

INTERIM REPORT
SECOND QUARTER 2023



SHAPING
TOMORROW

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OVERVIEW OF KEY FIGURES

Financial key figures		T001			
		Q2 2023	Q2 2022	H1 2023	H1 2022
Order situation					
Order book (Jun 30)	EUR million			535,3	582,8
Income statement					
Revenue	EUR million	324.0	317.9	639.0	622.3
Material cost ratio ¹	%	42.7	49.1	43.8	47.6
Personnel cost ratio ¹	%	25.2	25.0	25.6	25.3
Adjusted EBIT ¹	EUR million	27.1	22.3	49.7	52.7
Adjusted EBIT margin ¹	%	8.4	7.0	7.8	8.5
EBIT	EUR million	21.8	16.8	39.0	41.6
EBIT margin	%	6.7	5.3	6.1	6.7
Financial result	EUR million	-5.2	-3.0	-9.1	-4.5
Adjusted tax rate	%	33.6	27.2	35.2	27.3
Adjusted profit for the period ¹	EUR million	14.5	14.1	26.3	35.0
Adjusted earnings per share ¹	EUR	0.45	0.44	0.82	1.10
Profit for the period	EUR million	10.6	10.0	18.3	26.7
Earnings per share	EUR	0.33	0.31	0.57	0.84
Cash flow					
Cash flow from operating activities	EUR million	29.4	23.4	-7.1	7.1
Cash flow from investing activities	EUR million	-13.0	-10.9	-31.3	-14.6
Cash flow from financing activities	EUR million	-24.2	-29.0	-28.2	-30.1
Net operating cash flow	EUR million	31.9	26.4	-12.9	9.8
		Jun 30, 2023	Dec 31, 2022		
Balance sheet					
Assets	EUR million	1,510.1	1,560.7		
Equity	EUR million	690.9	705.4		
Equity ratio	%	45.8	45.2		
Net debt	EUR million	427.0	349.8		

¹Adjusted only for acquisition-related costs.

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Non-financial key figures

		Jun 30, 2023	Dec 31, 2022
Employees			
Core workforce		6,115	6,175
Temporary workers		2,414	2,532
Total workforce		8,529	8,707
		H1 2023	H1 2022
Non-financial figures			
Invention applications	Number	8	10
CO ₂ emission (scope 1 and 2) ¹	Tons CO ₂ equivalents	2,572	2,783
Defective parts	PPM (Parts per Million)	1.8	4.0
Share data			
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 2023 ² / lowest price H1 2023 ²	EUR	26.72 / 16.44	
Closing price as of June 30, 2023 ²	EUR	16.92	
Market capitalization as of June 30, 2023 ²	EUR million	539	
Number of shares		31,862,400	

¹ Since fiscal year 2023, only CO₂ emissions, which are also used as a component of the Management Board remuneration in connection with the ESG LTI, have been considered a key non-financial performance indicator. Previously, non-financial performance indicators were defined as follows: CO₂ emissions, invention disclosures, and defective parts per million (PPM); CO₂ emissions excluding Energy Attribute Certificates (EAC) amounted to approximately 22,545 t CO₂e in H1 2023 (H1 2022: 23,466 t CO₂e).

² Xetra price.

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SALES H1 2023:

EUR 639.0 million

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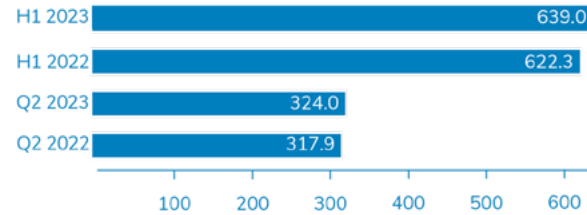
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HIGHLIGHTS H1 2023¹

Development of Sales G001
in EUR million



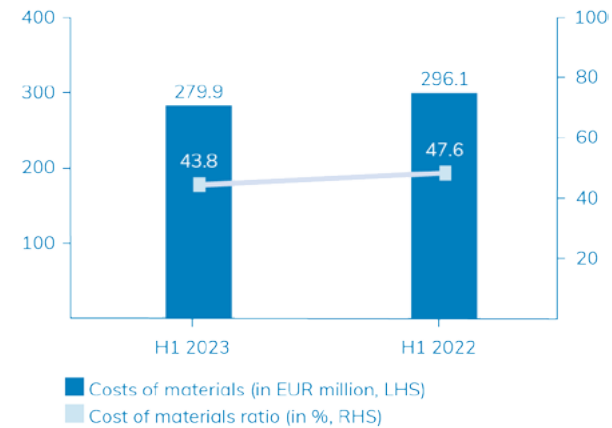
Effects on Group Sales T003

	in EUR mill.	Share in %
Group sales H1 2022	622.3	
Organic growth	19.1	3.1
Currency effects	-2.4	-0.4
Group sales H1 2023	639.0	2.7

Development of Sales Channels T002

	Engineered Joining Technology (EJT)		Standardized Joining Technology (SJT)	
	H1 2023	H1 2022	H1 2023	H1 2022
Group sales (in EUR million)	369.0	338.6	267.1	278.7
Growth (in %)	9.0		-4.2	
Share of sales (in %)	58.0	54.8	42.0	45.2

Costs of Materials and Cost of Materials Ratio G002



¹ Deviations in decimal places may occur due to commercial rounding.

