

INTERIM REPORT SECOND QUARTER



# OVERVIEW OF KEY FIGURES

		Q2 2021	Q2 2020	H1 2021	H1 2020
<b>Order situation</b>					
Order book (June 30)	EUR million			496.9	335.0
<b>Income statement</b>					
Revenue	EUR million	281.6	191.5	568.1	445.0
Material cost ratio <sup>1</sup>	%	44.8	41.1	43.9	42.2
Personnel cost ratio <sup>1</sup>	%	25.7	44.6	25.8	36.4
Adjusted EBITA <sup>1</sup>	EUR million	38.2	-22.5	77.7	4.6
Adjusted EBITA margin <sup>1</sup>	%	13.6	-11.8	13.7	1.0
EBITA	EUR million	37.9	-23.3	77.0	3.1
EBITA margin	%	13.5	-12.2	13.6	0.7
Adjusted EBIT <sup>1</sup>	EUR million	36.1	-24.6	73.0	0.5
Adjusted EBIT margin <sup>1</sup>	%	12.8	-12.9	12.8	0.1
EBIT	EUR million	30.8	-31.0	62.3	-12.4
EBIT margin	%	10.9	-16.2	11.0	-2.8
Financial result	EUR million	-2.4	-4.2	-6.2	-7.4
Adjusted tax rate	%	-26.3	-20.6	-26.5	4.6
Adjusted profit for the period <sup>1</sup>	EUR million	24.9	-22.9	49.1	-7.2
Adjusted earnings per share <sup>1</sup>	EUR	0.78	-0.72	1.54	-0.22
Profit for the period	EUR million	20.8	-27.7	41.1	-16.8
Earnings per share	EUR	0.66	-0.87	1.29	-0.53
<b>Cashflow</b>					
Cash flow from operating activities	EUR million	33.1	29.1	41.8	38.9
Cash flow from investing activities	EUR million	-11.1	-6.0	-22.8	-15.5
Cash flow from financing activities	EUR million	-28.3	-41.1	-38.3	-8.9
Net operating cash flow	EUR million	36.8	1.9	39.3	8.6
		June 30, 2021	Dec 31, 2020		
<b>Balance sheet</b>					
Assets	EUR million	1,464.7	1,414.7		
Equity	EUR million	625.1	589.5		
Equity ratio	%	42.7	41.7		
Net debt	EUR million	352.0	338.4		
<b>Employees</b>					
Core workforce		6,481	6,635		
Temporary workers		2,273	2,155		
Total workforce		8,754	8,790		
		H1 2021	H1 2020		
<b>No-financial control parameters</b>					
Invention applications	Number	10	12		
CO <sub>2</sub> emission (scope 1 and 2)	Tons CO <sub>2</sub> equivalents	23,536	22,986		
Defective parts	PPM (Parts per Million)	4.7	4.8		
<b>Share data</b>					
Stock exchange		Frankfurt Stock Exchange; Xetra			
Market segment		Regulated Market (Prime Standard), SDAX			
ISIN / security identification number / ticker symbol		DE0000A1H8BV3 / A1H8BV/NOEJ			
Highest price H1 2021 <sup>2</sup> / lowest price H1 2021 <sup>2</sup>	EUR	49.36 / 38.72			
Closing price as of June 30, 2021 <sup>2</sup>	EUR	43.18			
Market capitalization as of June 30, 2021 <sup>2</sup>	EUR million	1,376			
Number of shares		31,862,400			

1\_Adjusted exclusively for acquisition effects.  
2\_Xetra price.



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## CONSOLIDATED INTERIM FINANCIAL STATEMENTS

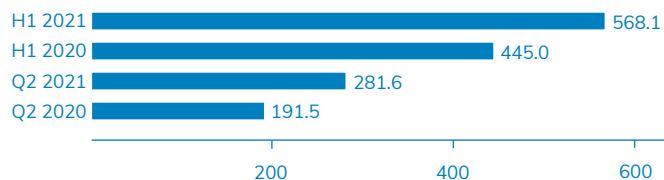
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# HIGHLIGHTS H1 2021<sup>1</sup>

## Development of Sales in EUR million



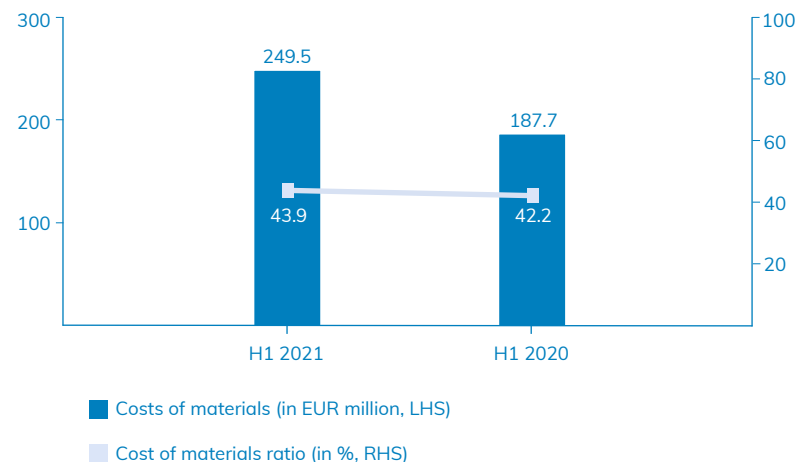
## Development of Sales Channels

	Engineered Joining Technology (EJT)		Standardized Joining Technology (SJT)	
	H1 2021	H1 2020	H1 2021	H1 2020
Group sales (in EUR million)	332.3	239.5	232.7	203.7
Growth (in %)	38.7		14.3	
Share of sales (in %)	58.8	54.0	41.2	46.0

## Effects on Group Sales

	in EUR million	Share in %
Group sales H1 2020	445.0	
Organic growth	146.7	33.0
Currency effects	-23.7	-5.3
<b>Group sales H1 2021</b>	<b>568.1</b>	<b>27.6</b>

## Costs of Materials and Cost of Materials Ratio



<sup>1</sup> Deviations may occur due to commercial rounding.

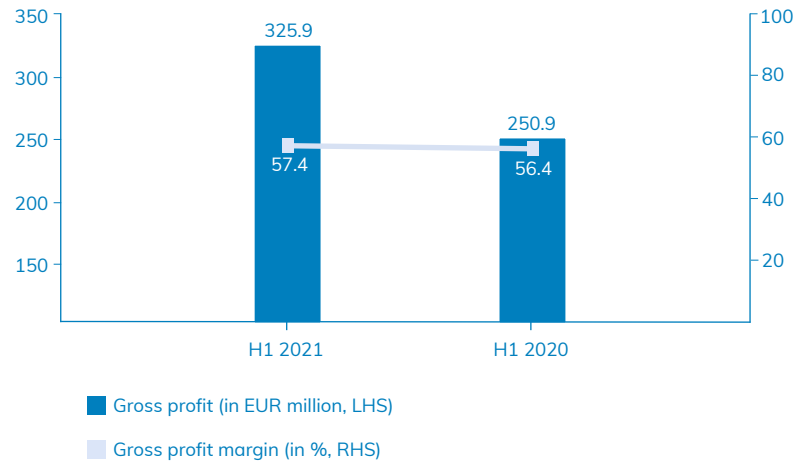
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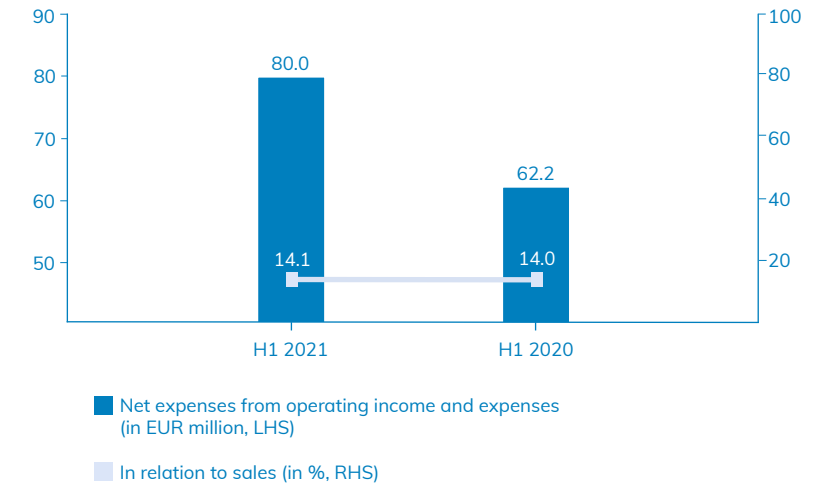
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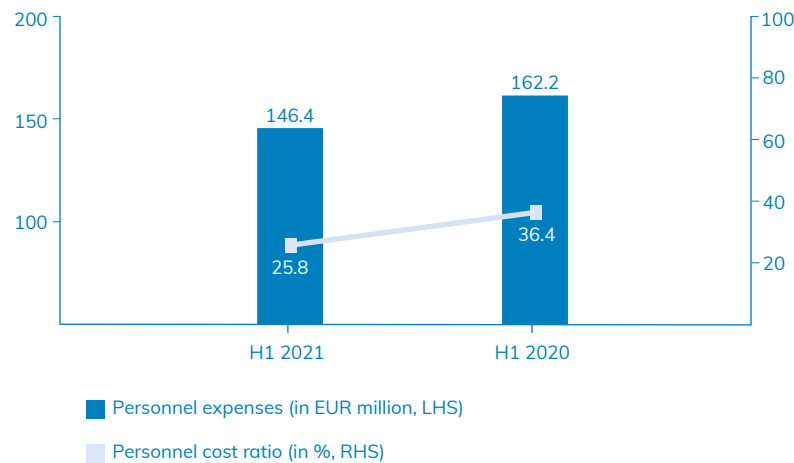
Gross Profit and Gross Profit Margin



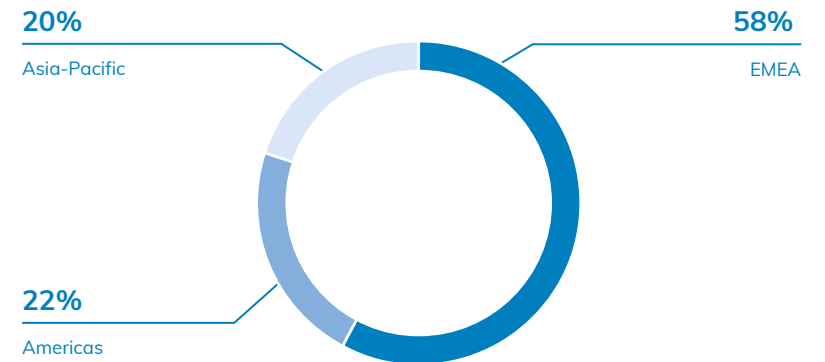
Net Expenses From Other Operating Income and Expenses as well as in Relation to Sales



Personnel Expenses and Personnel Cost Ratio



Core Workforce by Segment



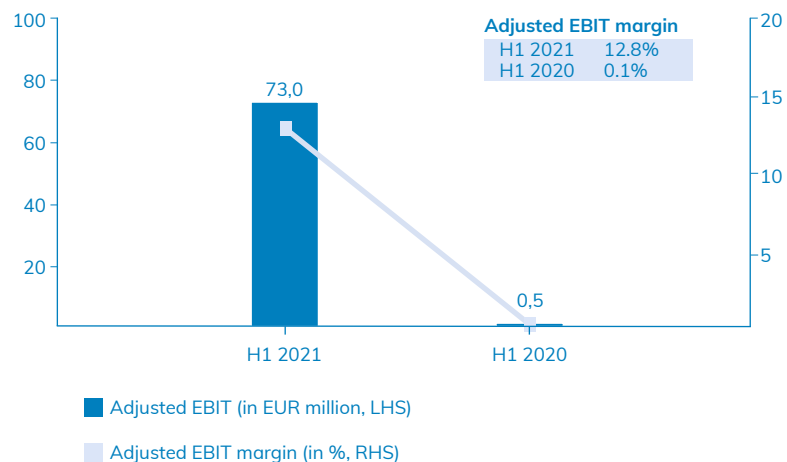
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Adjusted EBIT and Adjusted EBIT Margin



Net Operating Cash Flow

in EUR million	H1 2021	H1 2020
EBITDA	99.5	26.5
Changes in working capital	-40.4	-3.6
Investments from operating business	-19.8	-14.3
<b>Net operating cash flow</b>	<b>39.3</b>	<b>8.5</b>

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## Letter of the Management Board

*Dear shareholders, customers and business partners,*

the first six months of 2021 now lie behind us and economic conditions have brightened considerably again over the past half year, despite the ongoing pandemic. We have seen a significant revival in customer demand in all regions and divisions. Our Group sales rose by 27.6% to EUR 568.1 million in the first half of 2021. This means we slightly exceeded the level of our sales in the pre-crisis year 2019. Our Mobility and New Energy business grew strongly in the first half of 2021 due to the significant rebound in production and sales figures for passenger cars and commercial vehicles. And our water business in the United States continued to grow – despite already recording solid growth in the crisis year 2020.

With an adjusted EBIT margin of 12.8%, we also significantly increased our profitability again in the first half of 2021. The key factors here were the good sales situation, lower additional expenses from our “Get on track” change program compared to the previous year, and continued high cost discipline. In addition, the measures already implemented under the “Get on track” program brought further savings.

We are systematically continuing our change program: In recent months, we have steadily optimized our processes and increased our flexibility. By integrating Fengfan’s production at the Shaoxing site into our existing plant in Changzhou, we have contributed to the further consolidation of our production landscape. As a result, we can now align our business activities in the Asia-Pacific region even better to the strategic business areas of Mobility and New Energy, as well as General Industry Applications.

The continued focus on our global digital commerce activities, through which we continue to steadily develop sales opportunities, is yet another building block in our change program. We also set an important course in this area in the first half of 2021 and expanded our web shop for distributors in the DACH region, which we already opened in 2020, to include customers in the Benelux countries.

Dear shareholders, we know that the months ahead will also bring further challenges, the ongoing pandemic being just one of them. We will therefore continue to do everything we can to protect our workforce and prevent the further spread of the virus. In addition, the continuing price pressure on the raw material markets and the supply bottlenecks in the semiconductor industry are issues we deal with on a daily basis. We are nevertheless confident for the second half of 2021. Our order books are well filled and our innovative products in the areas of water management and electromobility are in demand with our customers. We therefore continue to stand by the forecast we issued in March for the development of the Group in fiscal year 2021.

In addition, our Strategy positions us to achieve our long-term goal for the future: We want to be the global market leader for joining and fluid handling technology in today’s and tomorrow’s markets and continuously increase our value creation.

Please continue to accompany us on this journey!

Sincerely yours,

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

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

**Annette Stieve**  
Chief Financial Officer  
(CFO)

# NORMA GROUP ON THE CAPITAL MARKET

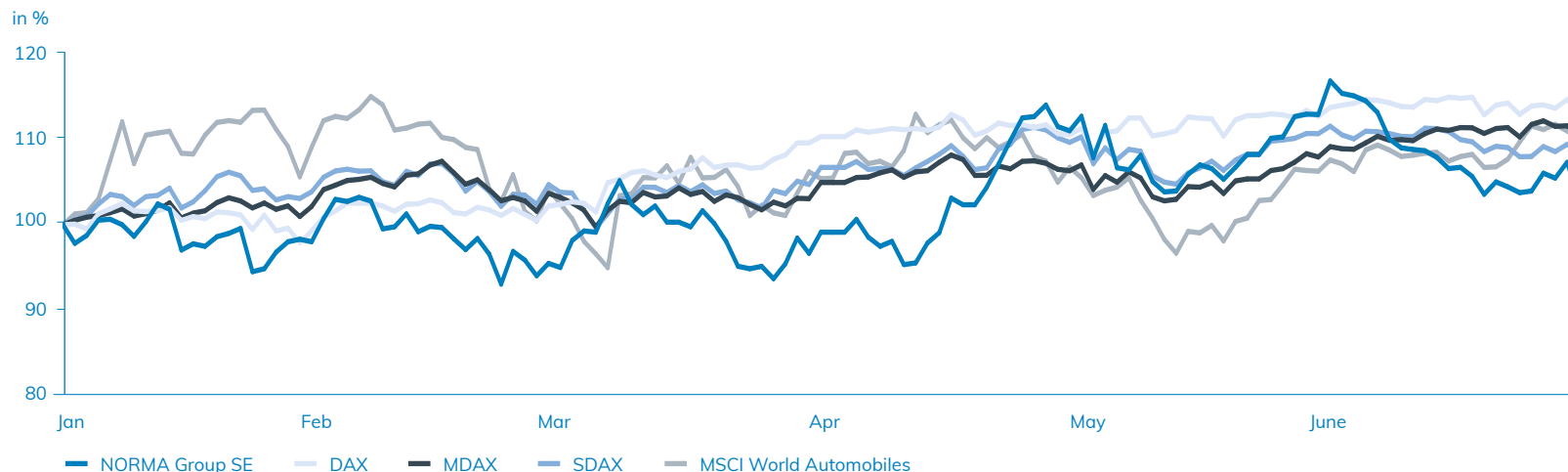
## Stock Markets Reach New All-Time Highs Globally in First Half of 2021 Despite Continuing Coronavirus Pandemic

The upward trend at the end of 2020 continued in the new stock market year 2021. Although the extensions to the lockdowns announced at the beginning of the first half of 2021 due to the ongoing coronavirus pandemic and rising inflation concerns led to significant price fluctuations at times, many indices reached new all-time highs in the first six months of 2021. The positive development was once again driven by expansionary fiscal and monetary policy measures on the part of the world's governments and central banks as well as the good earnings season in the first quarter of 2021. Furthermore, global stock markets were supported by the recovery of key industries, including the automotive industry, but also by the steady decline in global coronavirus infection figures in the second quarter. In this environment, the majority of global indices ended the first half of 2021 with significant gains despite prevailing volatility.

