Eastern Europe (EU4)	+ 5.5	– 2.6	+ 1.0

<sup>1</sup>ifo Institute / Euroconstruct.

#### Future Development of NORMA Group SE

##### Detailed forecast for the current fiscal year still not possible due to the ongoing uncertain market situation

The global economy was massively affected by the effects of the corona pandemic in the first half of 2020. As expected, the negative developments also had visible effects on the industries relevant to NORMA Group. The automotive industry in particular was severely impacted by these. Due to the protracted nature of the corona pandemic, there is still great uncertainty with regard

to future macroeconomic developments. In this persistently uncertain environment, it is also unclear how the corona crisis will further affect demand from customers, NORMA Group's production capacities and supply chains in the current fiscal year. Given that the future impact of the corona pandemic on NORMA Group's business cannot be reliably estimated, it is currently impossible to make any exact statements on how NORMA Group's sales and earnings will develop in 2020 at the time of publication of this interim report. For this reason, the Management Board of NORMA Group SE is of the opinion – as already announced in the ad hoc announcement dated July 16, 2020 – that no concrete forecast for the full year 2020 can be made from today's perspective due to the current market conditions.

However, in light of the latest assessments by economic research institutes and industry associations, the Management Board of NORMA Group continues to assume that the consequences and after-effects of the corona crisis will result in significantly negative deviations from the forecast originally made before the outbreak of the corona pandemic and published in the 2019 Annual Report.



## Risk and Opportunity Report

NORMA Group is exposed to a wide variety of risks and opportunities, which can have a positive or negative short-term or long-term impact on its financial position and its performance. For this reason, opportunity and risk management represents an integral component of corporate management for NORMA Group SE, at both the Group management level and at the level of the individual companies and functional areas. Due to the fact that all corporate activities are associated with risks and opportunities, NORMA Group considers identifying, assessing, and managing opportunities and risks to be a fundamental component of executing its strategy, securing the short and long-term success of the Company and sustainably increasing shareholder value. In order to achieve this over the long-term, NORMA Group encourages its employees in all areas of the Company to remain conscious of risks and opportunities.

The 2019 Annual Report contains a detailed description of the risks and opportunities NORMA Group currently faces → [2019 ANNUAL REPORT, P. 89](#)

### Risk And Opportunity Profile Of NORMA Group

As part of the preparation and monitoring of its risk and opportunities profile, NORMA Group assesses risks and opportunities based on their financial impact and their probability of occurrence. The financial impacts of risks and opportunities are assessed according to the relation to EBITA, based on the anticipated EBITA (before the occurrence of the global spread of coronavirus) in the Forecast Report in the 2019 Annual Report. Here, the following five categories are used:

- Insignificant: up to 1% of current EBITA
- Minor: more than 1% and up to 5% of current EBITA
- Moderate: more than 5% and up to 10% of current EBITA
- Significant: more than 10% and up to 25% of current EBITA
- High: more than 25% of current EBITA

The interval used places the financial impact of a risk or opportunity in relation to the EBITA of the Group or a segment, provided that the respective risk or opportunity relates exclusively to a specific segment. The assessment of opportunities and risks whose financial impact has an effect on line items in the Consolidated Statement of Comprehensive Income below EBITA is also performed in relation to EBITA. The presented impact always reflects the effects of countermeasures initiated. The probability of occurrence used to assess risks and opportunities is quantified based on the following five categories:

- Very unlikely: up to 3% probability of occurrence
- Unlikely: more than 3% and up to 10% probability of occurrence
- Possible: more than 10% and up to 40% probability of occurrence
- Likely: more than 40% and up to 80% probability of occurrence
- Very likely: more than 80% probability of occurrence

Compared to the risk and opportunity assessment published in the 2019 Annual Report, there are only changes in the area of default, economic and cyclical risks with regard to the probability of occurrence and the financial impact of the risks.

Accordingly, the significant slowdown in the global economy as a result of the COVID-19 pandemic is expected to increase the risk of company insolvencies. NORMA Group therefore now considers the associated default risk to be possible (in the 2019 Annual Report: unlikely). The financial impact of bad debt losses is still considered to be insignificant, taking into account the countermeasures taken in the area of receivables management.

Furthermore, the spread of COVID-19 continues to present the global economy with considerable challenges. The far-reaching corona restrictions that have been implemented and the uncertainty concerning future developments, with regard to possible further waves of the pandemic, for example, have led to a strong reluctance to invest. According to leading economists, an improvement in global consumer sentiment requires the gradual lifting of the current restrictions. It also remains to be seen how effective the government economic stimulus programs that have already been initiated and those that are still planned will be in order to stimulate global consumption. The possible occurrence of further waves of infection in particular could, however, contribute to a further slowdown in the recovery of the global economy. Against this backdrop, NORMA Group continues to assess the probability of the occurrence of economic and cyclical risks as likely. In view of the far-reaching economic implications described above, however, the associated financial impact is considered to be high (in the 2019 Annual Report: moderate).

Risk and Opportunity Portfolio of NORMA Group <sup>1</sup>

		Probability of occurrence					change comp. to 2019	Financial impact					change comp. to 2019
		very unlikely	unlikely	possible	likely	very likely		very unlikely	unlikely	possible	likely	very likely	
<b>Financial risk and opportunities</b>													
Default risk					■		▲	■					▶
Liquidity	Risks	■					▶					■	▶
	Opportunities				■		▶		■				▶
Currency	Risks			■			▶			■			▶
	Opportunities			■			▶		■				▶
Change in interest rates	Risks			■			▶		■				▶
	Opportunities		■				▶	■					▶
<b>Economic and cyclical risks and opportunities</b>													
	Risks				■		▶					■	▶
	Opportunities		■				▶		■				▶
<b>Industry-specific and technological risks and opportunities</b>													
	Risks			■			▶			■			▶
	Opportunities			■			▶			■			▶
<b>Risks and opportunities associated with corporate strategy</b>													
	Risks		■				▶			■			▶
	Opportunities			■			▶			■			▶
<b>Operational risks and opportunities</b>													
Commodity pricing	Risks				■		▶			■			▶
	Opportunities		■				▶		■				▶
Suppliers	Risks			■			▶		■				▶
	Opportunities			■			▶		■				▶
Quality and processes	Risks			■			▶		■				▶
	Opportunities			■			▶		■				▶
Customers	Risks			■			▶		■				▶
	Opportunities			■			▶		■				▶
<b>Risks and opportunities of personnel management</b>													
	Risks			■			▶	■					▶
	Opportunities				■		▶		■				▶
<b>IT-related risks and opportunities</b>													
	Risks			■			▶		■				▶
	Opportunities				■		▶		■				▶
<b>Legal risks and opportunities</b>													
Risks related to standards and contracts	Risks			■			▶			■			▶
Social and environmental standards	Risks			■			▶			■			▶
	Opportunities			■			▶		■				▶
Property rights	Risks			■			▶		■				▶
	Opportunities			■			▶		■				▶

<sup>1</sup> If not indicated differently, the risk assessment applies for all regional segments.

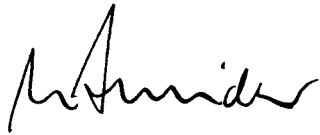
## Report on Significant Transactions with Related Parties

In the reporting period from January to June 2020, there were no significant transactions with related parties subject to reporting.

Maintal, August 5, 2020

NORMA Group SE

The Management Board



**Dr. Michael Schneider**  
Chief Executive Officer (CEO)



**Dr. Friedrich Klein**  
Chief Operating Officer (COO)

# Consolidated Interim Financial Statements

## Consolidated Statement of Comprehensive Income for the period from January 1 to June 30, 2020

in EUR thousands	Note	H1 2020	H1 2019
Revenue	(5)	445,028	564,670
Changes in inventories of finished goods and work in progress		-8,234	-1,708
Other own work capitalized		1,825	2,553
Raw materials and consumables used	(5)	-187,738	-237,145
<b>Gross profit</b>		<b>250,881</b>	<b>328,370</b>
Other operating income	(6)	11,532	6,300
Other operating expenses	(6)	-73,741	-77,808
Employee benefits expense	(7)	-162,212	-164,810
Depreciation and amortization		-38,829	-37,774
<b>Operating profit</b>		<b>-12,369</b>	<b>54,278</b>
Financial income		208	489
Financial costs		-7,570	-7,773
<b>Financial result</b>	<b>(8)</b>	<b>-7,362</b>	<b>-7,284</b>
<b>Profit before income tax</b>		<b>-19,731</b>	<b>46,994</b>
Income taxes	(10)	2,889	-12,219
<b>Profit for the period</b>		<b>-16,842</b>	<b>34,775</b>
<b>Other comprehensive income for the period, net of tax</b>			
<b>Other comprehensive income that can be reclassified to profit or loss, net of tax</b>			
Exchange differences on translation of foreign operations		-9,167	2,356
Cash flow hedges, net of tax		-8,049	3,933
Cash flow hedges, net of tax		-1,118	-1,663
Costs of hedging, net of tax		0	86
<b>Other comprehensive income that cannot be reclassified to profit or loss net of tax</b>		<b>24</b>	<b>22</b>
Remeasurements of post-employment benefit obligations net of tax		24	22
<b>Other comprehensive income for the period, net of tax</b>		<b>-9,143</b>	<b>2,378</b>
<b>Total comprehensive income for the period</b>		<b>-25,985</b>	<b>37,153</b>
<b>Profit attributable to</b>			
Shareholders of the parent		-16,781	34,802
Non-controlling interests		-61	-27
		<b>-16,842</b>	<b>34,775</b>
<b>Total comprehensive income attributable to</b>			
Shareholders of the parent		-26,065	37,118
Non-controlling interests		80	35
		<b>-25,985</b>	<b>37,153</b>
<b>(Un)diluted earnings per share (in EUR)</b>	<b>(9)</b>	<b>-0.53</b>	<b>1.09</b>

## Consolidated Statement of Financial Position as of June 30, 2019

### Assets

in EUR thousands	Note	Jun 30, 2020	Dec 31, 2019	Jun 30, 2019
<b>Non-current assets</b>				
Goodwill	(11)	393,619	393,087	390,427
Other intangible assets	(11)	252,211	265,407	273,688
Property, plant and equipment	(11)	281,835	290,843	284,251
Other non-financial assets		2,619	2,792	3,399
Contract assets		119	0	0
Derivative financial assets	(13)	0	120	625
Income tax assets		1,086	1,173	968
Deferred income tax assets	(10)	18,053	9,375	7,491
		<b>949,542</b>	<b>962,797</b>	<b>960,849</b>
<b>Current assets</b>				
Inventories	(12)	161,831	173,249	176,179
Other non-financial assets		18,710	21,933	23,841
Other financial assets		2,055	4,792	2,528
Derivative financial assets	(13)	55	330	360
Income tax assets		5,900	8,607	5,134
Trade and other receivables	(12 / 13)	141,345	162,386	190,301
Contract assets		432	525	1,169
Cash and cash equivalents	(17)	192,283	179,721	145,478
		<b>522,611</b>	<b>551,543</b>	<b>544,990</b>
<b>Total assets</b>		<b>1,472,153</b>	<b>1,514,340</b>	<b>1,505,839</b>

### Equity and Liabilities

in EUR thousands	Note	Jun 30, 2020	Dec 31, 2019	Jun 30, 2019
<b>Equity attributable to equity holders of the parent</b>				
Subscribed capital		31,862	31,862	31,862
Capital reserve		210,323	210,323	210,323
Other reserves		542	9,850	4,811
Retained earnings		357,812	375,843	353,767
<b>Equity attributable to shareholders</b>		<b>600,539</b>	<b>627,878</b>	<b>600,763</b>
Non-controlling interests		1,656	1,576	1,708
<b>Total equity</b>	<b>(14)</b>	<b>602,195</b>	<b>629,454</b>	<b>602,471</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Retirement benefit obligations		16,800	15,890	13,223
Provisions	(15)	20,263	5,984	6,745
Borrowings	(13)	496,620	495,927	454,227
Other non-financial liabilities	(16)	359	356	373
Contract liabilities		175	103	131
Lease liabilities		33,128	30,168	31,611
Other financial liabilities	(13)	1,620	1,630	2,002
Derivative financial liabilities	(13)	1,843	684	1,093
Deferred income tax liabilities	(10)	66,411	69,562	70,618
		<b>637,219</b>	<b>620,304</b>	<b>580,023</b>
<b>Current liabilities</b>				
Provisions	(15)	11,994	8,543	9,123
Borrowings	(13)	58,155	45,971	116,618
Other non-financial liabilities	(16)	34,462	36,665	38,797
Contract liabilities		878	420	414
Lease liabilities		8,415	8,427	8,408
Dividend liabilities	(14)	1,274	0	0
Other financial liabilities	(13)	6,699	17,496	10,545
Derivative financial liabilities	(13)	225	229	6
Income tax liabilities		3,698	3,712	5,795
Trade and other payables		106,939	143,119	133,639
		<b>232,739</b>	<b>264,582</b>	<b>323,345</b>
<b>Total liabilities</b>		<b>869,958</b>	<b>884,886</b>	<b>903,368</b>
<b>Total equity and liabilities</b>		<b>1,472,153</b>	<b>1,514,340</b>	<b>1,505,839</b>

## Consolidated Statement of Cash Flows

for the period from January 1 to June 30, 2020

in EUR thousands	Note	H1 2020	H1 2019
<b>Operating activities</b>			
Profit for the period		- 16,842	34,775
Depreciation and amortization		38,829	37,774
Gain (-) / loss (+) on disposal of property, plant and equipment		69	- 34
Change in provisions		18,849	1,291
Change in deferred taxes		- 11,102	- 2,472
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities		44,606	- 46,002
Change in trade and other payables, which are not attributable to investing or financing activities		- 34,989	2,627
Change in reverse factoring liabilities		- 8,208	2,961
Payments for share-based payments		- 157	- 1,045
Interest expenses in the period		6,599	7,448
Income (-) / expenses (+) due to measurement of derivatives		34	18
Other non-cash expenses (+) / income (-)		1,209	- 598
<b>Cash flows from operating activities</b>	<b>(17)</b>	<b>38,897</b>	<b>36,743</b>
thereof interest received		305	470
thereof income taxes		- 5,200	- 13,788
<b>Investing activities</b>			
Payments for acquisitions of subsidiaries, net		0	- 546
Investments in property, plant and equipment and intangible assets		- 16,721	- 28,472
Proceeds from the sale of property, plant and equipment		1,262	803
<b>Cash flows from investing activities</b>	<b>(17)</b>	<b>- 15,459</b>	<b>- 28,215</b>
<b>Financing activities</b>			
Interest paid		- 4,411	- 4,312
Dividends paid to shareholders	(14)	0	- 35,049
Dividends paid to non-controlling interests	(14)	0	- 42
Proceeds from borrowings		48,745	0
Repayment of borrowings	(13)	- 48,137	- 10,221
Proceeds from / repayment of derivatives	(13)	- 44	- 97
Repayment of lease liabilities		- 5,009	- 4,950
<b>Cash flows from financing activities</b>	<b>(17)</b>	<b>- 8,856</b>	<b>- 54,671</b>
<b>Net change in cash and cash equivalents</b>		<b>14,582</b>	<b>- 46,143</b>
Cash and cash equivalents at the beginning of the year		179,721	190,392
Effect of foreign exchange rates on cash and cash equivalents		- 2,020	1,229
<b>Cash and cash equivalents at the end of the period</b>	<b>(17)</b>	<b>192,283</b>	<b>145,478</b>

## Consolidated Statement of Changes in Equity

for the period from January 1 to June 30, 2020

in EUR thousands	Note	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
		Subscribed capital	Capital reserves	Other reserves	Retained earnings			
<b>Balance as of Dec 31, 2018 (as reported)</b>		<b>31,862</b>	<b>210,323</b>	<b>2,517</b>	<b>356,022</b>	<b>600,724</b>	<b>1,717</b>	<b>602,441</b>
Effects of IFRS 16					-2,030	-2,030	-2	-2,032
<b>Balance as of Jan 1, 2019</b>		<b>31,862</b>	<b>210,323</b>	<b>2,517</b>	<b>353,992</b>	<b>598,694</b>	<b>1,715</b>	<b>600,409</b>
<b>Changes in equity for the period</b>								
Result for the period					34,802	34,802	-27	34,775
Exchange differences on translation of foreign operations				3,871		3,871	62	3,933
Cash flow hedges, net of tax	(13)			-1,577		-1,577		-1,577
Remeasurements of post-employment benefit obligations, net of tax					22	22		22
<b>Total comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>2,294</b>	<b>34,824</b>	<b>37,118</b>	<b>35</b>	<b>37,153</b>
Dividends paid					-35,049	-35,049		-35,049
Dividends paid to non-controlling interests						0	-42	-42
<b>Total transactions with owners for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-35,049</b>	<b>-35,049</b>	<b>-42</b>	<b>-35,091</b>
<b>Balance as of Jun 30, 2019</b>	(14)	<b>31,862</b>	<b>210,323</b>	<b>4,811</b>	<b>353,767</b>	<b>600,763</b>	<b>1,708</b>	<b>602,471</b>
<b>Balance as of Jan 1, 2020</b>		<b>31,862</b>	<b>210,323</b>	<b>9,850</b>	<b>375,843</b>	<b>627,878</b>	<b>1,576</b>	<b>629,454</b>
<b>Changes in equity for the period</b>								
Result for the period					-16,781	-16,781	-61	-16,842
Exchange differences on translation of foreign operations				-8,190		-8,190	141	-8,049
Cash flow hedges, net of tax	(13)			-1,118		-1,118		-1,118
Remeasurements of post-employment benefit obligations, net of tax					24	24		24
<b>Total comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>-9,308</b>	<b>-16,757</b>	<b>-26,065</b>	<b>80</b>	<b>-25,985</b>
Dividends paid	(14)				-1,274	-1,274		-1,274
<b>Total transactions with owners for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>-1,274</b>	<b>-1,274</b>	<b>0</b>	<b>-1,274</b>
<b>Balance as of Jun 30, 2020</b>	(14)	<b>31,862</b>	<b>210,323</b>	<b>542</b>	<b>357,812</b>	<b>600,539</b>	<b>1,656</b>	<b>602,195</b>

## Notes to the Consolidated Financial Statements (condensed)

### 1. General Information

The condensed Consolidated Financial Statements of NORMA Group as of June 30, 2020, have been prepared in accordance with IAS 34 'Interim Financial Reporting' as adopted by the EU.

The condensed Consolidated Financial Statements are to be read in connection with the Consolidated Annual Financial Statements for 2019, which are available on the website <https://www.normagroup.com/corp/en/investors/>. All IFRS to be applied for fiscal years beginning on January 1, 2020, as adopted by the EU, have been taken into account.

The condensed Financial Statements were approved by NORMA Group management on August 5, 2020, and released for publication.