Germany's leading index, the DAX, reached a new all-time high above the 15,000-point mark for the first time and ended the first half of 2021 at 15,531 points – a gain of 13.2%. The MDAX also showed a clear upward trend, with the index closing at 34,050 points on June 30, 2021. This equates to an increase of 10.6% compared to the end of 2020. The SDAX, the index that the NORMA Group share is listed in, also recorded a significant increase of 8.5% compared to the end of 2020 and closed at 16,021 points on June 30, 2021.

The American indices also showed a positive development in the first half of 2021. The US Dow Jones Index ended the first six months of 2021 up 12.7%. The broader S&P 500 Index also rose significantly, rising 14.4% from its year-end level in 2020. The MSCI World Automobiles index, which is regarded as a trend indicator for the global stock market, closed June 30, 2021, up 9.9% at 304 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 2021**





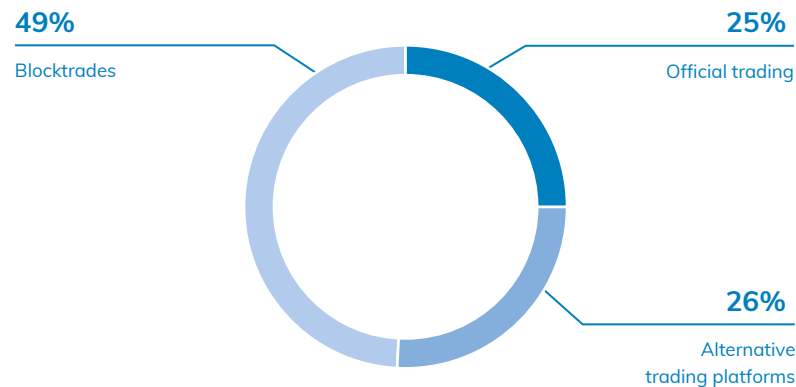
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## Performance of the NORMA Group Share

The NORMA Group share started the trading year 2021 at a price of EUR 41.88 and already reached its lowest level in the first six months of 2021 at EUR 38.72 on January 26, 2021. With the revival of key industries and markets, the NORMA Group share decoupled from the trend of the overall market in the second quarter and subsequently outperformed the reference index SDAX on a recurring basis. The share reached its highest price in the current reporting period at EUR 49.36 and its highest level since December 2018 on June 2, 2021. In this market environment, which was again volatile from June onwards, the NORMA Group share closed the first half of 2021 at a price of EUR 43.18. This resulted in a gain of 3.1% compared to the year-end price in 2020.

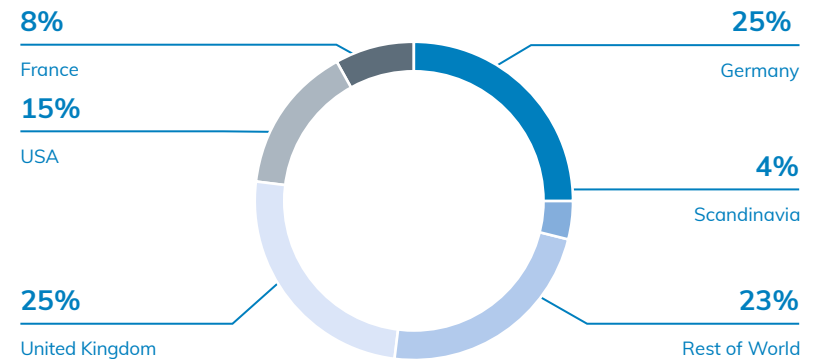
NORMA Group SE's market capitalization amounted to around EUR 1.38 billion on June 30, 2021 (Dec 31, 2020: EUR 1.33 billion). Measured by the free float market capitalization relevant for determining index membership, it thus ranked 13th out of 70 in the SDAX.

### Distribution of Trading Activity



As of June 30, 2021.

### Free Float by Region



As of June 30, 2021.

### Trading Volume

From January to June 2021, the average Xetra trading volume of the NORMA Group shares was 60,593 shares per day (H1 2020: 102,817 shares). In terms of value, this equates to approximately EUR 2.58 million (H1 2020: EUR 2.64 million). The NORMA Group share thus ranked 41st 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](#).

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## Broadly Diversified Shareholder Structure

NORMA Group has achieved a regionally broadly diversified shareholder base with a significant share of international investors, primarily from the UK, Germany, the US, France and Scandinavia.

Institutional investors hold around 96% of the 31,862,400 NORMA Group shares. The management of NORMA Group SE (Management Board in its current composition) held 0.07% of the shares at the end of the current reporting period (Dec 31, 2020: 0.06%). The number of private shareholders totaled 4,978 as of the reporting date June 30, 2021, and was thus only slightly lower compared to the end of 2020 (5,019). Thus, a total of around 3.6% of the shares were held by private shareholders at the end of June 2021.

According to the voting rights notifications received by the end of July 2021, 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	14.90
thereof Allianz SE, Munich, Germany	4.28
thereof Allianz Global Investors Fund, Senningerberg, Luxembourg	3.30
Threadneedle (Lux), Bertrange, Luxembourg	4.90
T. Rowe Price Group Inc., Baltimore, MD, USA	4.84
Ameriprise Financial Inc., Wilmington, DE, USA	4.13
T. Rowe Price International Funds, Inc., Baltimore, MD, USA	3.92
Impax Asset Management Group, London, Great Britain	3.05
Standard Life Investments Limited, Edinburgh, Great Britain	3.02
Aberdeen Asset Managers Limited, Aberdeen, Great Britain	3.02
KBI Global Investors Ltd., Dublin, Ireland	3.00304

<sup>1</sup> As of July 31, 2021: All voting results can be found on the NORMA Group website in the Investor Relations section. [WWW.NORMAGROUP.COM](http://WWW.NORMAGROUP.COM)

## Directors' Dealings

In the first half of 2021, three transactions were reported as notifications of Directors' Dealings.

### Directors' Dealings

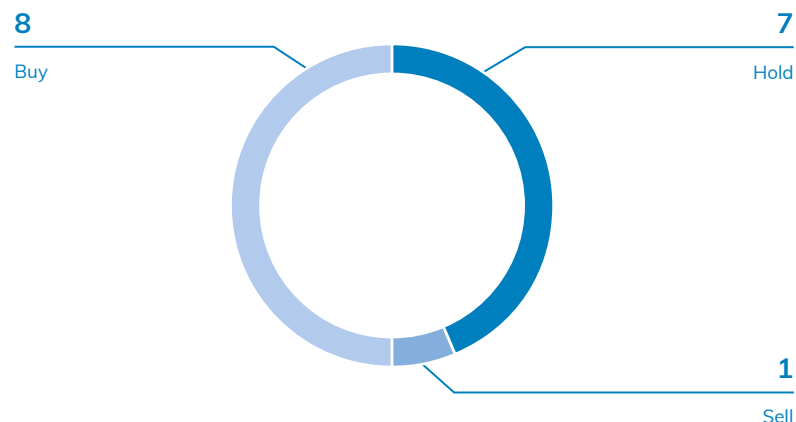
Buyer / Seller	Dr. Michael Schneider, CEO
Type of transaction	Acquisition
Financial instrument	Share
Date of transaction	May 12, 2021
Average price in EUR	44.64
Volume in EUR	101,556.00

Buyer / Seller	Dr. Friedrich Klein, COO
Type of transaction	Acquisition
Financial instrument	Share
Date of transaction	May 12, 2021
Average price in EUR	44.64
Volume in EUR	99,547.20

Buyer / Seller	Annette Stieve, CFO
Type of transaction	Acquisition
Financial instrument	Share
Date of transaction	May 12, 2021
Average price in EUR	44.60
Volume in EUR	50,531.80

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### Analyst Recommendations



As of June 30, 2021.

### 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, 16 national and international research firms and institutions are following the development of the NORMA Group share and submit their valuations at regular intervals. As of June 30, 2021, eight of them rated the NORMA Group share as a "buy." Seven analysts recommended holding the share and one analyst issued a sell recommendation. The average target price was EUR 45.88 (Dec 31, 2020: EUR 39.11).

### Annual General Meeting 2021: Dividend of EUR 0.70 per Share Resolved

The Annual General Meeting of NORMA Group SE was held on May 20, 2021. Due to the ongoing coronavirus pandemic, the Annual General Meeting was held, as in the previous year, as a virtual meeting without shareholders being physically present. In total, 18,931,496 shares of the 31,862,400 shares with voting rights and thus around 59% of the registered share capital of NORMA Group SE were represented. 30 shareholders attended the virtual Annual General Meeting live.

The proposal by the Management Board and Supervisory Board to pay a dividend of EUR 0.70 per share was accepted by the Annual General Meeting by a majority of 99.79%. The total amount distributed is around EUR 22.3 million (2020: EUR 1.3 million). This represents a payout ratio of 91.7% of adjusted Group earnings in fiscal year 2020 of EUR 24.3 million. The Company thus partly compensated for the low dividend in the previous year, which was only paid out as a statutory minimum dividend of EUR 0.04 per share. All other items on the agenda, including the election of Miguel Ángel López Borrego as a member of the Supervisory Board, were also approved by a large majority at the 2021 Annual General Meeting.

All voting results can be found in the Investor Relations section of the NORMA Group website [WWW.NORMAGROUP.COM](http://WWW.NORMAGROUP.COM)

### Key Figures of the NORMA Group Share

	H1 2021
Closing price <sup>1</sup> as of June 30 (in EUR)	43.18
Highest price H1 2021 <sup>2</sup> (in EUR)	49.36
Lowest price H1 2021 <sup>2</sup> (in EUR)	38.72
Number of unweighted shares as of June 30, 2021	31,862,400
Market capitalization as of June 30, 2021 <sup>1</sup> (in EUR million)	1,376
Average daily Xetra volume	
Shares	60,593
EUR million	2.58
Earnings per share (in EUR)	1.29
Adjusted earnings per share (in EUR)	1.54

1\_Xetra price.

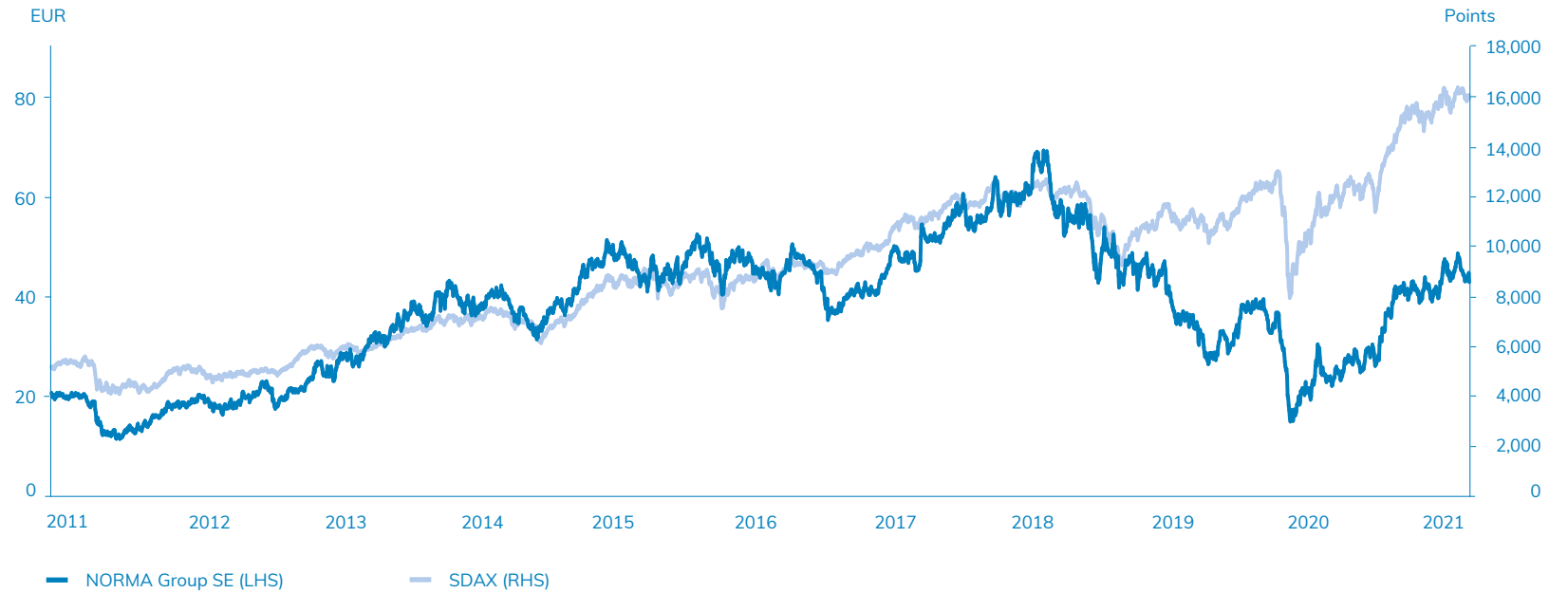
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Development of the NORMA Group Share Since the IPO in 2011 Compared to the SDAX



# CONSOLIDATED INTERIM MANAGEMENT REPORT

## Principles of the Group

A detailed overview of NORMA Group's business activities, objectives and strategy is provided in the → [2020 ANNUAL REPORT](#). The statements contained therein remain valid. There were no significant changes in the first half of 2021.

The development of the key financial and non-financial performance indicators for the management of the Group in the first half of 2021 is shown in the following tables.

### Financial Control Parameters

	H1 2021	H1 2020
Revenue (EUR million)	568.1	445.0
Adjusted EBIT <sup>1,2</sup> (EUR million)	73.0	0.5
Adjusted EBIT margin <sup>1,2</sup> (%)	12.8	0.1
Net operating cash flow (EUR million)	39.3	8.5
NORMA Value Added (EUR million)	17.9	- 40.7

1\_Adjusted only for acquisition-related costs.

2\_Adjusted EBIT forms the basis for the remuneration of the Management Board under the fundamentally revised Management Board contracts effective January 1, 2020, and was consequently newly included in the control system in 2020. It replaces the former financial control parameter 'adjusted EBITA.'

### Non-Financial Control Parameters

	H1 2021	H1 2020
Invention applications (number)	10	12
CO <sub>2</sub> -emissions <sup>1</sup> (t CO <sub>2</sub> e)	23,536	22,986
Parts per million (PPM)	4.7	4.8

1\_Greenhouse gas emissions of all production sites resulting from gas consumption (Scope 1) and the purchase of electricity and district heating (Scope 2). Since 2020, CO<sub>2</sub> emissions have been a target for determining part of the long-term remuneration for the Management Board, and were thus newly included in the control system in fiscal year 2020.

## Research and Development

The main activities of the Research and Development department of NORMA Group are described in detail in the → [2020 ANNUAL REPORT](#).

In the first half of 2021, work continued on synchronizing the idea generation process with the Innovation Council. With the help of the Innovation Council, key ideas are prioritized in pre-development. This is intended to ensure that the focus topics of the Innovation Roadmap are driven forward quickly. In order to increase NORMA Group's competitiveness, the divisional coordination of R&D activities with the Product Development and Manufacturing Processes departments was deepened and further expanded in the first half of 2021. With the aim of driving development projects forward efficiently and quickly, the necessary process and development steps were handled in a focused manner from the creation of the idea through technology development to the final manufacturing process of the validated series product.

In addition to digitization, the focus in the reporting period remained on water management and electromobility.

### R&D Figures

	H1 2021	H1 2020
R&D employees	340	351
R&D employee ratio (% of permanent staff)	5.2	5.6
R&D expenses <sup>1</sup> (EUR million)	16.2	14.5
R&D ratio <sup>1</sup> (% of total revenue)	2.9	6.1

1\_Up to and including 2019, only R&D expenses in the EJT area were documented and reported. The R&D ratio was based on the ratio to EJT sales. With the increasing strategic relevance of water management at NORMA Group, R&D expenses in this area have also been recorded and set in relation to total sales since 2020.

## Economic Report

Due to the negative impact of the pandemic on the comparative figures for the previous year, the relative rates of change for fiscal year 2021 explained below are only of limited relevance. The comparative figures for the pre-crisis year 2019 are therefore also taken into account in the analysis of the sales and earnings situation.

### General Economic and Industry-Specific Conditions

#### Global economy recovers strongly as vaccination rate rises

In the first half of 2021, the economic climate was initially dominated by the prolongation of global coronavirus restrictions and the resulting lockdowns. The global economy recovered noticeably as vaccination campaigns gained momentum and the number of cases declined again. The upswing was partially slowed by global supply bottlenecks for semiconductor microchips, however. Geological aspects also had a negative impact – these included the disaster in the Suez Canal, port strikes and a shortage of containers in Asia. Despite these challenges, GDP in the US grew at an annualized rate of 6.5% in the second quarter of 2021 (Q1 2021: + 6.3%), and US industrial production also experienced a significant upturn (Q1 2021: + 3.6%, Q2 2021: + 5.5%). Capacity utilization in the United States thus reached 75.0% in the second quarter. By posting a 15.9% increase, industrial production in China also increased noticeably in the first half of 2021 (Q1 2021: + 24.5%), and capacity utilization reached around 78.4% in the period April to June 2021, and thus returned to a more normal level. Overall, GDP in China grew by 12.7% (Q1 2021: + 18.3%, Q2 2021: + 7.9%) in the first half of 2021. The euro zone also saw an increase in GDP (Q2 2021: + 13.7%). European industrial production increased moderately as well in the first quarter (+ 3.1%), with an even stronger rise in the months of April (+ 39.4%) and May (+ 20.5%). Capacity utilization in the second quarter was at 81.1%.

#### German economy experiences strong recovery

Germany's economic output initially declined when the lockdowns were extended at the beginning of 2021, causing GDP to contract by 3.4% in the first quarter of 2021. Companies were faced with weak demand (domestic use: – 4.6%, exports: – 0.6%). Private consumption in particular slumped noticeably. Against this backdrop, German industrial production fell overall in the first quarter (– 1.1%), but turned sharply positive again in March (+ 5.9%) and

achieved substantial growth in the following months (April: + 35.0%, May: + 20.6%). In this environment, capacity utilization rose to 85.7% in the second quarter of 2021, according to Eurostat. With the easing of the coronavirus restrictions in the second quarter, positive impulses set in again, as a result of which GDP also rose by + 9.6% from April to June.

#### Recovery of industrial activity despite supply chain disruptions – mechanical engineering sector benefits from the good investment climate

In contrast to many sectors of the economy that are more closely related to consumption, the negative impact of the pandemic on industrial activity remained low, although global supply chains and production processes are still under a noticeable strain in some areas. In this environment, industrial production, with the exception of the construction sector, increased by 13.7% worldwide in the first five months of 2021 (Q1 2021: + 7.4%). The recovery was particularly strong in April (+ 17.7%) and May (+ 15.4%), albeit also starting from an exceptionally low prior-year base due to the coronavirus. The investment climate brightened over the course of the economic recovery – especially in the industrialized countries – also due to the progress being made with vaccination programs. The low level of interest rates also had a supporting effect. This benefited the mechanical and plant engineering sector in particular. According to the European Central Bank, production of machinery in the euro zone increased by 4.6% in the first quarter of 2021, with growth of 16.1% in March alone. In Germany, machinery production did not grow strongly again until the second quarter (Q1 2021: – 0.1%; April: + 34.1%, May: 19.1%) however.

#### Strong recovery in demand for automobiles, chip shortage curbs production potential

According to LMC Automotive (LMCA), global sales of light vehicles (LV up to 6 t) increased by 27.9% in the first half of 2021, whereas production declined due to the increasing shortage of semiconductor microchips. In this respect, a regionally divided picture emerged over time. While LV production in North America (+ 146%) and Europe (+ 100%) rose sharply from the second quarter of 2021, growth in Asia-Pacific flattened slightly due to the chip shortage (Q1 2021: + 34%, Q2 2021: + 21%). The different pandemic-related weak quarters of the previous year also need to be taken into account here. LMCA esti-

mates global LV production at around 20 million units in the first quarter of 2021 and at a good 19 million units in the second quarter. This is still below the respective production curves before the onset of the coronavirus pandemic. By contrast, the market for commercial vehicles is currently on course to set a new record, also in absolute terms, thanks to flourishing global truck demand. The production mark of 1 million commercial vehicles was exceeded for the first time in the first quarter of 2021.

### Europe's construction industry with tailwind since March, bottlenecks in construction materials weigh on development

China's construction industry recovered quickly from the coronavirus dip at the beginning of 2020 and has been growing steadily again since then. The NBS statistics office puts the increase in building investments in the first half of 2021 at 15.0% (Q1 2021: + 25.6%). Residential construction increased by 17.0%. The construction industry in the euro zone was initially noticeably impacted by the lockdowns and wintery conditions at the beginning of 2021. There has been a clear upturn in construction output since March 2021, however, despite increasing supply bottlenecks for building materials (March: + 20.0%, April: + 45.2%, May: + 13.6%). While France, Austria, Belgium and Portugal showed strong momentum, development in a few Eastern European countries did not develop positively until April 2021. In Germany, construction output stalled noticeably initially (Q1 2021: – 4.6%), however since March a strong upward trend can be observed (May: + 5.2%).

### Boom in residential construction drives US construction industry, water business benefits from relevant market drivers

The construction industry in the United States is experiencing a robust upswing, whereby the residential sector in particular is booming strongly. In this positive environment, construction output rose by 5.4% by the end of June (Q1 2021: + 4.5%). Residential construction even grew by 24.5% (Q1 2021: + 20.7%). This upturn is being driven by private investment, whereas the government has significantly scaled back infrastructure investment following last year's increases in road construction (6M 2021: – 6.0%) and water supply (6M 2021: – 2.0%), among other areas.

NORMA Group's US water business (NDS activities) correlates very strongly with property maintenance, remodeling, and conversion activities in addition to new construction. Extreme weather conditions such as droughts and heavy

rainfall are also important contributors. These market drivers were strong in 2020 and have continued into the first half of 2021, supported by ongoing COVID-19 stay at home spending on residential projects and low interest rates.

## Significant events in the first half of 2020

### New production plant opened in China

NORMA Group has expanded production capacities in Wuxi due to increasing demand and almost tripled the production area. This enables an expansion of the product range for each market segment as well as a local market launch of new products. It has also enabled pipeline systems to be introduced, including for fuel application, urea transport and cooling water systems. The expansion of production capacities in Wuxi is part of NORMA Group's growth and localization strategy. After the completion of the new plant at the end of March 2021, the production equipment and materials were moved to the new location in mid-April and the start of production began at the end of April.

### Further measures of the "Get on track" program implemented

Implementation of the measures from the "Get on track" program also progressed according to plan in the first half of 2021. The integration of Fengfan's production at the Shaoxing site into the existing Changzhou plant in the first quarter 2021 contributed to the further consolidation of the production landscape. As a result, business activities can now be even better focused on the strategic business areas of Mobility and New Energy as well as General Industry Applications.

Furthermore, by focusing on yet other initiatives in the area of digital commerce, an important course was set in the first half of 2021. Besides the established distribution channels, NORMA Group is steadily expanding its digital commerce channels. The web shop for Distributors in the German-speaking DACH region, which was newly opened in 2020, was expanded to include customers in the Benelux countries. Building on the activities to date in all business regions, steps towards a harmonized global digital retail offering are currently being initiated. The focus here is always on customer requirements and specific market characteristics.

## 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 2021 was characterized by a general economic recovery and the renewed increase in customer demand in all of the Company's end markets despite the continuing coronavirus pandemic. Consequently, sales revenues in all strategic business units increased significantly compared to the previous year. Group sales increased significantly to EUR 568.1 million in the first half of 2021 (H1 2020: EUR 445.0 million). Despite strong headwinds from negative currency effects, sales were even slightly (+ 0.6%) above the pre-crisis level (H1 2019: EUR 564.7 million). The water business that remained strong, the recovery of demand in the areas of Mobility and New Energy, and generally good business in General Industry Applications contributed to this growth.

Operating profit, adjusted EBIT, amounted to EUR 73.0 million in the first half of 2021, (H1 2020: EUR 0.5 million) and thus recovered strongly as a result of the good sales performance and strict cost discipline. The adjusted EBIT margin was 12.8% (H1 2020: 0.1%).

Due to the good order situation at the end of the reporting period and on the basis of the current planning figures, the Management Board is sticking to its forecast for the full year 2021. → [FORECAST REPORT](#)

## 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

In the first six months of 2021, as in the previous year, no adjustments were made for expenses within EBITDA (earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets). Within EBITA (earnings before interest, taxes, depreciation and amortization of intangible assets), adjustments for depreciation of property, plant and equipment from purchase price allocations were made in the amount of EUR 0.7 million (H1 2020: EUR 1.5 million). Within EBIT, amortization of intangible assets from purchase price allocations in the amount of EUR 10.0 million (H1 2020: EUR 11.3 million) was also presented on an adjusted basis.

Notional income taxes resulting from the adjustments are calculated using the tax rates of the respective local companies concerned and included in adjusted earnings after taxes.

The adjusted figures are presented on the following page. More detailed information on the unadjusted figures is provided in the → [CONDENSED NOTES](#).



## Adjustments <sup>1</sup>

in EUR million	H1 2021 reported	Total adjustments	H1 2021 adjusted
<b>Revenue</b>	<b>568.1</b>	<b>0</b>	<b>568.1</b>
Changes in inventories of finished goods and work in progress	6.0	0	6.0
Other own work capitalized	1.3	0	1.3
Raw materials and consumables used	-249.5	0	-249.5
<b>Gross profit</b>	<b>325.9</b>	<b>0</b>	<b>325.9</b>
Other operating income and expenses	-80.0	0	-80.0
Employee benefits expense	-146.4	0	-146.4
<b>EBITDA</b>	<b>99.5</b>	<b>0</b>	<b>99.5</b>
Depreciation	-22.5	0.7	-21.7
<b>EBITA</b>	<b>77.0</b>	<b>0.7</b>	<b>77.7</b>
<b>Amortization</b>	<b>-14.7</b>	<b>10.0</b>	<b>-4.7</b>
<b>Operating profit (EBIT)</b>	<b>62.3</b>	<b>10.7</b>	<b>73.0</b>
Financial result	-6.2	0	-6.2
<b>Profit before income tax</b>	<b>56.1</b>	<b>10.7</b>	<b>66.8</b>
Income taxes	-15.0	-2.7	-17.7
<b>Profit for the period</b>	<b>41.1</b>	<b>8.0</b>	<b>49.1</b>
Non-controlling interests	0.1	0	0.1
<b>Profit attributable to shareholders of the parent</b>	<b>41.0</b>	<b>8.0</b>	<b>49.0</b>
<b>Earnings per share (in EUR)</b>	<b>1.29</b>	<b>0.25</b>	<b>1.54</b>

<sup>1</sup> Deviations may occur due to commercial rounding.

## Earnings position

### Order backlog

The order backlog in the EJT division was EUR 496.9 million as of June 30, 2021 (June 30, 2020: EUR 335.0 million), 48.3% higher than on the previous year's reporting date. The increase reflects the significant recovery in customer demand. The order situation on the previous year's reporting date was characterized by the sharp drop in demand as a result of the first coronavirus lockdown.

### Strong sales growth compared to pandemic-laden prior year, sales in the second quarter not yet at pre-crisis levels in all areas

NORMA Group's sales amounted to EUR 568.1 million in the first half of 2021 and were thus 27.6% above the level of the pandemic-affected prior-year period (H1 2020: EUR 445.0 million). Organic sales growth was 33.0%, while currency effects, especially related to the US dollar, had a negative impact of 5.3%. The good sales development mainly resulted from the recovery in demand in all of NORMA Group's business divisions, Water Management, Mobility and New Energy as well as General Industrial Applications, compared to the pandemic-laden year 2020. As a result of the economic recovery and

strong customer demand, sales in the first half of 2021 slightly exceeded the pre-crisis level of the first half of 2019 (H1 2019: EUR 564.7 million) by 0.6%, despite negative currency effects.

In the second quarter of 2021, sales of EUR 281.7 million increased significantly by 47.1% compared to the coronavirus-laden prior-year quarter (Q2 2020: EUR 191.5 million), but were still not quite back to pre-crisis levels (Q2 2019: EUR 289.0 million). Organic growth in the second quarter of 2021 amounted to 53.0%, while currency effects had a negative impact of 5.9%.

### **Both sales channels grew significantly in the first half of 2021, SJT surpasses 2019 pre-crisis level**

With sales of EUR 332.3 million, the EJT business grew by 38.7% year-on-year in the first half of 2021 (H1 2020: EUR 239.5 million). Organic sales growth was 43.0%, while currency effects reduced EJT sales by 4.2%.

EJT sales in the second quarter of 2021 amounted to EUR 157.7 million (Q2 2020: EUR 85.8 million). This equates to sales growth of 83.9% (organic: 88.7%) compared to the pandemic-laden prior-year quarter. As a result, Mobility and New Energy sales have recovered significantly, especially due to the surge in light vehicle production figures in the EMEA and Americas regions in the second quarter of 2021, but are still 6.8% below the pre-crisis level of 2019 (Q2 2019: EUR 169.2 million). The global shortage in semiconductors and the associated production delays meant that automotive manufacturers were unable to fully exploit production potential in the first half of 2021.

The SJT division also benefited from the general economic recovery and recorded significant sales growth in the first half of 2021 compared to the crisis-ridden prior-year period. At EUR 232.7 million, SJT sales were up 14.3% (20.8% in organic terms) year on year (H1 2020: EUR 203.7 million) and even 4.2% higher than in the first half of 2019 (H1 2019: EUR 223.5 million). Currency effects reduced SJT sales by 6.6% in the first half of 2021.

SJT sales in the second quarter of 2021 amounted to EUR 122.2 million, up 16.5% (23.3% in organic terms) year on year (Q2 2020: EUR 104.9 million). Currency effects had a negative impact of 6.8%. Growth in the SJT division was driven both by the general economic recovery and, in particular, by its subsidiary NDS's continued strong water business.

### **Cost of material ratio increased as a result of high raw material costs**

Cost of materials amounted to EUR 249.5 million in the first half of 2021, 32.9% above the level of the pandemic-laden prior-year period (H1 2020: EUR 187.7 million). The material cost ratio in relation to sales amounted to 43.9% in the first half of the year, which was higher than in the same period of the previous year (H1 2020: 42.2%). In the second quarter, cost of materials amounted to EUR 126.3 million (Q2 2020: EUR 78.8 million) and the material cost ratio to sales was 44.8% (Q2 2020: 41.1%). The ongoing global shortage of raw materials, which led to an increase in material prices in the second quarter of 2021, especially in the area of alloy surcharges, steel as well as engineering plastics, had a negative impact on the material cost ratio. In addition, inventories were built up due to increased demand in the reporting year, while they were reduced in the prior year. This resulted in a comparatively higher material usage.

### **Gross profit and gross margin**

In the first half of 2021, NORMA Group generated gross profit (sales less cost of materials and changes in inventories plus other own work capitalized) of EUR 325.9 million, an increase of 29.9% compared to the same period of the previous year (H1 2020: EUR 250.9 million) and a gross margin (based on sales) of 57.4% (H1 2020: 56.4%).

In the second quarter of 2021, NORMA Group generated gross profit of EUR 159.9 million, an increase of 55.1% compared to the same quarter of the previous year (Q2 2020: EUR 103.1 million). Thus, the gross margin in the second quarter of 2021 was 56.8% compared to 53.8% in the same quarter of the previous year.

Gross profit was negatively impacted by higher material costs as a result of increased raw material prices. By contrast, the inventory build-up of EUR 6.0 million as a result of higher business activity compared to the same period of the previous year had a positive effect on gross profit in the first half of 2021.

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## Personnel cost ratio

As of June 30, 2021, NORMA Group employed a total of 8,754 people worldwide, 6,481 of which are permanent employees. Thus, the number of permanent employees increased slightly by 3.4% compared to June 30, 2020 (6,268), while it declined by 2.3% compared to the end of 2020 (6,635) due to the headcount reduction in connection with the relocation of production in Europe.

Personnel expenses amounted to EUR 146.4 million in the first half of 2021, a reduction of 9.8% compared to the same period of the previous year (H1 2020: EUR 162.2 million). The significant year-on-year decline is explained in particular by the additional expenses incurred in the previous year from restructuring provisions for the "Get on track" program initiated in November 2019 in the amount of EUR 20.6 million (H1 2021: EUR 0.5 million). In combination with a significantly higher sales volume, this resulted in a significantly improved personnel cost ratio of 25.8% for the first half of 2021 compared to the same period of the previous year (H1 2020: 36.4%). The personnel cost ratio for the pre-crisis year 2019 was 27.8%.

In the second quarter of 2021, personnel expenses totaled EUR 72.3 million, a reduction of 15.3% compared to the second quarter of 2020 (Q2 2020: EUR 85.4 million), which was burdened by the additional expenses from the "Get on track" program mentioned earlier. The personnel cost ratio was 25.7% in the second quarter of 2021 (Q2 2020: 44.6%, Q2 2019: 27.0%).  
→ [CONDENSED NOTES](#)

### Development of Personnel Figures

	June 30, 2021	June 30, 2020	Change in %
EMEA	3,785	3,557	6.4%
Americas	1,419	1,372	3.4%
Asia-Pacific	1,277	1,339	-4.6%
<b>Core workforce</b>	<b>6,481</b>	<b>6,268</b>	<b>3.4%</b>
Temporary staff	2,273	1,208	88.2%
<b>Total workforce</b>	<b>8,754</b>	<b>7,476</b>	<b>17.1%</b>

## Other operating income and expenses

In the first half of 2021, the balance of other operating income and expenses was EUR –80.0 million and thus 28.7% higher than in the same period of the previous year (H1 2020: EUR –62.2 million).

Other operating income amounted to EUR 9.8 million and was thus lower compared to the same period of the previous year (H1 2020: EUR 11.5 million). This includes currency gains from operating activities of EUR 3.7 million (H1 2020: EUR 4.9 million) as well as income from the reversal of liabilities (H1 2021: EUR 2.8 million; H1 2020: EUR 3.4 million) and unused provisions (H1 2021: EUR 0.5 million; H1 2020: EUR 1.3 million). → [CONDENSED NOTES](#)

Other operating expenses increased by EUR 16.1 million year on year in the first half of 2021 to EUR –89.9 million (H1 2020: EUR –73.7 million). The increase is primarily attributable to the renewed rise in the need for temporary workers due to higher business activity. In addition, freight costs, which are related both to the higher sales volume and to temporary delivery backlogs as a result of the restructuring measures, as well as increased expenses for IT and telecommunications, among other factors, had an increasing effect on other operating expenses. In addition, other operating expenses include costs from the ongoing "Get on track" program in the amount of EUR 0.9 million (H1 2020: 1.6 million), which are not adjusted.

As a percentage of sales, other operating expenses and income amounted to 14.1% in the current reporting period (H1 2020: 14.0%).

In the second quarter of 2021, the balance of other operating income and expenses amounted to EUR –38.3 million and was thus 30.1% higher than in the same quarter of the previous year (Q2 2020: EUR –29.4 million). The ratio in relation to sales amounted to 13.6% (Q2 2020: 15.4%).