### 2. Basis of Preparation

The condensed Financial Statements are prepared using the same accounting methods and consolidation principles as in the Notes to the Consolidated Annual Financial Statements for 2019. A detailed description of significant accounting principles is contained in the Consolidated Annual Financial Statements for 2019.

→ NOTE 3 'SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES'.

No new or amended standards came into force in the current reporting period that affected the Group's accounting principles.

#### Accounting estimates and management judgements due to the COVID-19 pandemic

Accounting estimates and management judgements can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities as at the balance sheet date, and the amounts of income and expense reported for the period. Due to the currently unforeseeable global consequences of the COVID-19 pandemic, these accounting estimates and management judgements are subject to increased uncertainty. Actual amounts may differ from the estimates and management judgements; changes can have a material impact on the Interim Consolidated Financial Statements.

With the update of the accounting estimates and management judgements, available information on the expected economic developments and country-specific governmental countermeasures has been included.

This information was included in the analysis of expected credit losses for trade receivables. Additionally EUR 2,403 thousand were recognized for expected credit loss and impairment of trade receivables in the first half of 2020.

Furthermore, estimates of measurement of the net realizable value of inventories have been updated to include the expected consequences of the COVID-19 pandemic, from which no significant effects resulted.

In addition, impairment tests on our cash generating units (EMEA, the Americas and APAC) have been made based on different scenarios, which confirmed the book value of the respective underlying carrying amounts / net book values.



## Valuation Methods

Position	Valuation method
<b>Assets</b>	
Goodwill	Acquisition costs less potential impairment
Other intangible assets (except goodwill) - finite useful lives	Amortized costs
Other intangible assets (except goodwill) - indefinite useful lives	Acquisition costs less potential impairment
Property, plant and equipment	Amortized costs
Derivative financial assets:	
Classified as cash flow hedge	At fair value in other comprehensive income
Classified as fair value hedge	At fair value through profit or loss
Without hedge accounting	At fair value through profit or loss
Inventories	Lower of cost or net realizable value
Other non-financial assets	Amortized costs
Other financial assets	Amortized costs
Trade and other receivables	Amortized costs
Trade receivables, available for sale	At fair value through profit or loss
Contract assets	percentage-of-completion-method less potential impairment
Cash and cash equivalents	Nominal amount
<b>Liabilities</b>	
Pensions	Projected unit credit method
Other provisions	Present value of future settlement amount
Borrowings	Amortized costs
Other non-financial liabilities	Amortized costs
Lease liabilities	Valuation based on IFRS 16.36
Other financial liabilities (categories IAS 39):	
Financial liabilities at cost (FLAC)	Amortized costs
Derivative financial liabilities:	
Classified as cash flow hedge	At fair value in other comprehensive income
Classified as fair value hedge	At fair value through profit or loss
Without hedge accounting	At fair value through profit or loss
Contingent consideration	At fair value through profit or loss
Trade and other payables	Amortized costs

The Consolidated Statement of Comprehensive Income has been prepared in accordance with the nature of expense method.

The condensed Financial Statements are presented in euros (EUR).

Income tax expenses are calculated with an expected tax rate for the full fiscal year, which is based on the best estimate of the weighted average annual income tax rate.

### 3. Basis of Consolidation

The basis of consolidation for the Consolidated Financial Statements as of June 30, 2020 includes an unchanged eight domestic and 44 foreign (December 31, 2019: 44) companies compared to the end of 2019.

### 4. Adjustments

Certain expenses are adjusted for operational management purposes. Hence, the following results, which are adjusted by these expenses, reflect the management perspective.

In the first six months of 2020, no net expenses were adjusted within EBITDA. As in the previous year, depreciation of property, plant and equipment from purchase price allocations of EUR 1,544 thousand was adjusted within EBITA (earnings before interest, taxes and amortization of intangible assets) and additionally, amortization of intangible assets of EUR 11,280 thousand was adjusted within EBIT in the first six months of the fiscal year.

In the first six months of 2019, expenses totaling EUR 9,221 thousand were adjusted within EBITDA (earnings before interest, taxes, depreciation and amortization). These primarily relate to adjustments within other operating expenses (EUR 1,144 thousand) and to expenses for employee benefits (EUR 7,746 thousand) in connection with the rightsizing project initiated in the fourth quarter of 2018 to optimize Group structures. In addition, expenses for integration costs of the companies Kimplas and Statek (EUR 331 thousand) acquired in fiscal year 2018 were adjusted within other operating expenses (EUR 293 thousand) and expenses for employee benefits (EUR 38 thousand).

Furthermore, in the first six months of fiscal year 2019, depreciation of property, plant and equipment from purchase price allocations of EUR 1,694 thousand was adjusted within EBITA (earnings before interest, taxes and amortization of intangible assets) and depreciation of intangible assets from purchase price allocations of EUR 11,201 thousand was adjusted within EBIT.

The notional taxes resulting from the adjustments are calculated using the respective tax rate of each Group entity and are considered within adjusted earnings after taxes.

The following table shows profit or loss net of these expenses:

### Profit and Loss Net of Adjustments

in EUR thousands	Note	H1 2020 unadjusted	Step-up effects from purchase price allocations	Total adjustments	H1 2020 adjusted
Revenue	(5)	445,028		0	445,028
Changes in inventories of finished goods and work in progress		-8,234		0	-8,234
Other own work capitalized		1,825		0	1,825
Raw materials and consumables used		-187,738		0	-187,738
<b>Gross profit</b>		<b>250,881</b>		<b>0</b>	<b>250,881</b>
Other operating income and expenses	(6)	-62,209		0	-62,209
Employee benefits expense	(7)	-162,212		0	-162,212
<b>EBITDA</b>		<b>26,460</b>		<b>0</b>	<b>26,460</b>
Depreciation		-23,393	1,544	1,544	-21,849
<b>EBITA</b>		<b>3,067</b>	<b>1,544</b>	<b>1,544</b>	<b>4,611</b>
Amortization		-15,436	11,280	11,280	-4,156
<b>Operating profit (EBIT)</b>		<b>-12,369</b>	<b>12,824</b>	<b>12,824</b>	<b>455</b>
Financial costs – net	(8)	-7,362		0	-7,362
<b>Profit before income tax</b>		<b>-19,731</b>	<b>12,824</b>	<b>12,824</b>	<b>-6,907</b>
Income taxes		2,889	-3,208	-3,208	-319
<b>Profit for the period</b>		<b>-16,842</b>	<b>9,616</b>	<b>9,616</b>	<b>-7,226</b>
Non-controlling interests		-61		0	-61
<b>Profit attributable to shareholders of the parent</b>		<b>-16,781</b>	<b>9,616</b>	<b>9,616</b>	<b>-7,165</b>
<b>Earnings per share (in EUR)</b>		<b>-0.53</b>			<b>-0.22</b>

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## Profit and Loss Net of Adjustments (continued)

in EUR thousands	Note	H1 2019 unadjusted	Integration costs	Step-up effects from purchase price allocations	'Rightsizing / Footprint'	Total adjustments	H1 2019 adjusted
Revenue	(5)	564,670				0	564,670
Changes in inventories of finished goods and work in progress		-1,708				0	-1,708
Other own work capitalized		2,553				0	2,553
Raw materials and consumables used		-237,145				0	-237,145
<b>Gross profit</b>		<b>328,370</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>328,370</b>
Other operating income and expenses	(6)	-71,508	293		1,144	1,437	-70,071
Employee benefits expense	(7)	-164,810	38		7,746	7,784	-157,026
<b>EBITDA</b>		<b>92,052</b>	<b>331</b>	<b>0</b>	<b>8,890</b>	<b>9,221</b>	<b>101,273</b>
Depreciation		-22,392		1,694		1,694	-20,698
<b>EBITA</b>		<b>69,660</b>	<b>331</b>	<b>1,694</b>	<b>8,890</b>	<b>10,915</b>	<b>80,575</b>
Amortization		-15,382		11,201		11,201	-4,181
<b>Operating profit (EBIT)</b>		<b>54,278</b>	<b>331</b>	<b>12,895</b>	<b>8,890</b>	<b>22,116</b>	<b>76,394</b>
Financial costs - net	(8)	-7,284				0	-7,284
<b>Profit before income tax</b>		<b>46,994</b>	<b>331</b>	<b>12,895</b>	<b>8,890</b>	<b>22,116</b>	<b>69,110</b>
Income taxes		-12,219	-100	-3,507	-2,401	-6,008	-18,227
<b>Profit for the period</b>		<b>34,775</b>	<b>231</b>	<b>9,388</b>	<b>6,489</b>	<b>16,108</b>	<b>50,883</b>
Non-controlling interests		-27				0	-27
<b>Profit attributable to shareholders of the parent</b>		<b>34,802</b>	<b>231</b>	<b>9,388</b>	<b>6,489</b>	<b>16,108</b>	<b>50,910</b>
<b>Earnings per share (in EUR)</b>		<b>1.09</b>				<b>1.60</b>	<b>1.60</b>

## Notes to the Consolidated Statement of Comprehensive Income, Consolidated Statement of Financial Position and Other Notes

### 5. Revenue and Raw Materials and Consumables Used

Revenue recognized during the period related to the following:

#### Revenue by distribution channel

in EUR thousands	EMEA		Americas		Asia-Pacific		Consolidated Group	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Engineered Joining Technology (EJT)	131,708	186,665	66,374	109,884	41,450	42,151	239,532	338,700
Distribution Services (DS)	53,582	66,376	126,058	126,556	24,046	30,518	203,687	223,450
Other revenues	1,102	1,551	260	855	448	114	1,809	2,520
	<b>186,392</b>	<b>254,592</b>	<b>192,692</b>	<b>237,295</b>	<b>65,944</b>	<b>72,783</b>	<b>445,028</b>	<b>564,670</b>

Sales revenue for the first half of 2020 was EUR 445,028 thousand, down 21.2% from the first half of 2019 (EUR 564,670 thousand). In organic terms, NORMA Group shrank by 21.7% or EUR 122,564 thousand compared to the same period of the previous year. The decline in sales revenue is primarily due to the global impact of the COVID-19 pandemic and the associated global economic shutdown.

#### Revenue by Category

in EUR thousands	H1 2020	H1 2019
Revenues from the sale of goods	443,074	561,759
Revenues from engineering services	30	0
Revenues from other services	726	402
Other revenues	1,198	2,509
	<b>445,028</b>	<b>564,670</b>

Other revenues mainly include proceeds from the sale of production residues from metal production that were no longer being used.

Revenue for the first six months of 2020 includes income of EUR 283 thousand (H1 2019: EUR 576 thousand) from the reversal of refund liabilities recognized in the previous period. The reversals represent the difference between the recognized expected volume discounts and annual bonuses for customers in the previous period and the actual payment in the fiscal year.

With a ratio of 42.2% (H1 2019: 42.0%), the cost of materials in relation to sales, excluding changes in inventories, was nearly at the same level of the previous year's period. The ratio of cost of materials to total operating performance was 42.8% (H1 2019: 41.9%), which is above the level of the same period of the previous year. This is primarily due to the reduction of stock in the amount of EUR 8,234 thousand (H1 2019: EUR 1,708 thousand).

## 6. Other Operating Income and Other Operating Expenses

Other operating income totaled EUR 11,532 thousand, which was EUR 5,232 thousand higher as in the first six months of fiscal year 2019 (EUR 6,300 thousand). Other operating income included, in particular, foreign exchange gains from operating activities (H1 2020: EUR 4,930 thousand; H1 2019: EUR 2,702 thousand) as well as income from the reversal of liabilities (H1 2020: EUR 3,378 thousand; H1 2019: EUR 2,198 thousand) and of unused provisions (H1 2020: EUR 1,261 thousand; H1 2019: EUR 398 thousand).

The increase in income from the reversal of provisions is attributable to the valuation of the tranches of the Long Term Incentive Plan (LTI) of NORMA Group. The Long Term Incentive Plan is a share-based remuneration plan with cash compensation in the form of phantom shares and takes into account both, the company's performance and the development of the share price.

The income from the reversal of liabilities is mainly related to the reversal of personnel-related obligations.

NORMA Group has applied for short-time work for its employees at various sites. The payments made by NORMA Group to the employee for the statutory short-time working allowance via the payroll represents a transitory item and is offset against the inflows from reimbursements. By contrast, reimbursements for social security expenses to be borne by the employer are classified as government grants and therefore reported as other income.

### Other Operating Expenses

in EUR thousands	H1 2020	H1 2019
Consulting and marketing	-9,475	-8,835
Expenses for temporary workforce and other personnel-related costs	-11,206	-15,878
Freights	-13,477	-15,927
IT and telecommunications	-8,453	-8,330
Rentals and other building costs	-3,153	-2,408
Travel and entertainment	-2,157	-5,806
Currency losses operational	-6,070	-2,737
Research & development	-1,556	-1,572
Vehicle costs	-1,046	-1,487
Maintenance	-1,347	-1,923
Commission payable	-2,413	-3,310
Non-income-related taxes	-1,715	-1,490
Insurances	-1,521	-1,458
Office supplies and services	-1,061	-1,372
Other administrative expenses	-4,343	-3,595
Others	-4,748	-1,680
<b>Total</b>	<b>-73,741</b>	<b>-77,808</b>

At EUR 73,741 thousand, other operating expenses were 5.2% lower than in the first six months of 2019 (EUR 77,808 thousand). This development was mainly influenced by the COVID-19 pandemic, which continued in the first half of the year. The continued decline in business activity in the second quarter of 2020 led to a reduction in variable costs in other operating expenses in particular.

The decrease in travel and entertainment expenses is due to the travel restrictions triggered by COVID-19. The closures of production sites or the reduction of production over several weeks in some cases within the second quarter primarily reduced expenses for temporary workers and freight.

On the other hand, increased foreign exchange losses from operating activities compared to the previous year had a negative impact on the development of other operating expenses.

Furthermore, expenses for bad debt allowances included in 'Other' increased by EUR 2,403 thousand compared to the first six months of 2019 due to write-offs of receivables and the generally increased risk of payment defaults.

In addition, costs for the 'Get on Track' program amounting to EUR 1,576 thousand were included in consulting and marketing expenses in the first six months of 2020.

In relation to total output, other operating expenses significantly rose year-on-year to 16.8% (H1 2019: 13.8%).

## 7. Employee Benefits Expense

In the first six months of 2020, employee benefit expenses amounted to EUR 162,212 thousand compared to EUR 164,810 thousand in the corresponding prior-year period. Expenses of EUR 20,581 thousand from restructuring provisions for the 'Get on Track' program initiated in November 2019 are included in the first six months of 2020. Excluding these costs, employee benefit expenses decreased by EUR 23,179 thousand year-on-year. In the prior-year period, employee benefit expenses were additionally burdened by expenses from the 'rightsizing' project initiated in the fourth quarter of 2018 to optimize the Group structures totaling EUR 7,746 thousand. Based on the comparable employee benefit expenses (H1 2020: EUR 141,631 thousand; H1 2019: EUR 157,064 thousand), employee benefit expenses as a percentage of total revenues increased from 27.8% to 32.3%. This increase is mainly due to the lower business activities caused by the effects of the COVID-19 pandemic. NORMA Group countered this development by reducing overtime, using governmental aid such as short-time work or the temporary reduction of social security contributions, and by temporarily release of employees. However, this did not fully compensate for the effects of the COVID-19 pandemic.

The average headcount was 6,531 in the first half of 2020 (H1 2019: 6,964). The decline is also due to the temporary release of employees.

## 8. Financial Result

The financial result for the first half of 2020 amounted to EUR – 7,362 thousand and thus increased by EUR – 78 thousand compared to the first half of 2019 (EUR – 7,284 thousand). In the first half of 2020, net foreign exchange gains/losses (including income/expenses from the valuation of foreign exchange derivatives) amounted to EUR – 466 thousand (H1 2019: EUR 406 thousand).

Net interest expenses (including interest expenses from leases) decreased by EUR 789 thousand to EUR 6,334 thousand in the first half of 2020 compared to the first half of 2019 (EUR 7,123 thousand). The decrease is mainly attributable to the reduction in gross debt (liabilities to banks) of NORMA Group at the end of 2019 and the refinancing through the commercial paper program with significantly lower interest rates. In the first half of 2020, interest expenses of EUR 584 thousand (H1 2019: EUR 656 thousand) were recognized in the financial result from leases.

## 9. Earnings per Share

Earnings per share are calculated by dividing net income for the period attributable to NORMA Group's shareholders by the weighted average number of shares issued. NORMA Group has only issued common shares. In the first half of fiscal year 2020, the average weighted number of shares was 31,862,400 (H1 2019: 31,862,400).

Earnings per share for the first half of 2020 are as follows:

### Earnings per Share

	H1 2020	H1 2019
Profit attributable to shareholders of the parent (in EUR thousands)	– 16,781	34,802
Number of weighted shares	31,862,400	31,862,400
<b>Earnings per share (un)diluted (in EUR)</b>	<b>– 0.53</b>	<b>1.09</b>

Earnings per share in the first half of 2020 were negatively impacted by the expenses from the 'Get on Track' program and in the first half of 2019 by the expenses described in → [NOTE 4 'ADJUSTMENTS'](#). In addition, the COVID-19 pandemic had a significant negative impact on earnings per share in the first half of 2020.

## 10. Taxes / Deferred Taxes

In the first half of 2020, income from income taxes of EUR 2,889 thousand (H1 2019: income tax expense of EUR 12,291 thousand) was recorded on a negative result before income taxes of EUR 19,731 thousand (H1 2019: positive result before income taxes of EUR 46,994 thousand). The tax rate for the first six months of 2020 was 14.6% (H1 2019: 26.0%). The tax rate in the first half of 2020 was mainly influenced by non-tax-deductible expenses and non-creditable foreign withholding taxes. Furthermore, losses of the current fiscal year for which no deferred tax assets were recognized had an impact on the tax rate.

Within the balance sheet, deferred tax assets increased by EUR 8,678 thousand compared to December 31, 2019, primarily due to deferred taxes recognized on tax losses from the first six months of 2020 carry forward. In addition, deferred tax assets were recognized for a restructuring provision of EUR 20,310 thousand which is not recognized for tax purposes. → [NOTE 15. 'PROVISIONS'](#) Deferred tax assets are recognized in the balance sheet.

The decrease in deferred tax liabilities of EUR 3,151 thousand compared to December 31, 2019, is primarily due to the amortization of intangible assets capitalized in the context of purchase price allocations and the analogous reversal of the pro rata deferred tax liabilities.

## 11. Property, Plant and Equipment and Intangible Assets

Intangible assets are as follows:

Goodwill and Other Intangible Assets – Carrying Amounts		
in EUR thousands	Jun 30, 2020	Dec 31, 2019
Goodwill	393,619	393,087
Customer lists	162,009	170,974
Licenses, rights	155	171
Software acquired externally	4,395	5,248
Trademarks	41,447	42,182
Patents and technology	29,273	30,507
Internally generated intangible assets	12,594	14,032
Intangible assets, other	2,338	2,293
<b>Total</b>	<b>645,830</b>	<b>658,494</b>

The increase in goodwill from EUR 393,087 thousand as of December 31, 2019, to EUR 393,619 thousand as of June 30, 2020, resulted from positive foreign exchange differences, mainly from the US dollar area.