## Operating result recovers strongly again

Operating profit adjusted for amortization of tangible and intangible assets from purchase price allocations, adjusted EBIT, amounted to EUR 73.0 million in the first half of 2021, after shrinking to EUR 0.5 million in the prior-year period due to the burdens from the pandemic and the additional expenses from the “Get on track” program. Thus, adjusted EBIT recovered significantly compared to the prior-year period as a result of the good sales performance. Expenses related to the “Get on track” program within adjusted EBIT amounted to EUR 1.4 million. In the same period of the previous year, additional expenses from the “Get on track” program totaled EUR 22.1 million. The adjusted EBIT margin was 12.8% in the first half of 2021, compared to 0.1% in the first half of 2020. Compared to the pre-crisis level of 2019 (H1 2019: 13.5%), the adjusted EBIT margin in the first half of 2021 is still slightly lower.

In Q2 2021, adjusted EBIT amounted to EUR 36.1 million (Q2 2020: EUR – 24.6 million). The adjusted EBIT margin amounted to 12.8% (Q2 2020: – 12.9%, Q2 2019: 13.4%).

### NORMA Value Added (NOVA)

NORMA Value Added (NOVA) amounted to EUR 17.9 million in the first half of 2021 and thus improved significantly compared to the previous year (H1 2020: EUR – 40.7 million, H1 2019: EUR 21.1 million), mainly due to the higher adjusted EBIT again, but is still below the comparable period of 2019 (H1 2019: EUR 21.1 million).

## Financial result

The financial result amounted to EUR – 6.2 million in the first six months of the current fiscal year and is thus 16.3% lower than in the same period of the previous year (H1 2020: EUR – 7.4 million). → [CONDENSED NOTES](#)

The financial result includes a net interest expense in the amount of EUR 4.4 million (H1 2020: EUR 5.8 million). The decrease results in particular from the reduction of liabilities to banks at the end of 2020 and the refinancing through the commercial paper program with significantly lower interest rates. In addition, the financial result includes interest expenses from leases of EUR – 0.4 million (H1 2020: EUR – 0.6 million) and other financial expenses of EUR – 0.8 million (H1 2020: EUR – 0.6 million). Furthermore, interest rate cuts in the US dollar area in the second half of 2020 had a positive impact on interest expenses from US dollar tranches of financing.

The financial result in the second quarter of 2021 amounted to EUR – 2.4 million (Q2 2020: EUR – 4.2 million). This development is mainly attributable to the income from the result from derivative valuation recognized in the second quarter of 2021.

### Tax rate and adjusted earnings after taxes

Based on adjusted earnings before taxes (EBT) of EUR 66.8 million (H1 2020: EUR – 6.9 million), the adjusted tax rate in the first half of 2021 was 26.5%. Adjusted net income after taxes amounted to EUR 49.1 million, compared to EUR – 7.2 million in the same period of the previous year, and was thus roughly at the same level as in 2019. Based on an unchanged number of shares of 31,862,400, this resulted in adjusted earnings per share for the first half of 2021 of EUR 1.54 (H1 2020: EUR – 0.22).

Adjusted net income for the second quarter of 2021 was EUR 24.9 million (Q2 2020: EUR – 22.9 million), while adjusted earnings per share were EUR 0.78 (Q2 2020: EUR – 0.72).

## Development of sales and earnings in the segments

The share of Group sales generated outside Germany was around 83.7% in the period from January to June 2021 (H1 2020: 83.3%).

### EMEA region

External sales revenues in the EMEA region amounted to EUR 255.5 million in the first half of 2021, thus returning to the pre-crisis level of 2019 and increasing by 37.1% (organic: 36.9%) compared to the same period of the previous year (H1 2020: EUR 186.4 million).

NORMA Group generated sales revenues of EUR 123.1 million in the EMEA region in the second quarter of 2021, an increase of 79.5% (organic: 79.4%) compared to the same quarter of the previous year (Q2 2020: EUR 68.6 million). In addition to a significant recovery of SJT revenues to nearly pre-crisis levels, the surge in production in the light vehicles segment in Europe in the second quarter of 2021 in particular contributed to the strong growth. Strong demand from the automotive industry led to organic growth of 104.7% in EJT sales in the second quarter of 2021 compared to the same quarter of 2020. Nevertheless, the sales level in EJT still lags slightly (– 3.4%) behind the pre-crisis level. This is due, among other factors, to the shortage in the semiconductor sector and the resulting production delays of European car manufacturers. Overall, sales in the EMEA region in the second quarter of 2021 were only 2.5% lower than in the second quarter of the pre-crisis year 2019 (Q2 2019: EUR 126.2 million).

Adjusted EBIT in the EMEA region amounted to EUR 34.1 million in the current reporting period (H1 2020: EUR – 12.0 million). The adjusted EBIT margin was 12.3% (H1 2020: – 6.0%). The good sales development in the first half of 2021 as well as positive contributions from the “Get on track” measures were reasons for the significant recovery of the operating result in the region. In addition, restructuring charges were incurred in the first half of the prior year. However, the pre-crisis level (H1 2019: 14.7%) has not yet been reached again. Capital expenditures in the EMEA region amounted to EUR 7.9 million in the first half of 2021 (H1 2020: EUR 6.2 million) and primarily related to the sites in Germany, Serbia, Poland and the Czech Republic.

### Americas region

Sales (external sales) in the Americas region amounted to EUR 228.4 million in the first half of 2021, up 18.5% year on year (H1 2020: EUR 192.7 million). Organic growth amounted to 30.0%, while currency effects had a negative impact of – 11.4% on sales in the Americas region due to the strong devaluation of the US dollar compared to the same period of the previous year. Compared to the pre-crisis year 2019 (H1 2019: EUR 237.3 million), net sales in the Americas region were 3.9% lower in the six-month period.

Sales in the second quarter of 2021 totaled EUR 119.7 million, an increase of 34.1% compared to the same quarter last year (Q2 2020: EUR 89.3 million). Organic growth amounted to 46.6%, while negative currency effects dampened growth by 12.5%. The sales growth in the Americas region in the second quarter resulted both from the significant rebound in production figures in the light and heavy vehicles business and from the continued strong water business. While sales in the SJT division were actually above the level of the pre-crisis year 2019 due to the continuous growth of the water business in the second quarter, sales in the EJT division still fell significantly (– 23.8%) short of the 2019 level. In total, sales in the Americas region in the second quarter of 2021 were still 4.8% lower than in the pre-crisis year 2019.

The Americas region accounted for 40% of Group sales in the first half of 2021 (H1 2020: 43%).

Adjusted EBIT in the Americas region increased to EUR 30.7 million in the first half of 2021, compared to EUR 11.8 million in the prior-year period. As a percentage of sales, this results in an adjusted EBIT margin for the Americas region of 13.2% (H1 2020: 6.0%, H1 2019: 15.6%).

In the period from January to June 2021, investments in the Americas region amounted to EUR 8.6 million (H1 2020: EUR 5.2 million) and related in particular to the plants in the United States and Mexico.

### Asia-Pacific region

External sales of EUR 84.2 million were generated in the Asia-Pacific region in the first half of 2021 (H1 2020: EUR 65.9 million). This represents an increase of 27.6% compared to the same quarter of the previous year and includes 30.5% growth in organic sales. Currency effects had a negative impact of – 1.7%.

Net sales in the Asia-Pacific region totaled EUR 38.8 million in the second quarter, an increase of 15.5% compared to the same quarter of the previous year (Q2 2020: EUR 33.6 million). Organic sales growth amounted to 16.2%, while currency effects reduced sales revenue only slightly by 0.1%.

The reason for the growth in the Asia-Pacific region was in particular the continued strong demand from the Chinese automotive industry, which led to organic EJT sales growth of 17.9% in the second quarter of 2021. This also represents a growth of 21.3% compared to the second quarter of 2019. In contrast, despite organic sales growth of 12.4% year on year, the SJT division was still significantly (– 20.2%) behind the comparable figure for 2019. Overall, net sales in the Asia-Pacific region in the second quarter of 2021 were 4.4% higher than in the same period of 2019.

The Asia-Pacific region's share of Group sales remained unchanged year on year at 15%.

Adjusted EBIT in the Asia-Pacific region increased to EUR 14.8 million in the first half of 2021 (H1 2020: EUR 6.6 million). The adjusted EBIT margin was 16.9% (H1 2020: 9.8%, H1 2019: 8.3%). The main reasons for the significant margin increase compared to the previous year were the strong sales growth in the region, combined with a high level of automation and strict cost discipline.

Investments in the Asia-Pacific region amounted to EUR 4.8 million in the current reporting period (H1 2020: EUR 3.2 million) and related to the plants in China in particular.

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Development of Segments

	EMEA		Americas		Asia-Pacific		Segments total		Central functions		Consolidation		Group	
in EUR thousands	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Total revenue	276,724	200,371	232,569	195,764	87,511	67,097	596,804	463,232	16,924	14,030	-45,661	-32,234	568,067	445,028
thereof inter-segment revenue	21,235	13,979	4,159	3,072	3,343	1,153	28,737	18,204	16,924	14,030	-45,661	-32,234	0	0
<b>Revenue from external customers</b>	<b>255,489</b>	<b>186,392</b>	<b>228,410</b>	<b>192,692</b>	<b>84,168</b>	<b>65,944</b>	<b>568,067</b>	<b>445,028</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>568,067</b>	<b>445,028</b>
Contribution to consolidated Group sales	45.0%	42.0%	40.0%	43.0%	15.0%	15.0%	100%	100%						
Gross profit	158,664	112,539	124,197	106,405	43,729	31,798	326,590	250,742	n/a	n/a	-705	139	325,885	250,881
<b>EBITDA</b>	<b>45,674</b>	<b>-1,531</b>	<b>39,893</b>	<b>21,236</b>	<b>19,244</b>	<b>10,988</b>	<b>104,811</b>	<b>30,693</b>	<b>-5,274</b>	<b>-4,055</b>	<b>-87</b>	<b>-178</b>	<b>99,450</b>	<b>26,460</b>
EBITDA margin <sup>1</sup>	16.5%	-0.8%	17.2%	10.8%	22.0%	16.4%							17.5%	5.9%
Depreciation without PPA														
depreciation <sup>2</sup>	-9,405	-9,213	-7,844	-7,977	-4,121	-4,060	-21,370	-21,250	-376	-599	0	0	-21,746	-21,849
<b>Adjusted EBITA <sup>3</sup></b>	<b>36,269</b>	<b>-10,744</b>	<b>32,049</b>	<b>13,259</b>	<b>15,123</b>	<b>6,928</b>	<b>83,441</b>	<b>9,443</b>	<b>-5,650</b>	<b>-4,654</b>	<b>-87</b>	<b>-178</b>	<b>77,704</b>	<b>4,611</b>
Adjusted EBITA margin <sup>1,3</sup>	13.1%	-5.4%	13.8%	6.8%	17.3%	10.3%							13.7%	1.0%
<b>Adjusted EBIT <sup>3</sup></b>	<b>34,149</b>	<b>-12,035</b>	<b>30,659</b>	<b>11,840</b>	<b>14,818</b>	<b>6,551</b>	<b>79,626</b>	<b>6,356</b>	<b>-6,545</b>	<b>-5,721</b>	<b>-86</b>	<b>-180</b>	<b>72,995</b>	<b>455</b>
Adjusted EBIT margin <sup>1,3</sup>	12.3%	-6.0%	13.2%	6.0%	16.9%	9.8%							12.8%	0.1%
Assets (previous year's figures as of Dec 31, 2020) <sup>4,5</sup>	660,234	621,091	625,258	574,091	260,415	253,193	1,545,907	1,448,375	251,825	263,481	-333,082	-297,152	1,464,650	1,414,704
Liabilities (previous year's figures as of Dec 31, 2020) <sup>5</sup>	229,555	204,830	268,153	245,259	45,329	50,441	543,037	500,530	588,826	584,564	-292,330	-259,900	839,533	825,194
CAPEX <sup>6</sup>	7,931	6,175	8,553	5,201	4,787	3,218	21,271	14,594	519	507	n/a	n/a	21,790	15,101
Employees <sup>7</sup>	3,704	3,557	1,448	1,467	1,245	1,392	6,397	6,416	121	115	n/a	n/a	6,518	6,531

1\_In relation to segment sales.

2\_Depreciation from purchase price allocation.

3\_The adjustments are described in the chapter → [ADJUSTMENTS](#).

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

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

6\_Including capitalized rights of use for movable assets.

7\_Number of employees (average).

## Asset position

### Total assets

Total assets amounted to EUR 1,464.7 million as of June 30, 2021, 3.5% higher than at the end of 2020 (Dec 31, 2020: EUR 1,414.7 million).

### Assets

Non-current assets amounted to EUR 888.7 million as of June 30, 2021, a slight decrease of 0.3% compared to December 31, 2020 (EUR 891.7 million). EUR 21.9 million was invested in fixed assets (H1 2020: EUR 15.1 million). In addition, EUR 3.4 million (H1 2020: EUR 7.5 million) were recognized as additions to non-current assets for the capitalization of rights of use for leased land and buildings. Capital expenditure included own work capitalized in the amount of EUR 1.3 million (H1 2020: EUR 1.8 million). The main focus of investing activities in the first half of the year was on China, the United States, Germany, Serbia, Poland and the Czech Republic. There were no significant disposals. Non-current assets accounted for 60.1% of total assets as of June 30, 2021 (Dec. 31, 2020: 63.0%).

Current assets amounted to EUR 576.0 million as of June 30, 2021, an increase of 10.1% compared to the end of 2020 (Dec 31, 2020: EUR 523.0 million). This is due, among other factors, to the increase in inventories (+ 17.8%) and trade receivables (+ 21.3%) resulting from the higher level of business activity. In contrast, cash and cash equivalents decreased by 8.8% to EUR 168.7 million, also due to the dividend payment of EUR 22.3 million to the shareholders of NORMA Group in May 2021. The share of current assets in total assets amounted to 38.9% as of June 30, 2021 (Dec 31, 2020: 37.0%).

### Higher equity ratio

The equity ratio was 42.7% on June 30, 2021, a slight increase compared to December 31, 2020 (41.7%). The increase results from the net profit for the period and from translation differences from foreign operations.

## Financial liabilities

At EUR 520.8 million, NORMA Group's financial liabilities as of June 30, 2021, were 0.5% below the level on December 31, 2020 (EUR 523.5 million). Currency effects related to the US dollar and interest deferrals led to an increase in loans. Conversely, liabilities from the commercial paper program decreased by EUR 5.0 million. The increase in liabilities from leases resulted from additions in the area of rights of use due to newly concluded leases, which more than offset the changes due to repayments (payment of lease installments).

Non-current liabilities amounted to EUR 505.2 million as of June 30, 2021, an increase of 0.7% compared to the end of 2020 (Dec 31, 2020: EUR 501.7 million).

Current liabilities amounted to EUR 334.4 million as of June 30, 2021, an increase of 3.4% compared to the end of 2020 (Dec 31, 2020: EUR 323.5 million).

As of the balance sheet date, non-current liabilities accounted for 34.5% of total assets (Dec 31, 2020: 35.5%), while current liabilities accounted for 22.8% (Dec 31, 2020: 22.9%).

### Increase in net debt

Net debt was EUR 352.0 million as of June 30, 2021, compared to EUR 338.4 million at the end of 2020, an increase of 4.0% or EUR 13.6 million. This was mainly due to a decrease in cash and cash equivalents. In addition, current interest expenses, the increase in lease liabilities, and cash-neutral negative currency effects had a negative impact on net debt.

Gearing (net debt to equity) as of June 30, 2021, was constant at the same level as at the end of 2020 (Dec 31, 2020: 0.6) at 0.6. Leverage (net debt excl. hedging instruments in relation to EBITDA for the last twelve months) was 2.0 as of June 30, 2021 (Dec 31, 2020: 2.6).



## Financial position

### Group-wide financial management

A detailed overview of the general financial management of NORMA Group can be found in the → [2020 ANNUAL REPORT](#).

### Strong net operating cash flow

Net operating cash flow amounted to EUR 39.3 million in the reporting period January to June 2021, a significant increase compared to the same period of the previous year (H1 2020: EUR 8.5 million). The increase is attributable on the one hand to the strong rise in EBITDA, which increased from EUR 25.5 million to EUR 99.5 million as a result of higher business activity. In addition, the net operating cash flow of the prior-year period was burdened by the partly non-cash expenses for the “Get on track” program.

Higher capital expenditures from operations (H1 2021: EUR 19.8 million; H1 2020: EUR 14.3 million) compared to the prior-year period reduced net operating cash flow.

### Cash flows from operating, investing and financing activities

Cash flow from operating activities was EUR 41.8 million in the first half of 2021 (H1 2020: EUR 38.9 million). Cash flow from investing activities was EUR – 22.8 million in the first half of 2021 (H1 2020: EUR – 15.5 million) and includes net cash outflows from the procurement and disposal of non-current assets. Cash flow from financing activities was EUR – 38.3 million in the six-month period of 2021 (H1 2020: EUR – 8.9 million). → [CONDENSED NOTES](#)

## Non-financial performance indicators

NORMA Group's most important non-financial performance indicators include CO<sub>2</sub> emissions, the Group's innovative capability, the problem-solving behavior of its employees and the sustainable overall development of NORMA Group.

Other non-financial performance indicators include personnel and environmental indicators as well as key figures for occupational safety and health protection in the Group. Information on these can be found in the → [2020 CR REPORT](#).