The change in goodwill is summarized as follows:

### Change In Goodwill

in EUR thousands

<b>Balance as of Jan 01, 2020</b>	<b>393,087</b>
Currency effect	532
<b>Balance as of Jun 30, 2020</b>	<b>393,619</b>

For details regarding the historical development of the cumulative amortization and impairments, please refer to → [ANNUAL REPORT 2019, P. 158](#).



Tangible assets are as follows:

### Property, Plant and Equipment – Carrying Amounts

in EUR thousands	Carrying Amounts	
	Jun 30, 2020	Dec 31, 2019
Land and buildings	59,488	60,582
Machinery & tools	133,635	135,814
Other equipment	13,812	15,251
Assets under construction	31,242	38,283
<b>Right of Use Assets</b>		
Land and buildings	40,018	36,834
Machinery & tools	207	247
Forklifts and warehouse	1,347	1,429
Office and IT equipment	174	233
Company cars	1,912	2,170
<b>Total</b>	<b>281,835</b>	<b>290,843</b>

In the first half of 2020, EUR 15,101 thousand were invested in property, plant and equipment and intangible assets, including own work capitalized in the amount of EUR 1,825 thousand.

The main focus of investments was on Germany, Serbia, Poland, China as well as the US and Mexico. There were no major disinvestments.

Furthermore, EUR 7,472 thousand (H1 2019: EUR 10,797 thousand) were recorded as additions to non-current assets for the capitalization of right-of-use assets for land and building.

### 12. Current Assets

Current assets as of June 30, 2020, have decreased by 5.2% compared to December 31, 2019. The main reason for this reduction was the impact of the COVID-19 pandemic. Trade receivables decreased by 13.0%, or EUR 21,041 thousand, due to the lower sales volume in the first half of the year. Inventories also decreased significantly by EUR 11,418 thousand, or 6.6%, compared to December 31, 2019. In contrast, cash and cash equivalents increased by 7.0% from EUR 179,721 thousand at the end of the year to EUR 192,283 thousand as of June 30, 2020. Also due to the increase in the volume of commercial paper.

Compared to June 30, 2019, trade receivables decreased by 25.7% and inventories decreased even more significantly by 8.1%.

### 13. Financial Instruments

The following disclosures provide an overview of the financial instruments held by the Group.

The financial instruments according to classes and categories are as follows:

#### Financial Instruments – Classes and Categories

in EUR thousands	Category IFRS 7.8 according to IFRS 9	Carrying amount as of Jun 30, 2020	Measurement basis IFRS 9			Fair value as of Jun 30, 2020
			Amortized Cost	Fair value through profit or loss	Derivatives used for hedging	
<b>Financial assets</b>						
<b>Derivative financial instruments – hedge accounting</b>						
Foreign exchange derivatives – cash flow hedges	n/a	26			26	26
Foreign exchange derivatives – fair value hedges	n/a	29			29	29
Trade and other receivables	Amortized Cost	113,332	113,332			113,332
Trade receivable – ABS / Factoring program	FVTPL	28,013		28,013		28,013
Other financial assets	Amortized Cost	2,055	2,055			2,055
Cash and cash equivalents	Amortized Cost	192,283	192,283			192,283
<b>Financial liabilities</b>						
Borrowings	FLAC	554,775	554,775			562,527
<b>Derivative financial instruments – hedge accounting</b>						
Interest rate swaps – cash flow hedges	n/a	2,046			2,046	2,046
Foreign exchange derivatives – cash flow hedges	n/a	17			17	17
Foreign exchange derivatives – fair value hedges	n/a	5			5	5
Trade and other payables	FLAC	106,939	106,939			106,939
<b>Other financial liabilities</b>						
Other liabilities	FLAC	8,319	8,319			8,319
Lease liabilities	n/a	41,543			41,543	n/a.
<b>Totals per category</b>						
Financial assets at amortized cost		307,670	307,670			307,670
Financial assets at fair value through profit or loss (FVTPL)		28,013		28,013		28,013
Financial liabilities at amortized cost (FLAC)		670,033	670,033			677,785

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## Financial Instruments – Classes and Categories (continued)

in EUR thousands	Category IFRS 7.8 according to IFRS 9	Carrying amount as of Dec 31, 2019	Measurement basis IFRS 9			Fair value as of Dec 31, 2019
			Amortized Cost	Fair value through profit or loss	Derivatives used for hedging	
<b>Financial assets</b>						
<b>Derivative financial instruments – hedge accounting</b>						
Interest rate swaps – cash flow hedges	n/a	435			435	435
Foreign exchange derivatives – cash flow hedges	n/a	15			15	15
Trade and other receivables	Amortized Cost	140,258	140,258			140,258
Trade receivable – ABS/ Factoring program	FVTPL	22,128		22,128		22,128
Other financial assets	Amortized Cost	4,792	4,792			4,792
Cash and cash equivalents	Amortized Cost	179,721	179,721			179,721
<b>Financial liabilities</b>						
Borrowings	FLAC	541,898	541,898			556,309
<b>Derivative financial instruments – hedge accounting</b>						
Interest rate swaps – cash flow hedges	n/a	911			911	911
Foreign exchange derivatives – cash flow hedges	n/a	2			2	2
Trade and other payables	FLAC	143,119	143,119			143,119
<b>Other financial liabilities</b>						
Other liabilities	FLAC	19,126	19,126			19,126
Finance lease liabilities	n/a	38,595			38,595	n/a
<b>Totals per category</b>						
Financial assets at amortized cost		324,771	324,771			324,771
Financial assets at fair value through profit or loss (FVTPL)		22,128		22,128		22,128
Financial liabilities at amortized cost (FLAC)		704,143	704,143			718,554

### 13. (a) Trade Receivables Transferred and to be Transferred

#### i. Transferred trade receivables

Subsidiaries of NORMA Group in the segments EMEA and the Americas transfer trade receivables to external purchasers as part of factoring and ABS transactions. The details and effects of the respective programs are presented below.

#### a) Factoring transactions

Under the factoring agreement concluded in 2017 that has a maximum volume of receivables of EUR 18 million, NORMA Group subsidiaries in Germany, Poland and France sell trade receivables directly to external purchasers. As part of this factoring program, receivables amounting to EUR 4.6 million were sold as of June 30, 2020 (December 31, 2019: EUR 6.4 million), of which EUR 0.5 million (December 31, 2019: EUR 0.6 million) were sold as purchase price retentions, which are held as security reserves, not paid out and recognized as other financial assets.

The continuing involvement in the amount of EUR 42 thousand (December 31, 2019: EUR 59 thousand) was recognized as other financial liability and comprises the maximum loss for NORMA Group resulting from the risk of late payment on the receivables sold as of the balance sheet date. The fair value of the guaranty or the interest payments to be assumed was set at EUR 4 thousand (December 31, 2019: EUR 5 thousand).

NORMA established yet another factoring program in 2018. Under the factoring agreement concluded in December 2018 with a maximum receivables volume of USD 16 million, a subsidiary of NORMA Group in the US sells trade receivables directly to external purchasers. As of June 30, 2020, the financing limit was increased in the short term from USD 16 million to USD 19 million. As part of this factoring program, receivables amounting to EUR 17.0 million were sold as of June 30, 2020 (December 31, 2019: EUR 11.8 million), of which EUR 0 (December 31, 2019:

EUR 2.4 million) were withheld as purchase price reserves, were not paid out and were recognized as other financial assets.

#### b) ABS program

NORMA Group entered into a revolving asset purchase agreement (Receivables Purchase Agreement) with Weinberg Capital Ltd. (special purpose entity) in 2014. Within the agreed structure, NORMA Group sells trade receivables in the context of an ABS transaction which was successfully initiated in December 2014. Receivables are sold by NORMA Group to the special purpose entity.

As of June 30, 2020, domestic NORMA Group entities had sold receivables in the amount of EUR 7.8 million (December 31, 2019: EUR 14.0 million) under this asset-backed securities (ABS) program with a maximum volume of EUR 25 million. From the receivables sold, EUR 0.6 million (December 31, 2019: EUR 0.6 million) were held as purchase price retentions as security reserves that were not paid out and recognized as other financial assets.

A continuing involvement in the amount of EUR 140 thousand (December 31, 2019: EUR 251 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guarantee on the one hand and the expected interest payments until receipt of payment in respect of the carrying amount of the transferred receivables on the other. The fair value of the guaranty or the interest payments to be assumed was recognized in the amount of EUR 137 thousand (December 31, 2019: EUR 205 thousand) under other liabilities.

In fiscal year 2018, NORMA Group entered into another revolving asset purchase agreement (Receivables Purchase Agreement) with Weinberg Capital Ltd. (special purpose entity). The agreed structure provides for the sale of trade receivables of NORMA Group as part of an ABS transaction and was successfully initiated in December 2018. The receivables are sold by NORMA Group to a special purpose entity.

As part of this ABS program with a volume of up to USD 30 million, US Group companies of NORMA Group sold receivables in the amount of EUR 9.9 million as of June 30, 2020 (December 31, 2019: EUR 19.5 million), EUR 0.7 million of which (December 31, 2019: EUR 0.8 million) were held as purchase price retentions as security reserves that were not paid out and recognized as other financial assets.

A continuing involvement in the amount of EUR 314 thousand (December 31, 2019: EUR 619 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guaranty on the one hand and the expected interest payments until receipt of payment in respect of the carrying amount of the transferred receivables on the other. The fair value of the guaranty or of the interest payments to be assumed was recognized in the amount of EUR 115 thousand (December 31, 2019: EUR 227 thousand) under other liabilities.

**ii. Trade receivables to be transferred**

In the opinion of the Group, trade receivables included in these programs but not yet disposed of at the end of the reporting period cannot be allocated to either the 'hold' or the 'hold and sell' business models. They are therefore included in the fair value through profit and loss (FVTPL) category.

**13. (b) Financial Liabilities and Net Debt****i. Borrowings**

The maturities of the syndicated loans and the promissory note loans as of June 30, 2020, are as follows:

**Maturity Bank Borrowings June 30, 2020**

in EUR thousands	Up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Syndicated bank facilities, net			248,089	
Promissory note, net	29,000	99,902	108,109	41,500
Commercial paper	25,000			
<b>Total</b>	<b>54,000</b>	<b>99,902</b>	<b>356,198</b>	<b>41,500</b>

The maturities of the syndicated loans and the promissory note loans as of December 31, 2019, are as follows:

**Maturity Bank Borrowings December 31, 2019**

in EUR thousands	Up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Syndicated bank facilities, net			247,740	
Promissory note, net	29,000	99,739	108,072	41,500
Commercial paper	15,000			
<b>Total</b>	<b>44,000</b>	<b>99,739</b>	<b>355,812</b>	<b>41,500</b>

Parts of the syndicated loans and the variable-interest tranches of the promissory note loan were hedged against interest rate changes by using derivatives.

**ii. Leases**

The maturities of the nominal value and the carrying amount of lease liabilities as of June 30, 2020, are as follows:

**Maturity Lease Liabilities June 30, 2020**

in EUR thousands	up to 1 year	> 1 year up to 5 years	> 5 years
Lease liabilities – Nominal value	9,388	22,828	14,028
Lease liabilities – Carrying amount	8,415	20,157	12,972

### iii. Other financial liabilities

Other financial liabilities are as follows:

#### Other Financial Liabilities

in EUR thousands	Jun 30, 2020	Dec 31, 2019
<b>Non-current</b>		
Other liabilities	1,620	1,630
	<b>1,620</b>	<b>1,630</b>
<b>Current</b>		
Liabilities from ABS and factoring	6,019	16,043
Other liabilities	680	1,453
	<b>6,699</b>	<b>17,496</b>
<b>Total other financial liabilities</b>	<b>8,319</b>	<b>19,126</b>

#### a) Liabilities from ABS and factoring

Liabilities from ABS and factoring include liabilities from the continuing involvement recorded under the ABS and factoring programs in the amount of EUR 496 thousand (December 31, 2019: EUR 929 thousand), liabilities from recognized fair values of default and interest guarantees in the amount of EUR 234 thousand (December 31, 2019: EUR 438 thousand), and liabilities from customer payments for receivables already sold under the ABS and factoring programs as part of NORMA Group's debtor/receivables management in the amount of EUR 5,289 thousand (December 31, 2019: EUR 14,676 thousand). This decrease is mainly due to the lower program volumes resulting from the lower level of receivables as of June 30, 2020.

#### b) Other liabilities

As of June 30, 2020, other non-current liabilities include liabilities for the option to acquire the remaining minority interests in the amount of EUR 1,620 thousand (December 31, 2019: EUR 1,630 thousand) in connection with the acquisition of Fengfan Fastener (Shaoxing) Co. (Fengfan) in the second quarter of 2017. This option gives NORMA Group the right to acquire the remaining 20% of the shares in Fengfan. The risks and rewards of the remaining shares are not transferred to NORMA Group due to the contractual structure. Consequently, the present value of the estimated future payment of EUR 3,946 thousand at the time of acquisition is reported under other financial liabilities. Changes in the estimate of the amount to be paid are recognized in the financial result in the Consolidated Statement of Comprehensive Income.

#### iv. Net debt

NORMA Group's net debt is as follows:

#### Net Debt

in EUR thousands	Jun 30, 2020	Dec 31, 2019
Bank borrowings, net	554,775	541,898
Derivative financial liabilities – hedge accounting	2,068	913
Lease liabilities	41,543	38,595
Other financial liabilities	8,319	19,126
<b>Financial debt</b>	<b>606,705</b>	<b>600,532</b>
Cash and cash equivalents	192,283	179,721
<b>Net debt</b>	<b>414,422</b>	<b>420,811</b>

At EUR 606,705 thousand, NORMA Group's financial liabilities were 1.0% higher than on December 31, 2019 (EUR 600,532 thousand).

This increase is attributable to the increase in bank borrowings resulting from a higher volume of commercial paper as of June 30, 2020, in the amount of EUR 25,000 thousand (Dec 31, 2019: EUR 15,000 thousand). Furthermore, accrued interest expenses increased bank borrowings. In addition, the valuation-related increase in liabilities from derivatives and the increase in lease liabilities due to additions for right-of-use assets also had an increasing effect on the financial liabilities as of June 30, 2020. The contrary decrease in other financial liabilities is mainly due to the repayment of ABS and factoring liabilities.

Net debt decreased by EUR 6,389 thousand, or 1.5%, to EUR 414,422 thousand compared to December 31, 2019 (EUR 420,811 thousand). This was mainly due to an increase in cash and cash equivalents due to the net cash inflows from the total of cash inflows from operating activities of EUR 38,897 thousand and net cash outflows from the procurement and sale of non-current assets of EUR – 15,459 thousand. This positive development was countered by the interest expenses of the first six months of 2020, the increase in lease liabilities and cash-neutral negative currency effects (EUR – 2,570 thousand) in the first six months of 2020 → [NOTE 17 'NOTES TO THE CONSOLIDATED STATEMENT OF CASH FLOWS'](#).

### 13. (c) Derivative Financial Instruments

Derivative financial instruments used for hedging are carried at their respective fair values. They have been categorized entirely within Level 2 in the fair value hierarchy.

The derivative financial instruments were as follows:

#### Derivative Financial Instruments

in EUR thousands	Jun 30, 2020		Dec 31, 2019	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges		2,046	435	911
Foreign exchange derivatives – cash flow hedges	26	17	0	0
Foreign exchange derivatives – fair value hedges	29	5	15	2
<b>Total</b>	<b>55</b>	<b>2,068</b>	<b>450</b>	<b>913</b>
Interest rate swaps – cash flow hedges		1,843	120	684
<b>Non-current portion</b>	<b>0</b>	<b>1,843</b>	<b>120</b>	<b>684</b>
<b>Current portion</b>	<b>55</b>	<b>225</b>	<b>330</b>	<b>229</b>

#### Foreign exchange derivatives

On June 30, 2020, foreign exchange derivatives with a positive fair value of EUR 26 thousand and foreign exchange derivatives with a negative fair value of EUR 17 thousand were classified as cash flow hedges. Furthermore, foreign exchange derivatives with a positive market value of EUR 29 thousand and foreign exchange derivatives with a negative market value of EUR 5 thousand were held to hedge against changes in fair value.

The foreign currency derivatives used to hedge cash flows are used against fluctuations in the exchange rate from operating activities. Foreign currency derivatives used to hedge changes in fair value are used to hedge external financial liabilities and intra-group monetary items against exchange rate fluctuations.

As part of its financial risk management, NORMA Group not only employs traditional approaches, such as using so-called natural hedges to reduce USD exposure and rolling hedging with foreign currency derivatives but has also delegated certain parts of its exposure to banking partners. The goal is to protect NORMA Group against any unfavorable exchange rate developments while at the same time allowing the company to take advantage of positive developments in foreign exchange markets. A dynamic protection concept with variable rate hedging is used here that analyzes market trends on the basis of quantitative models and implements these findings in a technical security model. All activities must always follow the strict requirements of internal risk management. Foreign exchange derivatives resulting from the dynamic protection concept described here are classified as held for trading. No such foreign exchange derivatives were held on June 30, 2020.

## Interest rate hedging instruments

NORMA Group has hedged parts of its loans against changes in interest rates. Interest rate swaps with a negative market value of EUR 2,046 thousand were recognized on June 30, 2020. The interest rate hedges amounted to a nominal amount of EUR 158,832 thousand (December 31, 2019: EUR 160,353 thousand). On June 30, 2020, the fixed interest rate obligation resulting from the hedges amounted to 1.51% to 1.54%; the variable interest rates were the 3-month LIBOR and the 6-month EURIBOR. The maximum exposure to credit risk on the reporting date is the fair value of the derivative assets in the Consolidated Statement of Financial Position.

No ineffective portion of cash flow hedges was recognized in profit or loss in the first half of 2020 and 2019.

The effective portion of cash flow hedges recognized in other comprehensive income and the reserve for hedging costs developed as follows, excluding deferred taxes:

### Change in Hedging Reserve Before Tax

in EUR thousands	Reserve for costs of hedging	Spot component of foreign exchange derivatives	Interest rate swaps	Total
<b>Balance as of Dec 31, 2019</b>	<b>0</b>	<b>0</b>	<b>- 476</b>	<b>- 476</b>
Reclassification to profit or loss	0	0	188	<b>188</b>
Net fair value changes	0	8	- 1,758	<b>- 1,750</b>
<b>Balance as of Jun 30, 2020</b>	<b>0</b>	<b>8</b>	<b>- 2,046</b>	<b>- 2,038</b>

Gains and losses from interest rate swaps recognized in equity in the hedging reserve as of the balance sheet date are continuously recognized in profit or loss until the repayment of the loans. Gains and losses on foreign currency derivatives recognized in equity in the hedge reserve are current and recognized in profit or loss within one year.