### Carbon dioxide emissions

Compliance with the applicable environmental protection requirements and the avoidance of environmental risks have high priority for NORMA Group. The Company is guided by international standards and guidelines in this regard. Climate-relevant CO<sub>2</sub> emissions are a significant non-financial performance indicator in the area of the environment, which has also been part of the Management Board's remuneration system since January 2020. NORMA Group records the greenhouse gas emissions of all production sites resulting from gas consumption (Scope 1) and the purchase of electricity and district heating (Scope 2) and strives to continuously reduce these emissions. With regard to its own production processes, NORMA Group has set itself the target of reducing CO<sub>2</sub> emissions by around 19.5% by 2024 (reference year 2017). This target is based, among other aspects, on calculations of the Science Based Targets initiative (SBTi). CO<sub>2</sub> emissions in the first half of 2021 amounted to 23,536 t CO<sub>2</sub>e (H1 2020: 22,986 t CO<sub>2</sub>e).

### Invention applications

Securing the ability to innovate on a sustainable basis is a key driver for NORMA Group's future growth. To this end, the development of new products that are oriented towards the changing requirements of end markets, customers and legal regulations is essential. NORMA Group therefore promotes the inventive spirit of its employees through targeted incentive systems and records, manages and reports the number of annual invention disclosures in the Group. Ten invention applications were filed in the first half of 2021 (H1 2020: 12).

### Quality indicator

NORMA Group stands for the highest reliability and service quality. The reputation of its brands and the reliability of its products are a key factor in the Company's success. The Group therefore relies on the highest quality standards in the development and manufacture of its products. In order to minimize faulty production and maximize customer satisfaction, NORMA Group measures and controls the problem-solving behavior of its employees on the basis of the key figure of defective parts per million produced (parts per million / PPM). This key figure is recorded and aggregated on a monthly basis throughout the Group. The number of defective parts (PPM) in the first half of 2021 was 4.7 (H1 2020: 4.8).

### Acting responsibly at all levels of the Company

NORMA Group considers it its main responsibility to reconcile the effects of its business activities with the expectations and needs of society. The Company therefore bases its operational decisions on the principles of responsible corporate governance and sustainable action. NORMA Group's strategy and objectives in the area of corporate responsibility (CR) are continuously evaluated and updated. Further information on this can be found in the → [2020 CR REPORT](#).

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## Forecast Report

### General Economic and Industry-Specific Conditions

#### Dynamic development of the global economy expected

Compared to the strong economic upturn in the first half of 2021, there are now signs of a slight slowdown. Supply bottlenecks for microchips, raw materials and intermediates in particular, and the resulting cost increases are clearly impeding the industrial recovery. The coronavirus pandemic, especially the spread of the Delta variant of the virus, also continue to pose a major challenge to the global economy. Additional pressure is being exerted by the recent increases in key interest rates in major emerging countries such as Turkey, Russia and Brazil. Taken together, these influencing factors could put a strain on the recovery of the world economy. In July, the IMF confirmed its previous forecast for 2021 and continues to expect global growth of 6.0%. A positive trend is anticipated both in the industrialized nations (+ 5.6%) and in the emerging and developing countries (+ 6.3%). The IMF projects robust GDP growth of + 7.0% for the United States. A dynamic increase of 8.1% is expected in China, whereas the IMF forecasts more moderate growth of 4.6% for the euro region.

#### German economy poised for an increasingly dynamic upswing

The German Bundesbank estimates that the German economy will overcome the pandemic-related crisis and is consequently at the start of a strong upswing. This assumption is made on condition that the pandemic can be contained in a timely manner through the successful conclusion of the vaccination campaign. Private consumption is expected to recover increasingly starting in the second half of 2021. Significant positive stimulus, particularly from exports, is already forecast in the short term thanks to the global economic recovery. Lively investment activity is a key driver of the upswing. At present, investment in equipment and construction in particular is increasing significantly. According to current estimates, the German Bundesbank expects Germany's gross domestic product to grow by 3.7% in 2021, the ifo Institute assumes an increase of 3.3% in its summer forecast, and the IMF anticipates growth in the German gross domestic product of 3.6%.

#### Forecasts for GDP Growth (Real)

in %	2020	2021e	2022e
World <sup>1</sup>	- 3.2	+ 6.0	+ 4.9
USA <sup>1</sup>	- 3.4 <sup>5</sup>	+ 7.0	+ 4.9
China <sup>1</sup>	+ 2.3 <sup>6</sup>	+ 8.1	+ 5.7
Euro region <sup>1</sup>	- 6.5 <sup>2</sup>	+ 4.6	+ 4.3
Germany			
IMF <sup>1</sup>	- 4.8	+ 3.6	+ 4.1
ifo Institute <sup>4</sup>	- 4.6 <sup>3</sup>	+ 3.3	+ 4.3

1\_ IMF WEO update July 2021

2\_ Eurostat / European Central Bank (ECB)

3\_ Destatis: (calendar-adjusted: - 4.9%; Q2 2021: - 3.0%; Q2 2021: + 9.2%)

4\_ ifo summer forecast 2021

5\_ USDC/BEA (annualisierte Rate)

6\_ National Bureau of Statistics of China (NBS)

#### Forecasts for mechanical and plant engineering for 2021 raised further

The climate for the capital goods industry has brightened visibly in recent months. Supported by favorable financing conditions, progress with vaccination campaigns and the steadily more robust recovery of the global economy, willingness to invest has increased again. In many cases, plans for projects that were postponed or delayed during the pandemic are being brought forward and carried out. The pressure to transform in many industries with a view to automation, networking and digitalization as well as climate protection is likewise a major investment driver. This is also triggering realignments and appropriate investments in the transportation, commerce and logistics sectors. Against this backdrop, the German Engineering Federation (VDMA) had repeatedly raised its original forecast for German mechanical and plant engineering production for 2021 in view of the increasingly more positive development (F: February: + 4%; April: + 7%). The industry association now expects German machinery and plant production to grow strongly again for the first time in two years at + 10% in real terms.

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### Mechanical Engineering: Change in Production and Order Inflow in Germany <sup>1</sup> (Real)

in %	2020	Q1 2021	Q2 2021
<b>Industry production 1</b>			
World <sup>1</sup>	-4.5	7.4	5M: +13.7 April: +17.7 May: +15.4
USA <sup>2</sup>	-7.2	+3.6	+5.5
China <sup>3</sup>	+2.8	+24.5	6M: 15.9
Euro region <sup>4</sup> without construction	-8.6	+3.1	April: 39.4 <sup>3</sup> May: +20.5/+24.5 <sup>5</sup>

1\_CPB Netherlands Bureau for Economic Policy Analysis  
 2\_FED  
 3\_National Bureau of Statistics of China (NBS)  
 4\_Eurostat / European Central Bank (ECB)  
 5\_ifo forecast

### Chip shortage dampens automotive production, technology upheaval continues at the same time

According to current estimates by LMC Automotive (LMCA), the limited availability of microchips is expected to continue to have a negative impact for the rest of 2021, so that the recovery in production will still be muted. Therefore, a very moderate development is emerging for the second half of 2021 (sales: around +1%; production: around +2%). Nevertheless, the absolute production volume is expected to rise to 21 million light vehicles (LV) in the third quarter of 2021 and to nearly 24 million LV in the fourth quarter. In total, LMCA expects 84.9 million light vehicles (LV, up to 6 t) to be produced worldwide in 2021. Despite this increase, production in 2021 will still be around 10 million LV below the record level achieved in 2017. As a result, cost and adjustment pressure will remain strong for manufacturers and suppliers, especially as new powertrains, systems and mobility concepts require high upfront investments. In total, around 2 million electric vehicles (pure battery and plug-in hybrid passenger cars) were sold worldwide in the first five months of 2021. This equates to a market share of 5.8%.

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

in %	2020	2021e	2022e
<b>Light vehicles</b>			
Global sales <sup>1</sup>	-13.8	+12.3	+6.4
Global production <sup>1</sup>	-15.9	+13.8	+9.7
<b>Commercial vehicles</b>			
Global sales <sup>2</sup>	-4.1	+6.3	-2.4
Global production <sup>2</sup>	-5.9	+6.6	-1.4

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

### Construction industry predominantly on the upswing

Buoyed by government stimulus, robust economic growth and the immense demand resulting from increasing urbanization, China's construction industry is currently on a strong growth path. However, construction starts have recently risen more slowly than the volume of completed building projects, so that a slowdown in the high rate of expansion cannot be ruled out. For Europe's construction output, the Euroconstruct industry network (including ifo) expects growth to return (+3.8%) in the further course of 2021, driven mainly by the UK, Italy and France according to current estimates. By contrast, no major impetus is expected for the Netherlands and Eastern Europe until 2022. According to the latest analyses, Germany's construction output is expected to remain at the current high level in both 2021 and 2022. According to the HDB construction association, the main reason for the subdued development in the sector is supply bottlenecks for construction materials. Consequently, sales in the construction industry are also expected to stagnate in nominal terms in 2021 (-2% in real terms).

### Construction Industry: Development of European Construction Industry

in %	2020	2021e	2022e
Europe (core markets) <sup>1</sup>	-5.1	+3.8	+3.0
Western Europe (EU15)	-5.2	+4.1	+2.9
Eastern Europe (EU4)	-3.8	-0.5	+3.9

1\_ifo Institute / Euroconstruct.

## US construction industry on the upswing

In the United States, the private residential construction sector in particular is booming. Building permits (866 thousand units, + 30.8%) and housing starts in the US (786 thousand units, + 25.2%) significantly exceeded the volume of completions (650 thousand units, + 10.7%) by the end of June. This also signals a further revival in the months ahead in the current fiscal year.

Residential industry experts at JBREC (John Burns Real Estate Consulting) have recently increased their projected industry growth for the residential market to + 13% versus 2020 fueled by continued strength in new construction, low mortgage rates, and an increase in large projects installed by contractors. The growth being driven by these factors is somewhat offset by reduced DIY projects and a shift in homeowner spending away from home as the United States open up with COVID vaccinations now approaching 70% of the population. Consistent with this, JBREC is forecasting that residential repair and remodel spending will slow in the second half of 2021 (Flat versus 2020 in the second half compared to + 15% in the first half of the year).

According to FMI Corporation, a leading provider of consulting and investment banking services to the construction industry, Strong growth in residential investment, especially within single-family and improvements, will again uphold industry spending levels in 2021. Water supply is the only non-residential segment expected to grow in 2021, with an anticipated gain of more than 5%. The latest Nonresidential Construction Index (NRCI) feedback suggests continued and increased optimism heading into the third quarter of 2021, at 59.7, up from 54.4 in the prior quarter. The index shows strong momentum since the first quarter of 2021, well within expansionary territory, surpassing the growth threshold of 50. The most recent reading is in the range of scores collected between 2011 and 2018, suggesting increased engineering and construction opportunities ahead.

## Future Development of NORMA Group SE

The forecast for the Group's overall development in fiscal year 2021 is unchanged from the forecast published on March 24, 2021, as part of the 2020 Annual Report. However, due to the better-than-expected sales development in the Americas and Asia-Pacific regions and on the basis of the current planning figures, the Management Board has raised the sales forecast for the Americas and Asia-Pacific regions slightly. For the Americas region, strong organic sales growth in the low double-digit range (previously: high single-digit organic sales growth) is now expected. For the Asia-Pacific region, the Management Board now expects high single-digit organic sales growth (previously: slight organic sales growth). The Management Board's assumptions regarding the development of the key performance indicators in fiscal year 2021 are presented in the following table. Detailed explanations of the assumptions can be found in the [→ 2020 ANNUAL REPORT](#).

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Forecast for Fiscal Year 2021

Organic Group sales growth	Low double-digit organic Group sales growth EJT: Strong organic sales growth in the low double-digit range SJT: Significant organic sales growth in the high single-digit range EMEA: Strong organic sales growth in the low double-digit range Americas: Strong organic sales growth in the low double-digit range APAC: High single-digit organic sales growth
Cost of materials ratio	Significantly improved material cost ratio
Personnel cost ratio	Significantly improved personnel cost ratio
R&D investment ratio	Around 3% of sales <sup>1</sup>
Adjusted EBITA margin	More than 13%
Adjusted EBIT margin	More than 12%
NORMA Value Added (NOVA)	Between EUR 10 million and EUR 25 million
Financial result	Up to EUR – 13 million
Tax rate	Between 27% and 29%
Adjusted earnings per share	Strong increase in adjusted earnings per share
Investment rate (without acquisitions)	Investment ratio between 5% and 6% of Group sales
Net operating cash flow	More than EUR 110 million
Dividend / dividend ratio	Around 30% to 35% of adjusted Group earnings
CO <sub>2</sub> emissions	Reduction in CO <sub>2</sub> emissions by around 19.5% <sup>2</sup> by 2024 (CAGR: 3.0 %)
Number of invention applications	More than 20
Number of defective parts (parts per million / PPM)	Below 10

<sup>1</sup> Due to the increasing strategic relevance of the area of water management, NORMA Group includes R&D expenses in this area in the calculation from the 2020 reporting year onwards and uses total sales as a reference value to determine the R&D ratio (previously 5% of EJT sales).

<sup>2</sup> Reference year: 2017.

## Risk and Opportunity Report

NORMA Group is exposed to a wide variety of risks and opportunities that can have a positive or negative short-term or long-term impact on its financial, assets and earnings positions. For this reason, opportunity and risk management represents an integral component of corporate management for NORMA Group, at both the Group management level and at the level of the individual companies and individual 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. A detailed description of the current assessments of the opportunities and risks of the NORMA Group can be found in the → [2020 ANNUAL REPORT](#).

### Risk and Opportunity Profile of NORMA Group

As part of the preparation and monitoring of the risk and opportunity profile, NORMA Group assesses opportunities and risks on the basis of their financial impact and probability of occurrence. The financial impact of opportunities and risks is assessed in relation to EBIT. The following five categories are used:

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

The range assigned sets the financial impact of a risk or opportunity in relation to the EBIT of the Group or a segment if the respective risk or opportunity relates solely to a specific segment. The assessment of opportunities and risks whose financial impact has an effect on line items in the Statement of Comprehensive Income below EBIT is also performed in relation to EBIT. The presented impact always reflects the effects of countermeasures initiated. The probability of individual risks and opportunities occurring 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 risks and opportunities assessment published in the 2020 Annual Report, the only changes with regard to the probability of occurrence or financial impact of the risks are in the area of interest rate risks and industry-specific and technological risks.

NORMA Group generates approximately 25% of its sales in US dollars and has a significant amount of debt in US dollars as part of its debt financing. The current macroeconomic situation suggests inflation risks – particularly in the US dollar area – which could have a corresponding effect on NORMA Group in the form of an increase in the interest rate level for financing in US dollars and thus higher financing costs for debt capital. NORMA Group therefore now assesses interest rate risks as likely (2020 Annual Report: possible). Taking the countermeasures implemented in the area of financial management into account, the financial impact associated with potential changes in interest rates continues to be assessed as minor.

Business activities with original equipment manufacturers for passenger cars and commercial vehicles as well as customers in the aftermarket segment continue to represent the most important end markets for NORMA Group in terms of sales. The current market situation with reduced vehicle production – among other factors due to the currently prevailing supply bottlenecks, for semiconductors and microchips in particular – is therefore also having an impact on NORMA Group's sales, as a result of which the industry-specific risks are now assessed as likely (2020 Annual Report: possible). However, taking the countermeasures implemented into account, the potential financial impact with regard to industry-specific risks continues to be assessed as moderate.

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Although the overall risk situation in the macroeconomic environment remains elevated, there has been no significant change in the risk assessment for the following areas:

In the area of raw material prices – in particular due to supply bottlenecks in the first half of 2021 – there is still an increased probability of risk → [2020 ANNUAL REPORT](#). In addition, the risk situation is influenced by the flood disaster that occurred in mid-July 2021, which also directly or indirectly affects individual suppliers of NORMA Group. Overall, the probability of realizing risks in the area of raw material prices is still assessed as likely. Taking countermeasures already implemented and planned into account, the potential financial impact continues to be assessed as minor.

The coronavirus pandemic – particularly against the backdrop of the current spread of the Delta variant – continues to have a significant impact on global economic and cyclical development. A negative impact on the economic recovery observed so far in the fiscal year is therefore potentially to be expected. NORMA Group thus continues to assess economic and cyclical risks as possible and the financial impact as moderate, taking current countermeasures into account.



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**Risk and Opportunity Profile of NORMA Group <sup>1</sup>**

		Probability of occurrence					Financial impact						
		very unlikely	unlikely	possible	likely	very likely	Change comp. to Dec. 2020	insignificant	minor	moderate	significant	high	Change comp. to Dec 2020
<b>Financial risks 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>Strategic risks and opportunities</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.

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## Report on Significant Transactions with Related Parties

In the reporting period from January to June 2021, there were no significant transactions with related parties subject to reporting.

Maintal, August 4, 2021

NORMA Group SE

The Management Board



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



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



**Annette Stieve**  
Chief Financial Officer  
(CFO)

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# CONSOLIDATED INTERIM FINANCIAL STATEMENTS

## Consolidated Statement of Comprehensive Income for the period from January 1 to June 30, 2021

in EUR thousands	Note	H1 2021	H1 2020
Revenue	(5)	568,067	445,028
Changes in inventories of finished goods and work in progress		5,969	-8,234
Other own work capitalized		1,326	1,825
Raw materials and consumables used	(5)	-249,477	-187,738
<b>Gross profit</b>		<b>325,885</b>	<b>250,881</b>
Other operating income	(6)	9,829	11,532
Other operating expenses	(6)	-89,868	-73,741
Employee benefits expense	(7)	-146,396	-162,212
Depreciation and amortization		-37,159	-38,829
<b>Operating profit</b>		<b>62,291</b>	<b>-12,369</b>
Financial income		260	208
Financial costs		-6,419	-7,570
<b>Financial costs – net</b>	<b>(8)</b>	<b>-6,159</b>	<b>-7,362</b>
<b>Profit before income tax</b>		<b>56,132</b>	<b>-19,731</b>
Income taxes		-15,036	2,889
<b>Profit for the period</b>		<b>41,096</b>	<b>-16,842</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>		<b>16,813</b>	<b>-9,167</b>
Exchange differences on translation of foreign operations		16,340	-8,049
Cash flow hedges, net of tax		473	-1,118
Costs of hedging, net of tax		0	0
<b>Other comprehensive income that cannot be reclassified to profit or loss, net of tax</b>		<b>2</b>	<b>24</b>
Remeasurements of post-employment benefit obligations, net of tax		2	24
<b>Other comprehensive income for the period, net of tax</b>		<b>16,815</b>	<b>-9,143</b>
<b>Total comprehensive income for the period</b>		<b>57,911</b>	<b>-25,985</b>
<b>Profit attributable to</b>			
Shareholders of the parent		41,026	-16,781
Non-controlling interests		70	-61
		<b>41,096</b>	<b>-16,842</b>
<b>Total comprehensive income attributable to</b>			
Shareholders of the parent		57,848	-26,065
Non-controlling interests		63	80
		<b>57,911</b>	<b>-25,985</b>
<b>(Un)diluted earnings per share (in EUR)</b>	<b>(9)</b>	<b>1.29</b>	<b>-0.53</b>

## Consolidated Statement of Financial Position as of June 30, 2021

### Assets

in EUR thousands	Note	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
<b>Non-current assets</b>				
Goodwill	(11)	383,238	393,619	377,610
Other intangible assets	(11)	215,237	252,211	222,649
Property, plant and equipment	(11)	268,455	281,835	270,005
Other non-financial assets		2,069	2,619	2,088
Contract assets		606	119	0
Income tax assets		766	1,086	750
Deferred income tax assets		18,311	18,053	18,634
		<b>888,682</b>	<b>949,542</b>	<b>891,736</b>
<b>Non-current assets</b>				
Inventories	(12)	179,327	161,831	152,189
Other non-financial assets		23,061	18,710	18,675
Other financial assets		3,426	2,055	2,470
Derivative financial assets	(13)	293	55	429
Income tax assets		3,956	5,900	6,514
Trade and other receivables	(12 / 13)	190,752	141,345	157,312
Contract assets		516	432	270
Cash and cash equivalents	(17)	168,744	192,283	185,109
Assets classified as held for sale	(19)	5,893	0	0
		<b>575,968</b>	<b>522,611</b>	<b>522,968</b>
<b>Total assets</b>		<b>1,464,650</b>	<b>1,472,153</b>	<b>1,414,704</b>

### Equity and liabilities

in EUR thousands	Note	Jun 30, 2021	Jun 30, 2020	Dec 31, 2020
<b>Equity</b>				
Subscribed capital		31,862	31,862	31,862
Capital reserve		210,323	210,323	210,323
Other reserves		-17,118	542	-33,938
Retained earnings		399,787	357,812	381,063
<b>Equity attributable to shareholders</b>		<b>624,854</b>	<b>600,539</b>	<b>589,310</b>
Non-controlling interests		263	1,656	200
<b>Total equity</b>	<b>(14)</b>	<b>625,117</b>	<b>602,195</b>	<b>589,510</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Retirement benefit obligations		16,970	16,800	16,542
Provisions	(15)	16,399	20,263	14,801
Borrowings	(13)	391,533	496,620	387,814
Other non-financial liabilities	(16)	476	359	495
Contract liabilities		331	175	167
Lease liabilities		23,992	33,128	25,727
Other financial liabilities	(13)	0	1,620	0
Derivative financial liabilities	(13)	0	1,843	0
Deferred income tax liabilities		55,472	66,411	56,151
		<b>505,173</b>	<b>637,219</b>	<b>501,697</b>
<b>Current liabilities</b>				
Provisions	(15)	18,942	11,994	23,848
Borrowings	(16)	88,117	58,155	90,177
Other non-financial liabilities	(16)	42,089	34,462	34,967
Contract liabilities	(2)	382	878	998
Lease liabilities		8,912	8,415	8,118
Dividend liabilities		0	1,274	0
Other financial liabilities	(13)	7,497	6,699	10,212
Derivative financial liabilities	(13)	731	225	1,419
Income tax liabilities		6,261	3,698	5,032
Trade and other payables		161,429	106,939	148,726
		<b>334,360</b>	<b>232,739</b>	<b>323,497</b>
<b>Total liabilities</b>		<b>839,533</b>	<b>869,958</b>	<b>825,194</b>
<b>Total equity and liabilities</b>		<b>1,464,650</b>	<b>1,472,153</b>	<b>1,414,704</b>

## Consolidated Statement of Changes in Equity for the period from January 1 to June 30, 2021

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 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 June 30, 2020</b>	<b>(14)</b>	<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>
<b>Balance as of Jan 1, 2021</b>		<b>31,862</b>	<b>210,323</b>	<b>- 33,938</b>	<b>381,063</b>	<b>589,310</b>	<b>200</b>	<b>589,510</b>
<b>Changes in equity for the period</b>								
Result for the period					41,026	41,026	70	41,096
Exchange differences on translation of foreign operations				16,347		16,347	- 7	16,340
Cash flow hedges, net of tax	(13)			473		473		473
Remeasurements of post-employment benefit obligations, net of tax					2	2		2
<b>Total comprehensive income for the period</b>		<b>0</b>	<b>0</b>	<b>16,820</b>	<b>41,028</b>	<b>57,848</b>	<b>63</b>	<b>57,911</b>
Dividends paid	(14)				- 22,304	- 22,304		- 22,304
<b>Total transactions with owners for the period</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>- 22,304</b>	<b>- 22,304</b>	<b>0</b>	<b>- 22,304</b>
<b>Balance as of June 30, 2021</b>	<b>(14)</b>	<b>31,862</b>	<b>210,323</b>	<b>- 17,118</b>	<b>399,787</b>	<b>624,854</b>	<b>263</b>	<b>625,117</b>

## Consolidated Statement of Cash Flows for the period from January 1 to June 30, 2021

in EUR thousands	Note	H1 2021	H1 2020
<b>Operating activities</b>			
<b>Profit for the period</b>		<b>41,096</b>	<b>- 16,842</b>
Depreciation and amortization		37,159	38,829
Gain (-) / loss (+) on disposal of property, plant and equipment		29	69
Change in provisions		- 2,652	18,849
Change in deferred taxes		- 1,775	- 11,102
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities		- 56,967	44,606
Change in trade and other payables, which are not attributable to investing or financing activities		12,406	- 34,989
Change in reverse factoring liabilities		7,493	- 8,208
Payments for share-based payments		- 365	- 157
Interest expenses in the period		5,231	6,599
Income (-) / expenses (+) due to measurement of derivatives		36	34
Other non-cash expenses (+) / income (-)		157	1,209
<b>Cash flow from operating activities</b>	<b>(17)</b>	<b>41,848</b>	<b>38,897</b>
thereof interest received		222	305
thereof income taxes		- 13,084	- 5,200
<b>Investing activities</b>			
Investments in property, plant and equipment and intangible assets		- 23,038	- 16,721
Proceeds from the sale of property, plant and equipment		209	1,262
<b>Cash flow from investing activities</b>	<b>(17)</b>	<b>- 22,829</b>	<b>- 15,459</b>
<b>Financing activities</b>			
Interest paid		- 3,447	- 4,411
Dividends paid to shareholders	(14)	- 22,304	0
Proceeds from borrowings		0	- 48,137
Repayment of borrowings	(13)	- 7,740	- 44
Proceeds from / repayment of derivatives	(13)	108	- 5,009
Repayment of lease liabilities		- 4,935	- 2,020
<b>Cash flow from financing activities</b>	<b>(17)</b>	<b>- 38,318</b>	<b>- 8,856</b>
<b>Net change in cash and cash equivalents</b>		<b>- 19,299</b>	<b>14,582</b>
Cash and cash equivalents at the beginning of the year		185,109	179,721
Effect of foreign exchange rates on cash and cash equivalents		2,934	- 2,020
<b>Cash and cash equivalents at the end of the period</b>	<b>(17)</b>	<b>168,744</b>	<b>192,283</b>

## 1. Principles of Preparation

These condensed Consolidated Financial Statements of NORMA Group as of June 30, 2021, have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU.

It is recommended that these financial statements be read in connection with the Consolidated Financial Statements in the 2020 Annual Report, which are available on the Internet at [www.normagroup.com](http://www.normagroup.com) All IFRS effective since January 1, 2021, as adopted by the EU, have been applied.

These Interim Financial Statements were approved for publication by resolution of the Management Board of NORMA Group on August 4, 2021.

## 2. Accounting Principles and Valuation Methods

The same accounting methods and consolidation principles have been applied in preparing these condensed Consolidated Financial Statements as in the Consolidated Financial Statements as of December 31, 2020. A detailed description of these methods is published in the Notes to the Consolidated Financial Statements in the 2020 Annual Report. → [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.

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## 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:	
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 Consolidated Financial Statements are presented in euros (EUR).

Income tax expense is recognized in each interim reporting period based on the best estimate of the weighted average annual income tax rate expected for the full fiscal year.



### 3. Scope of Consolidation

As of June 30, 2021, the Consolidated Financial Statements comprise seven domestic and 44 foreign companies, unchanged from the end of 2020.

### 4. Adjustments

Management adjusts certain expenses for the operational management of NORMA Group. The adjusted results presented below therefore reflect the management perspective.

No net expenses were adjusted within EBITDA in the first six months of 2021. As in the previous year, depreciation of property, plant and equipment from purchase price allocations in the amount of EUR 714 thousand was recog-

nized in the first six months of the fiscal year (H1 2020: EUR 1,544 thousand) within EBITA (earnings before interest, taxes and amortization of intangible assets) and in addition amortization of intangible assets of EUR 9,990 thousand (H1 2020: EUR 11,280 thousand) within adjusted EBIT.

Notional income taxes resulting from the adjustments are calculated using the tax rates of the local companies concerned and included in adjusted earnings after taxes.

The following table shows earnings net of these effects:



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

### 5. Revenue and Cost of Materials

Revenue recognized for the reporting period is as follows:

#### Revenue by distribution channel

in EUR thousands	EMEA		Americas		Asia-Pacific		Consolidated Group	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Engineered Joining Technology (EJT)	187,256	131,708	87,775	66,374	57,268	41,450	332,299	239,532
Standardized Joining Technology (SJT)	66,456	53,582	139,636	126,058	26,629	24,046	232,721	203,687
Other revenue	1,777	1,102	999	260	271	448	3,047	1,809
	<b>255,489</b>	<b>186,392</b>	<b>228,410</b>	<b>192,692</b>	<b>84,168</b>	<b>65,944</b>	<b>568,067</b>	<b>445,028</b>

At EUR 568,067 thousand, net sales revenue in the first six months of 2021 was 27.6% higher than in the first six months of 2020 (EUR 445,028 thousand). In organic terms, sales revenue rose by 33.0% or EUR 146,710 thousand compared to the same period of the previous year. The increase in sales revenue is mainly due to the significant economic recovery in the first six months of 2021 and the recovering demand in all divisions of NORMA Group. In the same period of the previous year, the ongoing pandemic and the related plant closures had a major impact on how sales developed for NORMA Group, which is why the comparative basis of the previous year is relatively low.

#### Revenue by category

in EUR thousands	H1 2021	H1 2020
Revenues from the sale of goods	564,594	443,074
Revenues from engineering services	0	30
Revenues from other services	439	726
Other revenue	3,034	1,198
	<b>568,067</b>	<b>445,028</b>

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

Revenue for the first six months of 2021 includes income from the reversal of refund liabilities recognized in the prior period in the amount of EUR 918 thousand (H1 2020: EUR 283 thousand). The reversals represent the difference between the expected volume discounts and annual bonuses for customers recognized as of December 31, 2020, and the actual payment in the fiscal year as well as the differences from recognized deferred revenues from price negotiations with NORMA Group customers that were not concluded in the previous year.

At 43.9% (H1 2020: 42.2%), the ratio of cost of materials to sales, excluding changes in inventories, was above the level of the prior-year period. As a percentage of total operating performance, the cost of materials was up year on year at 43.4% (H1 2020: 42.8%), mainly due to increasing price pressure on the raw material markets.

## 6. Other Operating Income and Other Operating Expenses

Overall, other operating income of EUR 9,829 thousand is EUR 1,703 thousand lower than in the first six months of fiscal year 2020 (EUR 11,532 thousand). Other operating income mainly includes foreign exchange gains from operating activities (H1 2021: EUR 3,721 thousand; H1 2020: EUR 4,930 thousand) as well as income from the reversal of liabilities (H1 2021: EUR 2,774 thousand; H1 2020: EUR 3,378 thousand) and of unused provisions (H1 2021: EUR 507 thousand; H1 2020: EUR 1,261 thousand).

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

NORMA Group applied for short-time work for its employees at various sites in the prior-year period. The payments NORMA Group made to its employees for the statutory short-time working allowance via the payroll represent a transitory item and are offset against the inflows from reimbursements. By contrast, reimbursements for social security expenses to be borne by the employer are classified as a government grant and recognized in other operating income.

NORMA Group received further government grants in connection with the COVID-19 pandemic in the current fiscal year. The total grants received in the first six months of 2021 amounted to EUR 1,164 thousand (H1 2020: EUR 276 thousand).

### Other operating expenses

in EUR thousands	H1 2021	H1 2020
Consulting and marketing	- 8,696	- 9,475
Expenses for temporary workforce and other personnel-related costs	- 22,000	- 11,206
Freights	- 21,780	- 13,477
IT and telecommunications	- 10,696	- 8,453
Rentals and other building costs	- 3,348	- 3,153
Travel and entertainment	- 1,228	- 2,157
Currency losses operational	- 4,424	- 6,070
Research & development	- 1,165	- 1,556
Vehicle costs	- 984	- 1,046
Maintenance	- 1,737	- 1,347
Commission payable	- 2,416	- 2,413
Non-income-related taxes	- 1,421	- 1,715
Insurances	- 1,940	- 1,521
Office supplies and services	- 1,102	- 1,061
Other administrative expenses	- 4,202	- 4,343
Others	- 2,729	- 4,748
<b>Total</b>	<b>- 89,868</b>	<b>- 73,741</b>

At EUR 89,868 thousand, other operating expenses were 21.9% higher than in the first six months of 2020 (EUR 73,741 thousand).

The main reasons for this were higher expenses for temporary staff due to the renewed increase in business activity and higher freight costs compared to the prior-year period. The latter were related both to the higher sales volume and to temporary delivery backlogs as a result of the restructuring measures.

By contrast, lower currency losses from operating activities compared to the previous year had a positive impact on the development of other operating expenses.

In addition, higher expenses were recognized in the prior-year period due to write-downs of receivables and the general increase in the risk of payment defaults. These increased the item "Other" by EUR 2,000 thousand in the first six months of 2020 compared to the first six months of 2021.

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In the first half of the current fiscal year, EUR 674 thousand in costs for the “Get on track” program were included in consulting and marketing expenses (H1 2020: EUR 1,576 thousand).

In relation to total operating performance, other operating expenses decreased significantly to a ratio of 15.6% (H1 2020: 16.8%).

## 7. Employee Benefit Expenses

Employee benefit expenses in the first six months of 2021 amounted to EUR 146,396 thousand compared to EUR 162,212 thousand in the same period of the previous year. The first six months of 2020 include expenses from restructuring provisions for the “Get on track” program initiated in November 2019 in the amount of EUR 20,581 thousand. Employee benefit expenses as a percentage of total output decreased from 37.0% to 25.4%.

Excluding costs recognized in the prior-year period, employee benefit expenses increased by EUR 4,765 thousand year on year. Based on comparable employee benefit expenses (H1 2021: EUR 146,396 thousand; H1 2020: 141,631 thousand), employee benefit expenses as a percentage of total output decreased from 32.3% to 25.4%.

This decrease was mainly due to the increase in business activity compared to the prior-year period. Order and sales volumes in the prior-year period were significantly lower due to the effects of the COVID-19 pandemic.

The average headcount was 6,518 in the first six months of 2021 (H1 2020: 6,531).

## 8. Financial Result

The financial result amounted to EUR –6,159 thousand in the first six months of 2021, a decrease of EUR 1,203 thousand compared to the first six months of 2020 (EUR –7,362 thousand). Net currency gains / losses (including income / expenses from the valuation of currency hedging derivatives) amounted to EUR –515 thousand in the first six months of 2021 (H1 2020: EUR –466 thousand).

Net interest expenses of EUR 4,831 thousand (including interest expenses from leases) decreased by EUR 1,503 thousand in the first six months of 2021 compared to the first six months of 2020 (EUR 6,334 thousand). The decrease mainly resulted from the reduction of NORMA Group’s gross debt (liabilities to banks) at the end of 2020 and the refinancing through the Commercial Paper Program at significantly lower interest rates. Furthermore, the interest rate cuts in the US dollar region in the second half of 2020 had a positive effect on the interest expenses from US dollar tranches of the financing.

In the first six months of 2021, interest expenses of EUR 418 thousand from leases (H1 2020: EUR 584 thousand) were recognized in the financial result.

## 9. Earnings per Share

Earnings per share are calculated by dividing the net profit for the period attributable to the shareholders of NORMA Group by the weighted average number of shares issued in the reporting period. NORMA Group has only issued ordinary shares. The weighted average number of shares in the first six months of 2021 was 31,862,400 (H1 2020: 31,862,400).