An overview of the gains and losses arising from the hedging of fair value changes that were recognized in the financial result is shown below:

### Gains and Losses Fair Value Hedges

in EUR thousands	Q1-Q2 2020	Q1-Q2 2019
Loss (-) / gains (+) on hedged items	42	- 85
Gains (+) / loss (-) on hedging instruments	- 19	- 13
	<b>23</b>	<b>- 98</b>



### 13. (d) Fair Values of Financial Instruments

The following tables show the measurement hierarchy in accordance with IFRS 13 for the assets and liabilities of NORMA Group measured at fair value as of June 30, 2020 and December 31, 2019:

#### Financial Instruments – Fair Value Hierarchy

in EUR thousands	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total as of Jun 30, 2020
<b>Recurring fair value measurements</b>				
<b>Assets</b>				
Foreign exchange derivatives – cash flow hedges		26		26
Foreign exchange derivatives – fair value hedges		29		29
Receivable from ABS / Factoring Program		28,013		28,013
<b>Total</b>	<b>0</b>	<b>28,068</b>	<b>0</b>	<b>28,068</b>
<b>Liabilities</b>				
Interest rate swaps – cash flow hedges		2,046		2,046
Foreign exchange derivatives – cash flow hedges		17		17
Foreign exchange derivatives – fair value hedges		5		5
<b>Total</b>	<b>0</b>	<b>2,068</b>	<b>0</b>	<b>2,068</b>

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### Financial Instruments – Fair Value Hierarchy

in EUR thousands	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total as of Dec. 31, 2019
<b>Recurring fair value measurements</b>				
<b>Assets</b>				
Interest rate swaps – cash flow hedges		435		435
Foreign exchange derivatives – fair value hedges		15		15
Receivable – ABS / Factoring program		22,128		22,128
<b>Total</b>	<b>0</b>	<b>22,578</b>	<b>0</b>	<b>22,578</b>
<b>Liabilities</b>				
Interest rate swaps – cash flow hedges		911		911
Foreign exchange derivatives – fair value hedges		2		2
<b>Total</b>	<b>0</b>	<b>913</b>	<b>0</b>	<b>913</b>

1\_Fair value measurement based on quoted prices (unadjusted) in active markets for these or identical assets or liabilities.

2\_Fair value measurement for the asset or liability based on inputs that are observable on active markets either directly (i.e. as priced) or indirectly (i.e. derived from prices).

3\_Fair value measurement for the asset or liability based on inputs that are not observable market data.

As in the previous year, there were no transfers between the individual levels of the valuation hierarchies in the current period.

No conditions of a financial asset that would otherwise be overdue or impaired were renegotiated in the fiscal year under review.

Financial instruments held for hedging purposes are carried at fair value. They are fully classified in Level 2 of the fair value hierarchy.

The fair value of interest rate swaps is calculated as the present value of expected future cash flows. The fair value of forward currency forwards is calculated using the forward exchange rate on the balance sheet date and the result is then presented at the discounted present value.

As of June 30, 2020 and December 31, 2019, no financial liabilities were allocated to Level 3 of the measurement hierarchies.

Financial instruments carried in the balance sheet at amortized cost but for which fair value is stated in the notes are also classified in a three-level fair value hierarchy.

The fair values of the fixed-interest tranches of the promissory note loans, which are carried at amortized cost but for which the fair value is stated in the notes, are determined on the basis of the market yield curve using the zero coupon method, taking credit spreads (Level 2) into account. The interest accrued as of the balance sheet date is included in the figures.

Trade receivables and other receivables, as well as cash and cash equivalents, have short-term maturities. Their carrying amounts correspond to the respective fair values as of the balance sheet date, as the effects of discounting are not material.

Since trade payables and other financial liabilities have short maturities, their carrying amounts approximate their fair values.

## 14. Equity

Equity changed in the first six months of 2020 due to the result for the period (EUR – 16,842 thousand), currency translation differences (EUR – 8,049 thousand), cash flow hedges (EUR – 1,118 thousand) and dividends (EUR – 1,274 thousand). At the Annual General Meeting on June 30, 2020, a cash dividend of 4 cents per share was declared. This is shown separately in the balance sheet as a dividend liability of EUR 1,274 thousand. → NOTE 2 'PRINCIPLES OF ACCOUNTING AND VALUATION METHODS'

### Authorized and Conditional Capital

The Management Board is entitled to increase the share capital by up to EUR 3,186,240 until June 29, 2025 (inclusive), by issuing up to 3,186,240 new no-par value registered shares in exchange for cash and/or non-cash contributions either once or several times by a total of EUR 3,186,240 by resolution of the Annual General Meeting held on June 30, 2020, with the approval of the Supervisory Board, whereby the subscription rights of shareholders may be restricted (Authorized Capital 2020).

The resolution of the Annual General Meeting of May 20, 2015, 'Authorized Capital 2015', has expired.

The share capital is being conditionally increased by up to EUR 3,186,240 by a resolution of the General Meeting of June 30, 2020, by issuing up to 3,186,240 new no-par value registered shares to grant convertible bonds and / or bonds with warrants (Conditional Capital 2020).

The resolution of the Annual General Meeting of May 20, 2015, 'Conditional Capital 2015', has been cancelled.

## 15. Provisions

Provisions increased significantly to EUR 32,257 thousand as of June 30, 2020, compared to December 31, 2019 (EUR 14,527 thousand).

The increase is due to the recognition of a restructuring provision of EUR 20,310 thousand in connection with the 'Get on Track' program. The 'Get on Track' program includes the optimization of site capacities in all regions, a streamlining of the product portfolio, in particular through active portfolio management, and improvements in purchasing. The restructuring plan was finalized in fiscal year 2020 and announced to the employees of the affected sites. Subprojects have already been initiated.

By contrast, the reversal of provisions for the LTI as described above and reduced allocations for profit-sharing schemes for members of the Management Board reduced the provisions compared to June 30, 2019.

## 16. Other non-financial liabilities

Other non-financial liabilities are as follows:

### Other Non-Financial Liabilities

in EUR thousands	Jun 30, 2020	Dec 31, 2019
<b>Non-current</b>		
Government grants	253	266
Other liabilities	106	90
	<b>359</b>	<b>356</b>
<b>Current</b>		
Government grants	1,105	1,230
Non-income tax liabilities	3,206	2,119
Social liabilities	4,815	4,484
Personnel-related liabilities (e.g. vacation, bonus, premiums)	24,838	28,118
Other liabilities	498	714
	<b>34,462</b>	<b>36,665</b>
<b>Total other non-financial liabilities</b>	<b>34,821</b>	<b>37,021</b>

The decrease in personnel-related liabilities is mainly due to the reduced liabilities from expected bonus payments for employees.

## 17. Information on the Consolidated Statement of Cash Flows

In the statement of cash flows, a distinction is made between cash flows from operating activities, investing activities and financing activities.

The cash flow from operating activities is derived indirectly from the result for the period. This is adjusted by non-cash depreciation and amortization, by the expenses and payments allocated in the cash flow from investing or financing activities and by other non-cash expenses and income. Net cash provided by operating activities of EUR 38,897 thousand (H1 2019: EUR 36,743 thousand) represents changes in current assets, provisions and liabilities (excluding liabilities related to financing activities).

The Group participates in a reverse factoring program, in a factoring program and in an ABS program. The liabilities included in the reverse factoring program are included in trade and other payables. As of June 30, 2020, liabilities amounting to EUR 13,127 thousand (December 31, 2019: EUR 21,335 thousand) from the reverse factoring program were recorded. The cash flows from the reverse factoring, factoring and ABS programs are included in cash flows from operating activities, as this represents the economic substance of the transactions.

Net cash provided by operating activities in the first half of 2020 includes cash outflows from payments of share-based payments in the amount of EUR 157 thousand (H1 2019: EUR 1,045 thousand) resulting from the Long Term Incentive Plan (LTI) for employees of NORMA Group.

The corrections of expenses of EUR 34 thousand (H1 2019: EUR 18 thousand) included in the cash inflow from operating activities for expenses from the measurement of derivatives relate to changes in the fair values of foreign currency derivatives and interest rate swaps allocated to financing activities and recognized in profit or loss. The adjusted other non-cash income (-) / expenses (+) include expenses from the currency translation of external financial liabilities and intragroup monetary items amounting to EUR 1,065 thousand (H1 2019: EUR - 742 thousand).

In addition, non-cash income (-) / expenses (+) in the first half of 2020 include non-cash interest expenses of EUR 143 thousand (H1 2019: EUR 146 thousand) from the application of the effective interest method.

Cash flows resulting from interest paid are disclosed as cash flows from financing activities.

Cash flows from investing activities include net cash outflows from the acquisition and disposal of property, plant and equipment and intangible assets amounting to EUR 15,459 thousand (H1 2019: EUR 27,669 thousand) including the change of liabilities from investments in property, plant and equipment and intangible assets amounting to EUR – 2,395 thousand (H1 2019: EUR – 4,386 thousand).

The prior-year period also included net payments for acquisitions in the amount of EUR 546 thousand.