Earnings per share for the first six months of 2021 were as follows:

### Earnings per share

	H1 2021	H1 2020
Profit attributable to shareholders of the parent (in EUR thousands)	41,026	– 16,781
Number of weighted shares	31,862,400	31,862,400
<b>Earnings per share (un)diluted (in EUR)</b>	<b>1.29</b>	<b>–0.53</b>

Earnings per share in the first six months of 2020 were negatively impacted by the expenses from the “Get on track” program. In addition, the COVID-19 pandemic had a significant negative impact on earnings per share in the first six months of 2020.

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## 10. Taxes / Deferred Income Taxes

In the first six months, income tax expenses of EUR 15,036 thousand (H1 2020: income from income taxes of EUR 2,889 thousand) were recognized on a positive result before income taxes of EUR 56,132 thousand (H1 2020: negative result before income taxes of EUR 19,731 thousand). The tax rate for the first six months of 2021 was 26.8% (H1 2020: 14.6%). The sharp deviation in the tax rate in the prior-year period resulted primarily from the negative pre-tax profit for the period in the prior-year period and from the non-tax-deductible expenses and non-creditable foreign withholding taxes in fiscal year 2020.

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

Intangible assets can be broken down as follows:

### Goodwill and other intangible assets – carrying amounts

in EUR thousands	June 30, 2021	Dec 31, 2020
Goodwill	383,238	377,610
Customer lists	139,227	142,511
Licenses, rights	145	143
Software acquired externally	2,088	3,343
Software generated internally	2,886	0
Trademarks	37,675	37,255
Patents and technology	23,832	25,425
Internally generated intangible assets	7,243	12,068
Intangible assets, other	2,141	1,904
<b>Total</b>	<b>598,475</b>	<b>600,259</b>

The increase in goodwill from EUR 377,610 thousand as of December 31, 2020, to EUR 383,238 thousand as of June 30, 2021, resulted from positive exchange rate effects, from the US dollar region in particular.

Goodwill developed as follows:

### Change in goodwill

in EUR thousands

<b>Balance as of December 31, 2020</b>	<b>377,610</b>
Currency effect	5,628
<b>Balance as of June 30, 2021</b>	<b>383,238</b>

Details on the historical development of accumulated depreciation and impairment losses can be found in the → [2020 ANNUAL REPORT](#).

Property, plant and equipment as well as rights of use can be broken down as follows:

### Property, plant and equipment – carrying amounts

in EUR thousands	Carrying amounts	
	June 30, 2021	Dec 31, 2020
Land and buildings	51,690	57,662
Machinery and tools	128,173	128,749
Other equipment	12,868	12,879
Assets under construction	40,637	34,878
<b>Right of use assets</b>		
Land and buildings	30,843	32,522
Machinery and tools	163	208
Forklifts and warehouse	1,292	1,085
Office and IT equipment	454	119
Company cars	2,335	1,903
<b>Total</b>	<b>268,455</b>	<b>270,005</b>

EUR 21,879 thousand was invested in non-current assets, including own work capitalized of EUR 1,326 thousand.

The main investments were made in the Czech Republic, Serbia, Poland, Germany, the United States and China. There were no significant disposals.

In addition, EUR 3,356 thousand (H1 2020: EUR 7,472 thousand) was recognized as additions to non-current assets for the capitalization of rights of use for leased land and buildings.

## 12. Current Assets

Current assets as of June 30, 2021, increased by 10.1% compared to December 31, 2020. This development is mainly due to the positive market situation explained earlier and higher demand for NORMA Group's products, which is why trade receivables in particular increased significantly by EUR 33,440 thousand or 21.3%. As a result, inventories also increased by EUR 27,138 thousand or 17.8% compared to December 31, 2020. By contrast, cash and cash equivalents decreased by EUR 16,365 thousand or 8.8% from EUR 185,109 thousand at the end of the year to EUR 168,744 thousand as of June 30, 2021, also due to the payment of the dividend to the shareholders of NORMA Group (EUR 22.3 million) in May 2021. In the previous year, the statutory minimum dividend of EUR 1.4 million was distributed within the third quarter due to COVID.

Compared to June 30, 2020, trade receivables increased significantly by 35.0%. Inventories increased by 10.8% in the same period. This positive development is mainly due to the low comparative basis of the prior-year reporting date that resulted from the restricted business activities in the first half of 2020 in connection with the coronavirus pandemic.

### 13. Financial Instruments

The following disclosures provide an overview of the financial instruments held by the Group. Financial instruments by class and category were as follows:

#### Financial instruments – classes and categories

in EUR thousands	Category IFRS 7.8 according to IFRS 9	Carrying amount June 30, 2021	Measurement basis IFRS 9			Fair value June 30, 2021
			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	59			59	59
Foreign exchange derivatives – fair value hedges	n/a	234			234	234
Trade and other receivables	Amortized cost	145,835	145,835			145,835
Trade receivable – ABS / Factoring program	FVTPL	44,917		44,917		44,917
Other financial assets	Amortized cost	3,426	3,426			3,426
Cash and cash equivalents	Amortized cost	168,744	168,744			168,744
<b>Financial liabilities</b>						
Borrowings	FLAC	479,650	479,650			492,485
<b>Derivative financial instruments – hedge accounting</b>						
Interest rate swaps – cash flow hedges	n/a	685			685	685
Foreign exchange derivatives – fair value hedges	n/a	46			46	46
Trade and other payables	FLAC	161,429	161,429			161,429
Lease liabilities	n/a	32,904				n/a
Other liabilities	FLAC	7,497	7,497			7,497
<b>Totals per category</b>						
Financial assets at amortized cost		318,005	318,005			318,005
Financial assets at fair value through profit or loss (FVTPL)		44,917		44,917		44,917
Financial liabilities at amortized cost (FLAC)		648,576	648,576			661,411

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**Financial instruments – classes and categories (continued)**

in EUR thousands	Category IFRS 7.8 according to IFRS 9	Carrying amount Dec 31, 2020	Measurement basis IFRS 9			Fair value Dec 31, 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	33			33	33
Foreign exchange derivatives – fair value hedges	n/a	396			396	396
Trade and other receivables	Amortized cost	135,183	135,183			135,183
Trade receivable – ABS / Factoring program	FVTPL	22,129		22,129		22,129
Other financial assets	Amortized cost	2,470	2,470			2,470
Cash and cash equivalents	Amortized cost	185,109	185,109			185,109
<b>Financial liabilities</b>						
Borrowings	FLAC	477,991	477,991			490,254
<b>Derivative financial instruments – hedge accounting</b>						
Interest rate swaps – cash flow hedges	n/a	1,354			1,354	1,354
Foreign exchange derivatives – fair value hedges	n/a	65			65	65
Trade and other payables	FLAC	148,726	148,726			148,726
Finance lease liabilities	n/a	33,845				n/a
Other financial liabilities	FLAC	10,212	10,212			10,212
<b>Totals per category</b>						
Financial assets at amortized cost		322,762	322,762			322,762
Financial assets at fair value through profit or loss (FVTPL)		22,129		22,129		22,129
Financial liabilities at amortized cost (FLAC)		636,929	636,929			649,192

### 13. (a) Trade Receivables Held for Transfer and Transferred

#### i. Transferred trade receivables

Subsidiaries of NORMA Group in the segments EMEA and the Americas transfer trade receivables to non-Group buyers under factoring and ABS transactions. The details and effects of the respective programs are presented below.

##### a) Factoring transactions

In the factoring agreement concluded in fiscal year 2017 with a maximum receivables volume of EUR 18 million, subsidiaries of NORMA Group in Germany, Poland and France sell trade receivables directly to external buyers. Under this factoring program, receivables in the amount of EUR 2.8 million were sold as of June 30, 2021 (Dec 31, 2020: EUR 7.0 million), of which EUR 0.3 million (Dec 31, 2020: EUR 0.7 million) were not paid out as purchase price retentions held as security reserves and recognized as other financial assets.

The continuing involvement in the amount of EUR 25 thousand (Dec 31, 2020: EUR 64 thousand) was recognized as other financial liability and comprises the maximum loss for NORMA Group resulting from the late payment risk on the receivables sold as of the reporting date. The fair value of the guarantee or the interest payments to be assumed was recognized at EUR 2 thousand (Dec 31, 2020: EUR 5 thousand).

NORMA Group established yet another factoring program in 2018. In the factoring agreement concluded in December 2018 with a maximum receivables volume of USD 16 million, a subsidiary of NORMA Group in the United States sells trade receivables directly to the non-Group acquirers. Receivables in the amount of EUR 8.3 million were sold under this factoring program as of June 30, 2021 (Dec 31, 2020: EUR 7.9 million), EUR 1.7 million of which (Dec 31, 2020: EUR 0.0 million) were not paid out as purchase price retentions held as security reserves and recognized as other financial assets.

##### b) ABS program

NORMA Group entered into a revolving receivables purchase agreement with Weinberg Capital Ltd. (special purpose entity) in fiscal year 2014. The agreed structure provides for the sale of trade receivables of NORMA Group via an ABS transaction and was successfully initiated in December 2014. NORMA Group sells the receivables to a special purpose entity.

Under this asset-backed securities (ABS) program with a volume of up to EUR 20 million, domestic Group companies of NORMA Group had sold receivables in the amount of EUR 12.5 million as of June 30, 2021 (Dec 31, 2020: EUR 12.2 million), of which EUR 0.5 million (Dec 31, 2020: EUR 0.5 million) have not been paid out as purchase price retentions held as security reserves and have been recognized as other financial assets.

A continuing involvement in the amount of EUR 225 thousand (Dec 31, 2020: EUR 219 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guarantee and the expected interest payments until receipt of payment in relation to the carrying amount of the transferred receivables. The fair value of the guarantee or the interest payments to be assumed was recognized in profit or loss as other liability in the amount of EUR 189 thousand (Dec 31, 2020: EUR 183 thousand).

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

Under this ABS program with a volume of up to USD 20 million, US Group companies of NORMA Group sold receivables in the amount of EUR 10.1 million as of June 30, 2021 (Dec 31, 2020: EUR 11.3 million), EUR 0.5 million of which were not paid out as purchase price retentions (Dec 31, 2020: EUR 0.5 million) held as security reserves and recognized as other financial assets.

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A continuing involvement in the amount of EUR 226 thousand (Dec 31, 2020: EUR 253 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guarantee and the expected interest payments until receipt of payment in relation to the carrying amount of the transferred receivables. The fair value of the guarantee or the interest payments to be assumed was recognized and included in profit or loss as other liabilities in the amount of EUR 157 thousand (Dec 31, 2020: EUR 175 thousand).

**ii. Trade receivables earmarked for transfer**

In the Group's view, trade receivables included in these programs but not yet disposed of beyond the closing date cannot be allocated to either the "hold" or the "hold and sell" business model. Accordingly, they are recognized in the "Fair Value through Profit and Loss" (FVTPL) category.

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

**i. Borrowings**

The maturities of the long-term syndicated loans as well as the promissory note loans and commercial paper as of June 30, 2021, are as follows:

**Maturity bank borrowings as of June 30, 2021**

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			241,800	
Promissory note, net	70,104	3,500	105,439	41,500
Commercial paper	15,000			
<b>Total</b>	<b>85,104</b>	<b>3,500</b>	<b>347,239</b>	<b>41,500</b>

The maturities of the syndicated loans and the promissory note loans as of December 31, 2020, are as follows:

**Maturity bank borrowings as of December 31, 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			238,563	
Promissory note, net	68,949	3,500	105,094	41,500
Commercial paper	20,000			
<b>Total</b>	<b>88,949</b>	<b>3,500</b>	<b>343,657</b>	<b>41,500</b>

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

**ii. Leases**

The maturity of the nominal values and the carrying amounts of the lease liabilities as of June 30, 2021, are as follows:

**Maturity lease liabilities as of June 30, 2021**

in EUR thousands	up to 1 year	> 1 year up to 5 years	> 5 years
Lease liabilities – Nominal value	9,675	18,095	8,286
Lease liabilities – Carrying amount	8,912	16,346	7,646

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**Maturity lease liabilities as of December 31, 2020**

in EUR thousands	up to 1 year	> 1 year up to 5 years	> 5 years
Lease liabilities – Nominal value	8,960	18,920	9,525
Lease liabilities – Carrying amount	8,118	16,957	8,770

**iii. Other financial liabilities**

Other financial liabilities are as follows:

**Other financial liabilities**

in EUR thousands	June 30, 2021	Dec 31, 2020
<b>Current</b>		
Liabilities from ABS and factoring	7,475	7,930
Other liabilities	22	2,282
	<b>7,497</b>	<b>10,212</b>
<b>Total other financial liabilities</b>	<b>7,497</b>	<b>10,212</b>

**a) Liabilities from ABS and factoring**

The liabilities from ABS and factoring include liabilities from the remaining continuing involvement recognized within the ABS and factoring programs in the amount of EUR 476 thousand (Dec 31, 2020: EUR 536 thousand), liabilities from recognized fair values of default and interest rate guarantees in the amount of EUR 350 thousand (Dec 31, 2020: EUR 366 thousand) and liabilities from payments from customers for receivables already sold within the ABS and factoring programs. Liabilities from payments received from customers for receivables already sold within the ABS and factoring programs as part of NORMA Group's receivables management amount to EUR 6,649 thousand (Dec 31, 2020: EUR 7,029 thousand).

**iv. Net debt**

Net financial debt as of June 30, 2021, is as follows:

**Net debt**

in EUR thousands	June 30, 2021	Dec 31, 2020
Bank borrowings, net	479,650	477,991
Derivative financial liabilities – hedge accounting	731	1,419
Lease liabilities	32,904	33,845
Other financial liabilities	7,497	10,212
<b>Financial debt</b>	<b>520,782</b>	<b>523,467</b>
Cash and cash equivalents	168,744	185,109
<b>Net debt</b>	<b>352,038</b>	<b>338,358</b>

NORMA Group's financial liabilities were 0.5% below the level of December 31, 2020.

Loans amounting to EUR 5,000 thousand were repaid in the first six months of the fiscal year. On the other hand, cash-neutral currency effects on the foreign currency loans and accrued interest expenses increased loan liabilities.

The offsetting decrease in other financial liabilities resulted mainly from the repayment of liabilities in connection with the minority interest in Fengfan acquired in fiscal year 2020. Furthermore, the valuation-related decrease in liabilities from derivatives had a positive effect on financial liabilities.

Net debt increased by EUR 13,680 thousand, or 4.0%, compared to December 31, 2020.

The main reason for this was a decrease in cash and cash equivalents due to net cash outflows from total cash inflows from operating activities of EUR 41,484 thousand, net cash outflows from the acquisition and sale of non-current assets of EUR 22,829 thousand and from the payment of dividends in the amount of EUR 22,304 thousand.

Furthermore, current interest expenses in the first six months of 2021, the increase in lease liabilities, and cash-neutral negative currency effects in the first six months had an increasing effect on net debt. → NOTE 17 "DISCLOSURES RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOWS"

The valuation-related decrease in liabilities from derivatives had an offsetting effect on net debt.

### 13. (c) Derivative Financial Instruments

Derivative financial instruments held for hedging purposes are recognized at their respective fair values. They are classified entirely within Level 2 of the fair value hierarchy.

The derivative financial instruments are as follows:

#### Derivative financial instruments

in EUR thousands	June 30, 2021		Dec 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges	0	685	0	1,354
Foreign exchange derivatives – cash flow hedges	59	0	33	0
Foreign exchange derivatives – fair value hedges	234	46	396	65
<b>Total</b>	<b>293</b>	<b>731</b>	<b>429</b>	<b>1,419</b>
<b>Current portion</b>	<b>293</b>	<b>731</b>	<b>429</b>	<b>1,419</b>

#### Foreign exchange derivatives

As of June 30, 2021, foreign currency derivatives with a positive fair value of EUR 59 thousand and foreign currency derivatives with a negative fair value of EUR 0 thousand were held to hedge cash flows. In addition, foreign currency derivatives with a positive market value of EUR 234 thousand and foreign currency derivatives with a negative market value of EUR 46 thousand were held to hedge changes in fair value.

Foreign currency derivatives used to hedge cash flows are used to hedge against fluctuations in the exchange rate arising from operating activities. Foreign currency derivatives used to hedge changes in fair value are used to hedge external financing liabilities and intercompany monetary items against fluctuations in the exchange rate.

As part of its financial risk management, NORMA Group has delegated parts of its US dollar exposure to banking partners – in addition to conventional approaches such as reducing exposure through so-called natural hedges and rolling hedging with foreign currency derivatives. The objective is to hedge NORMA Group against unfavorable exchange rate developments and at the same time to enable participation in positive developments on the foreign exchange markets. For this purpose, a dynamic hedging concept with a variable hedging ratio is used, which analyzes trends in the markets on the basis of quantitative models and implements these findings in a technical hedging model. All activities always follow the strict requirements of internal risk management. The foreign currency derivatives existing as of the balance sheet

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date resulting from the dynamic hedging concept described above are classified as derivatives held for trading. As of June 30, 2021, no foreign currency derivatives were held.

### Interest rate hedging instruments

Parts of NORMA Group's external financing were hedged against interest rate fluctuations by using interest rate swaps. As of June 30, 2021, interest rate hedges with a negative fair value of EUR 685 thousand were held. The interest rate hedges had a notional amount of EUR 82,247 thousand (Dec 31, 2020: EUR 81,444 thousand). As of June 30, 2021, the fixed interest obligation resulting from the hedges was 2.1%, the variable interest rate was the 3-month LIBOR. The maximum default risk as of the reporting date is the fair value of the derivative assets recognized in the Consolidated Statement of Financial Position.

No expense was recognized from ineffective portions of cash flow hedges in the first six months of 2021 and 2020.

The effective portion from 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	Interest rate swaps	Total
<b>Balance as of December 31, 2020</b>	<b>- 1,353</b>	<b>- 1,353</b>
Reclassification to profit or loss	801	801
Net fair value changes	66	66
<b>Balance as of 30 June, 2021</b>	<b>- 486</b>	<b>- 486</b>

Gains and losses on interest rate swaps recognized in equity in the hedging reserve on the reporting date are recognized in profit or loss on an ongoing basis until the loan liabilities are repaid. The gains and losses on foreign currency derivatives recognized in the hedging reserve in equity are short-term and are recognized effectively in profit or loss within one year.

An overview of the gains and losses arising from fair value hedges recognized within the financial result is as follows:

### Gains and losses fair value hedges

in EUR thousands	Q1 – Q2 2021	Q1 – Q2 2020
Loss (-) / gains (+) on hedged items	- 34	42
Gains (+) / loss (-) on hedging instruments	- 90	- 19
	<b>- 124</b>	<b>23</b>

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

The following tables present the valuation hierarchy according to IFRS 13 of NORMA Group's assets and liabilities measured at fair value as of June 30, 2021, and December 31, 2020, respectively:

#### 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 June 30, 2021
<b>Recurring fair value measurements</b>				
<b>Assets</b>				
Foreign exchange derivatives – cash flow hedges		59		59
Foreign exchange derivatives – fair value hedges		234		234
Trade receivable – ABS/ Factoring program (mandatorily measured at FVTPL)		44,917		44,917
<b>Total</b>	<b>0</b>	<b>45,210</b>	<b>0</b>	<b>45,210</b>
<b>Liabilities</b>				
Interest rate swaps – cash flow hedges		685		685
Foreign exchange derivatives – fair value hedges		46		46
<b>Total</b>	<b>0</b>	<b>731</b>	<b>0</b>	<b>731</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.

in EUR thousands	Level 1 <sup>1</sup>	Level 2 <sup>2</sup>	Level 3 <sup>3</sup>	Total as of Dec 31, 2020
<b>Recurring fair value measurements</b>				
<b>Assets</b>				
Interest rate swaps – cash flow hedges		33		33
Foreign exchange derivatives – fair value hedges		396		396
Trade receivable – ABS/ Factoring program (mandatorily measured at FVTPL)		22,129		22,129
<b>Total</b>	<b>0</b>	<b>22,558</b>	<b>0</b>	<b>22,558</b>
<b>Liabilities</b>				
Interest rate swaps – cash flow hedges		1,354		1,354
Foreign exchange derivatives – fair value hedges		65		65
<b>Total</b>	<b>0</b>	<b>1,419</b>	<b>0</b>	<b>1,419</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 terms of a financial asset that would otherwise be past due or impaired were renegotiated during the fiscal year.

Financial instruments held for hedging purposes are recognized at their respective fair values. They are classified in full 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 exchange contracts is calculated using the forward exchange rate on the balance sheet date and the result is then presented at its discounted present value.

As of June 30, 2021, and December 31, 2020, no financial liabilities were assigned to Level 3 of the measurement hierarchy.

Financial instruments that are recognized in the Consolidated Statement of Financial Position at amortized cost but for which the fair value is disclosed 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 disclosed in the notes, are determined on the basis of the market yield curve using the zero coupon method, taking into account credit spreads (Level 2). Interest accrued as of the reporting date is included in the values.

Trade and other receivables, as well as cash and cash equivalents, have short-term maturities. Their carrying amounts as of the reporting date equate to their respective fair values, as the effects of discounting are immaterial.

As trade accounts payable and other financial liabilities have short maturities, their carrying amounts approximate their fair values.

## 14. Equity

In the first six months of 2021, equity changed due to the result for the period (EUR 41,096 thousand), currency translation differences (EUR 16,340 thousand) and cash flow hedges (EUR 473 thousand) and dividends (EUR – 22,304 thousand). The payment of a cash dividend of 70 cents per share was resolved at the Annual General Meeting on May 20, 2021. → NOTE 2 "ACCOUNTING PRINCIPLES AND VALUATION METHODS"

### Authorized and Conditional Capital

By resolution of the Annual General Meeting on June 30, 2020, the Management Board is authorized, with the approval of the Supervisory Board, to increase the Company's share capital on one or more occasions on or before June 29, 2025 (including that date) by up to a total of EUR 3,186,240 by issuing up to 3,186,240 new no-par value registered shares in return for cash contributions and / or contributions in kind, whereby shareholders' subscription rights may be excluded (Authorized Capital 2020).

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

By resolution of the Annual General Meeting on June 30, 2020, the share capital of the Company is conditionally increased by up to EUR 3,186,240 by issuing up to 3,186,240 new no-par value registered shares for the purpose of granting convertible bonds and / or bonds with warrants (Conditional Capital 2020).

The resolution of the Annual General Meeting of May 20, 2015, "Conditional Capital 2015," is cancelled.

## 15. Provisions

Provisions decreased slightly to EUR 35,341 thousand as of June 30, 2021, compared to December 31, 2020 (EUR 38,649 thousand).

The decrease is mainly attributable to current provisions. These decreased as a result of the payments made for deferred costs from the ongoing "Get on track" change program.



## 16. Other Non-Financial Liabilities

Other non-financial liabilities are as follows:

### Other non-financial liabilities

in EUR thousands	June 30, 2021	Dec 31, 2020
<b>Non-current</b>		
Government grants	241	240
Other liabilities	235	255
	<b>476</b>	<b>495</b>
<b>Current</b>		
Government grants	875	990
Non-income tax liabilities	5,825	3,881
Social liabilities	6,170	5,123
Personnel-related liabilities (e.g. vacation, bonuses, premiums)	28,889	24,413
Other liabilities	330	560
	<b>42,089</b>	<b>34,967</b>
<b>Total other non-financial liabilities</b>	<b>42,565</b>	<b>35,462</b>

Personnel-related liabilities increased by EUR 4,476 thousand compared to the end of the previous year. This is mainly related to the seasonal increase in liabilities from outstanding vacation entitlements and vacation pay as of June 30, 2021, compared to December 31, 2020.

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

The cash flow statement distinguishes between cash flows from operating activities, investing activities and financing activities.

Cash flow from operating activities is derived indirectly from the profit or loss for the period. This is adjusted for non-cash depreciation and amortization, for expenses and payments allocated to cash flow from investing or financing activities, and for other non-cash expenses and income. The cash inflow from operating activities of EUR 41,848 thousand (H1 2020: EUR 38,897 thousand) shows the changes in current assets, provisions and liabilities (excluding liabilities related to financing activities).

The Company participates in a reverse factoring program, a factoring program and an ABS program. The liabilities in the reverse factoring program are reported under trade and similar payables. As of June 30, 2021, liabilities of EUR 23,206 thousand (Dec 31, 2020: EUR 15,713 thousand) from reverse factoring programs are recognized. The cash flows from the reverse factoring, factoring and ABS programs are presented under cash flow from operating activities, as this equates to the economic substance of the transactions.

Cash inflow from operating activities in the first half of 2021 includes payments for share-based payments in the amount of EUR 365 thousand (H1 2020: EUR 157 thousand) resulting from the Matching Stock Program (MSP) for the Management Board of NORMA Group (H1 2020: from the Long-Term Incentive Plan (LTI) for employees of NORMA Group).

The corrections for expenses from the measurement of derivatives of EUR 36 thousand (H1 2020: EUR 34 thousand) included in the cash inflow from operating activities relate to changes in the fair value of foreign currency derivatives and interest rate swaps recognized in profit or loss that are allocated to financing activities. The adjusted other non-cash income (-) / expenses (+) include expenses from the currency translation of external financing liabilities and intercompany monetary items amounting to EUR 215 thousand (H1 2020: EUR 1,065 thousand).

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Furthermore, non-cash income (-) / expenses (+) in the first half of 2021 include non-cash interest expenses from the application of the effective interest method in the amount of EUR 137 thousand (H1 2020: EUR 143 thousand).

Cash flows from interest paid are reported under cash flows from financing activities.

Cash flows from investing activities include net cash outflows from the acquisition and disposal of non-current assets amounting to EUR 22,829 thousand (H1 2020: EUR 15,459 thousand). This includes the change in liabilities for the acquisition of intangible assets and property, plant and equipment of EUR - 3,244 thousand (H1 2020: EUR - 2,395 thousand).

Cash flows from financing activities in the first half of 2021 include interest payments (H1 2021: EUR 3,447 thousand; H1 2020: EUR 4,411 thousand), payments for the repayment of loans and liabilities in connection with the minority interests in Fengfan acquired in fiscal year 2020 (H1 2021: EUR 7,234 thousand; H1 2020: EUR 38,750 thousand), repayment of liabilities from ABS and factoring of EUR 506 thousand (H1 2020: EUR 9,387 thousand), and proceeds from derivatives of EUR 108 thousand (H1 2020: payments of EUR 44 thousand).

The first half of 2020 also includes proceeds from loans in the amount of EUR 48,745 thousand.

In addition, lease payments of EUR 4,935 thousand (H1 2020: EUR 5,009 thousand) are reported under cash flow from financing activities.

The changes in balance sheet items presented in the Statement of Cash Flows cannot be derived directly from the Consolidated Statement of Financial Position, as effects from currency translation are non-cash and effects from changes in the scope of consolidation are presented directly in the cash outflow from investing activities.

As of June 30, 2021, cash and cash equivalents included cash and demand deposits of EUR 162,447 thousand (December 31, 2020: EUR 180,938 thousand) and cash equivalents of EUR 6,297 thousand (December 31, 2020: EUR 4,171 thousand).

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## 18. Segment Reporting

### Segment Reporting

in EUR thousand	EMEA		Americas		Asia-Pacific		Total segments		Central functions		Consolidation		Consolidated Group	
	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020	H1 2021	H1 2020
Total revenue	276,724	200,371	232,569	195,764	87,511	67,097	596,804	463,232	16,924	14,030	-45,661	-32,234	568,067	445,028
thereof inter-segment revenue	21,235	13,979	4,159	3,072	3,343	1,153	28,737	18,204	16,924	14,030	-45,661	-32,234	0	0
<b>Revenue from external customers</b>	<b>255,489</b>	<b>186,392</b>	<b>228,410</b>	<b>192,692</b>	<b>84,168</b>	<b>65,944</b>	<b>568,067</b>	<b>445,028</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>568,067</b>	<b>445,028</b>
Contribution to consolidated Group sales	45%	42%	40%	43%	15%	15%	100%	100%						
Adjusted Gross profit <sup>1</sup>	158,664	112,539	124,197	106,405	43,729	31,798	326,590	250,742	n/a	n/a	-705	139	325,885	250,881
<b>Adjusted EBITDA <sup>1</sup></b>	<b>45,674</b>	<b>-1,531</b>	<b>39,893</b>	<b>21,236</b>	<b>19,244</b>	<b>10,988</b>	<b>104,811</b>	<b>30,693</b>	<b>-5,274</b>	<b>-4,055</b>	<b>-87</b>	<b>-178</b>	<b>99,450</b>	<b>26,460</b>
Adjusted EBITDA margin <sup>1,2</sup>	16.5%	-0.8%	17.2%	10.8%	22.0%	16.4%							17.5%	5.9%
Depreciation without PPA depreciation <sup>3</sup>	-9,405	-9,213	-7,844	-7,977	-4,121	-4,060	-21,370	-21,250	-376	-599	0	0	-21,746	-21,849
<b>Adjusted EBITA <sup>1</sup></b>	<b>36,269</b>	<b>-10,744</b>	<b>32,049</b>	<b>13,259</b>	<b>15,123</b>	<b>6,928</b>	<b>83,441</b>	<b>9,443</b>	<b>-5,650</b>	<b>-4,654</b>	<b>-87</b>	<b>-178</b>	<b>77,704</b>	<b>4,611</b>
Adjusted EBITA margin <sup>1,2</sup>	13.1%	-5.4%	13.8%	6.8%	17.3%	10.3%							13.7%	1.0%
<b>Adjusted EBIT</b>	<b>34,149</b>	<b>-12,035</b>	<b>30,659</b>	<b>11,840</b>	<b>14,818</b>	<b>6,551</b>	<b>79,626</b>	<b>6,356</b>	<b>-6,545</b>	<b>-5,721</b>	<b>-86</b>	<b>-180</b>	<b>72,995</b>	<b>455</b>
Adjusted EBIT margin <sup>1,2</sup>	12.3%	-6.0%	13.2%	6.0%	16.9%	9.8%							12.8%	0.1%
Assets (previous year's figures as of Dec 31, 2020) <sup>4</sup>	660,234	621,091	625,258	574,091	260,415	253,193	1,545,907	1,448,375	251,825	263,481	-333,082	-297,152	1,464,650	1,414,704
Liabilities (previous year's figures as of Dec 31, 2020) <sup>5</sup>	229,555	204,830	268,153	245,259	45,329	50,441	543,037	500,530	588,826	584,564	-292,330	-259,900	839,533	825,194
CAPEX <sup>6</sup>	7,931	6,175	8,553	5,201	4,787	3,218	21,271	14,594	518	507	n/a	n/a	21,789	15,101
Employees <sup>7</sup>	3,704	3,557	1,448	1,467	1,245	1,392	6,397	6,416	121	115	n/a	n/a	6,518	6,531

<sup>1</sup>The adjustments are described in the chapter → [NOTES 4, "ADJUSTMENTS"](#)

<sup>2</sup>In relation to segment sales.

<sup>3</sup>Depreciation from purchase price allocation.

<sup>4</sup>Including allocated goodwill, taxes are shown in the column 'consolidation'.

<sup>5</sup>Taxes are shown in the column 'consolidation'.

<sup>6</sup>Including capitalized rights of use for movable assets.

<sup>7</sup>Number of employees (average).

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NORMA Group presents the Group's segments by region. The Company's reportable segments are the regions Europe, Middle East and Africa (EMEA), North, Central and South America (the Americas) and Asia-Pacific (APAC). NORMA Group's strategy is focused on regional growth targets, among other targets. Regional and local priorities are set in the sales channels. All three regions 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 significantly between the segments.

NORMA Group measures the performance of its segments primarily on the basis of the financial performance indicators "adjusted EBITDA" and "adjusted EBITA."

Adjusted EBITDA comprises net sales, changes in inventories of finished goods and work in progress, other own work capitalized, cost of raw materials and supplies, other operating income and expenses, and employee benefit expenses, and is adjusted for significant special effects for management purposes. It is determined in accordance with the accounting policies applied in the Consolidated Statement of Comprehensive Income.

Adjusted EBITA comprises adjusted EBITDA less depreciation and amortization excluding depreciation and amortization from purchase price allocations.

The adjustments within EBITDA, EBITA and EBIT can be found in → [NOTE 4, "ADJUSTMENTS"](#).

Inter-segment revenue is generally recognized at prices that would also be agreed with third parties.

Segment assets comprise all assets less (current and deferred) income tax assets. Taxes are reported in the segment reporting within consolidation. The assets of the 'Central Functions' include mainly cash and cash equivalents and receivables from affiliated companies.

Segment liabilities include all liabilities less (current and deferred) income tax liabilities. Taxes are reported in the segment reporting within the consolidation. The liabilities of the corporate functions mainly comprise financial liabilities.

Capital expenditure (segment capital expenditure) corresponds to additions to non-current assets (property, plant and equipment and other intangible assets).

Segment assets and liabilities are measured using the method applied in the Consolidated Statement of Financial Position.

### 19. Non-Current Assets Held for Sale

Within the Americas segment, the sale of land, including office and production building, with a subsequent lease agreement for parts of the sold asset (sale and leaseback) was signed in June 2021. The sale is due to the relocation of production from the Auburn Hills site to another location. The purchase has not yet been legally and economically completed as of June 30, 2021. The agreed purchase price amounts to USD 10.5 million (EUR 8.8 million). The sale is expected to be completed in the third quarter of 2021.

The assets concerned were reclassified within the balance sheet to the item "assets held for sale" as of June 30, 2021. Accordingly, scheduled depreciation on these assets was discontinued. The fair value resulting from the purchase agreement exceeds the net asset value of EUR 5,893 thousand at the time of reclassification.

## 20. Contingent Liabilities and Commitments

NORMA Group has the following capital expenditures for which there are contractual obligations as of the reporting date of the Interim Financial Statements but which have not yet been incurred:

### Commitments

in EUR thousands	June 30, 2021	Dec 31, 2020
Property, plant and equipment	6,420	4,583
	<b>6,420</b>	<b>4,583</b>

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business.

NORMA Group does not believe that these contingent liabilities will have a material adverse effect on its business operations or significant liabilities.

## 21. Related Party Transactions

There were no reportable related party transactions in the first six months of 2021.

## 22. Events after the Balance Sheet Date

As of August 4, 2021, there were no events or developments that would have resulted in a material change in the recognition or measurement of the individual assets and liabilities items as of June 30, 2021.

## Audit review

This interim report was neither audited in accordance with Section 317 of the German Commercial Code (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 principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Maintal, August 4, 2021

NORMA Group SE

The Management Board



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



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



**Annette Stieve**  
Chief Financial Officer  
(CFO)

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# FINANCIAL CALENDAR, CONTACT AND IMPRINT

## Financial calendar

Date	Event
November 3, 2021	Publication of Interim Statement Q3 2021
February 16, 2022	Preliminary Results 2021
March 23, 2022	(Group) Financial Statements, 2021 Annual Report
May 4, 2022	Interim Statement Q1 2022
May 17, 2022	Ordinary Annual General Meeting
August 10, 2022	Interim Report 2022
November 2, 2022	Interim Statement Q3 2022

The financial calendar is constantly updated. Please visit the Investor Relations section on the Company website [www.NORMAGROUP.COM](http://www.normagroup.com)

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NORMA Group SE

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### **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 4, 2021



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