Cash flows from financing activities in the first half of 2020 include payments received from loans in the amount of EUR 48,745 thousand (H1 2019: EUR 0), interest payments (H1 2020: EUR 4,411 thousand; H1 2019: EUR 4,312 thousand), payments for the repayment of loans (H1 2020: EUR 38,750 thousand; H1 2019: EUR 2,789 thousand), repayment of liabilities from ABS and factoring amounting to EUR 9,387 thousand (H1 2019: EUR 7,432 thousand) and payments from derivatives amounting to EUR 44 thousand (H1 2019: EUR 97 thousand).

In addition, EUR 5,009 thousand in payments for leases (H1 2019: EUR 4,950 thousand) are reported under cash flow from financing activities.

The prior-year period also included payments for dividends to the shareholders of NORMA Group SE in the amount of EUR 35,049 thousand and dividends distributed to minority shareholders in the amount of EUR 42 thousand.

The changes in balance sheet items that are presented in the Consolidated Statement of Cash Flows cannot be derived directly from the balance sheet, as the effects of currency translation are non-cash transactions and changes in the consolidated Group are shown directly in the net cash used in investing activities.

On June 30, 2020, 'Cash and cash equivalents' consisted of cash on hand and demand deposits of EUR 188,129 thousand (December 31, 2019: EUR 174,918 thousand) as well as cash equivalents of EUR 4,154 thousand (December 31, 2019: EUR 4,803 thousand).

## 18. Segment Reporting

### Segment Reporting

in EUR thousands	EMEA		Americas		Asia-Pacific		Total segments		Central functions		Consolidation		Consolidated Group	
	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019	H1 2020	H1 2019
Total revenue	200,371	273,089	195,764	242,373	67,097	74,624	463,232	590,086	14,030	14,177	-32,234	-39,593	445,028	564,670
thereof inter-segment revenue	13,979	18,497	3,072	5,078	1,153	1,841	18,204	25,416	14,030	14,177	-32,234	-39,593	0	0
<b>Revenue from external customers</b>	<b>186,392</b>	<b>254,592</b>	<b>192,692</b>	<b>237,295</b>	<b>65,944</b>	<b>72,783</b>	<b>445,028</b>	<b>564,670</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>445,028</b>	<b>564,670</b>
Contribution to consolidated Group sales	42%	45%	43%	42%	15%	13%	100%	100%						
Gross profit	112,539	158,022	106,405	136,696	31,798	33,805	250,742	328,523	n/a	n/a	139	-153	250,881	328,370
<b>(Adjusted) EBITDA<sup>1</sup></b>	<b>-1,531</b>	<b>50,108</b>	<b>21,236</b>	<b>47,065</b>	<b>10,988</b>	<b>10,044</b>	<b>30,693</b>	<b>107,217</b>	<b>-4,055</b>	<b>-5,616</b>	<b>-178</b>	<b>-328</b>	<b>26,460</b>	<b>101,273</b>
(Adjusted) EBITDA margin <sup>1,2</sup>	-0.8%	18.3%	10.8%	19.4%	16.4%	13.5%							5.9%	17.9%
Depreciation without PPA depreciation <sup>3</sup>	-9,213	-8,614	-7,977	-7,651	-4,060	-3,671	-21,250	-19,936	-599	-762	0	0	-21,849	-20,698
<b>Adjusted EBITA<sup>1</sup></b>	<b>-10,744</b>	<b>41,494</b>	<b>13,259</b>	<b>39,414</b>	<b>6,928</b>	<b>6,373</b>	<b>9,443</b>	<b>87,281</b>	<b>-4,654</b>	<b>-6,378</b>	<b>-178</b>	<b>-328</b>	<b>4,611</b>	<b>80,575</b>
Adjusted EBITA margin <sup>1,2</sup>	-5.4%	15.2%	6.8%	16.3%	10.3%	8.5%							1.0%	14.3%
Adjusted EBIT	-12,035	40,153	11,840	37,905	6,551	6,184	6,356	84,242	-5,721	-7,520	-180	-329	455	76,394
<b>Adjusted EBIT margin</b>	<b>-6.0%</b>	<b>14.7%</b>	<b>6.0%</b>	<b>15.6%</b>	<b>9.8%</b>	<b>8.3%</b>							<b>0.1%</b>	<b>13.5%</b>
Assets (prior year as of Dec 31, 2019) <sup>4</sup>	576,074	632,012	650,594	655,301	246,110	258,943	1,472,778	1,546,256	294,511	301,560	-295,136	-333,476	1,472,153	1,514,340
Liabilities (prior year as of Dec 31, 2019) <sup>5</sup>	179,054	204,606	266,029	271,858	45,282	53,732	490,365	530,196	625,571	631,795	-245,978	-277,105	869,958	884,886
CAPEX	6,175	11,489	5,201	6,855	3,218	5,997	14,594	24,341	507	712	n/a	n/a	15,101	25,053
Number of employees <sup>6</sup>	3,557	3,728	1,467	1,801	1,392	1,325	6,416	6,854	115	110	n/a	n/a	6,531	6,964

1\_For details regarding the adjustments, refer to → NOTE 4 'ADJUSTMENTS'.

2\_Based on segment sales.

3\_Depreciation from purchase price allocations.

4\_Including allocated goodwill, taxes are shown in the column 'consolidation'.

5\_Taxes are shown in the column 'consolidation'.

6\_Number of employees (average headcount).

NORMA Group identifies its segments on a regional level. The reportable segments of the NORMA Group are Europe, Middle East and Africa (EMEA), North, Central and South America (the Americas) and Asia-Pacific (APAC). NORMA Group's strategy includes regional growth targets. Regional and local focal points are set in the sales channels. All three regions EMEA, the Americas and Asia-Pacific have networked regional and cross-company organizations with different functions. For this reason, the Group's internal management reporting and control system has a regional focus. The product portfolio does not vary between segments.

NORMA Group measures the performance of its segments through profit or loss indicators which are referred to as 'adjusted EBITDA' and 'adjusted EBITA.'

'Adjusted EBITDA' comprises revenue, changes in inventories of finished goods and work in progress, other own work capitalized, raw materials and consumables used, other operating income and expenses, and employee benefits expense, adjusted for material one-time effects. EBITDA is measured in a manner consistent with that used in the Statement of Comprehensive Income.

'Adjusted EBITA' includes, in addition to EBITDA, the depreciation adjusted for depreciation from purchase price allocations.

Adjustments made within EBITDA and EBITA are described in → [NOTE 4 'ADJUSTMENTS'](#)

Inter-segment revenue is recorded at values that approximate third-party selling prices.

Segment assets comprise all assets less (current and deferred) income tax assets. Taxes are shown within the consolidation. Assets of the 'Central Functions' include mainly cash and inter-company receivables.

Segment liabilities comprise all liabilities less (current and deferred) income tax liabilities. Taxes are shown within the consolidation. Liabilities of the 'Central Functions' include mainly borrowings.

Capex equals additions to non-current assets (property, plant and equipment and other intangible assets).

Segment assets and liabilities are measured in a manner consistent with that used in the Statement of Financial Position.

## 19. Contingencies and Commitments

NORMA Group has the following capital expenditure contracted for as of the balance sheet date, but not yet incurred:

### Commitments

in EUR thousands	Jun 30, 2020	Dec 31, 2019
Property, plant and equipment	4,002	5,386

The Group has contingent liabilities with respect to legal claims arising as part of the ordinary course of business.

NORMA Group does not believe that any of these contingent liabilities will have a material adverse effect on its business or that any material liabilities will arise from contingent liabilities.

## 20. Related Party Transactions

In the first half of 2020, NORMA Group had no reportable transactions with related parties.

## 21. Events After the Balance Sheet Date

As of August 5, 2020, there were no events or developments that would have led to a material change in the recognition or measurement of the individual assets and liabilities as of June 30, 2020.

## Review

This interim report was neither audited according to Section 317 HGB nor reviewed by auditors.

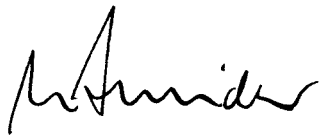
## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim 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 material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Maintal, August 5, 2020

NORMA Group SE

Management Board



**Dr. Michael Schneider**  
Chief Executive Officer (CEO)



**Dr. Friedrich Klein**  
Chief Operating Officer (COO)



# Financial Calendar, Contact and Imprint

## Financial Calendar

Date	Event
Nov 4, 2020	Publication of Interim Statement Q3 2020

The financial calendar is constantly updated. Please visit the Investor Relations section on the Company website

[WWW.NORMAGROUP.COM/CORP/EN/INVESTORS/](http://WWW.NORMAGROUP.COM/CORP/EN/INVESTORS/)

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## Design and Realization

MPM Corporate Communication Solutions, Mainz

## Editing

NORMA Group SE

## Note on the Interim Report

This Interim Report is also available in German. If there are differences between the two, the German version takes priority.

## Note on rounding

Please note that slight differences may arise as a result of the use of rounded amounts and percentages.

## Forward-looking statements

This Interim Report contains certain future-oriented statements. Future-oriented statements include all statements which do not relate to historical facts and events and contain future-oriented expressions such as 'believe', 'estimate', 'assume', 'expect', 'forecast', 'intend', 'could', or 'should', or expressions of a similar kind. Such future-oriented statements are subject to risks and uncertainties since they relate to future events and are based on the Company's current assumptions, which may not in the future take place or be fulfilled as expected. The Company points out that such future-oriented statements provide no guarantee for the future and that the actual events including the financial position and profitability of NORMA Group and developments in the economic and regulatory fundamentals may vary substantially (particularly on the down side) from those explicitly or implicitly assumed in these statements. Even if the actual assets for NORMA Group, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Interim Report, no guarantee can be given that this will continue to be the case in the future.

## Date of Publication

August 5, 2020

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