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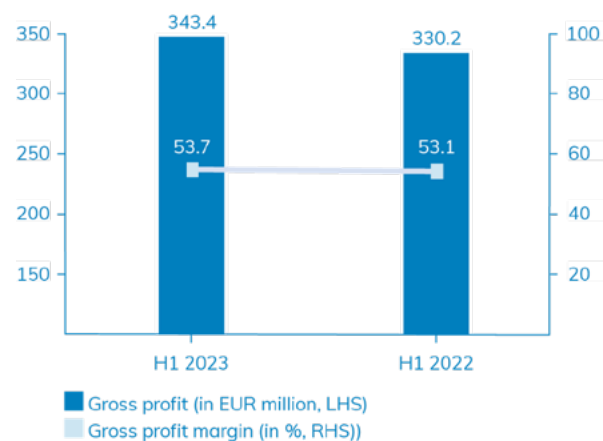
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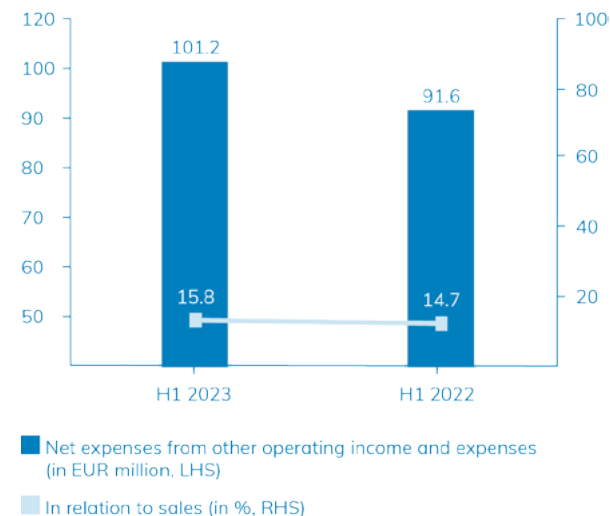
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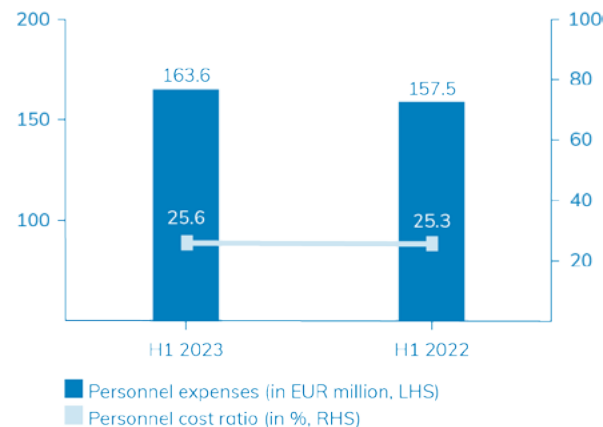
Gross Profit and Gross Profit Margin G003



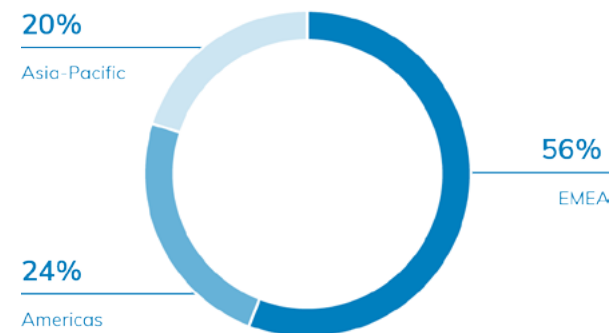
Net expenses from other Operating Income and Expenses as well as in Relation to Sales G005



Personnel Expenses and Personnel Cost Ratio G004



Core Workforce by Segment G006



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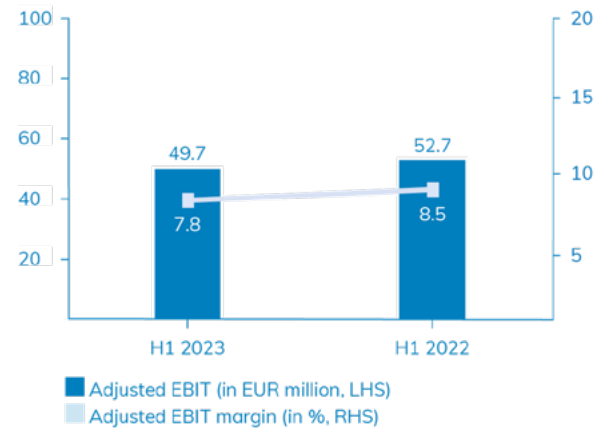
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Adjusted EBIT and Adjusted EBIT Margin G007



Net Operating Cash Flow T004

in EUR million	H1 2023	H1 2022
EBITDA	78.6	81.1
Changes in working capital	-60.5	-53.4
Investments from operating business	-31.0	-17.9
Net operating cash flow	-12.9	9.8

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Letter from the Management Board

Dear shareholders, customers and business partners,

We are now six months into the current fiscal year 2023. During this time, a lot has happened both externally and internally at NORMA Group.

The Management Board team of NORMA Group was restructured in the first half of 2023: After Mr. Miguel Ángel López Borrego resigned as interim CEO of NORMA Group on May 31, 2023, Mr. Guido Grandi took over as CEO of NORMA Group on June 1, 2023. Mr. Grandi has many years of international management experience, including in the transformation of companies. One month earlier, on May 1, 2023, Dr. Daniel Heymann, an experienced management expert on the global industrial business, took over the position as Chief Operating Officer (COO) from Dr. Friedrich Klein, who had stepped down from the Management Board at his own request on April 30, 2023. In addition, the contract with CFO Annette Stieve was extended by three years through the end of September 2026. As a newly formed team with relevant expertise, the Management Board will continue to work on further optimizing NORMA Group's efficiency and productivity and aligning the company strategically and operationally for the future.

A common focus is essential when times are unstable. High volatility and rapidly changing business conditions have become the "new normal." The first half of 2023 continued to be characterized by a number of challenges in the business environment: inflation showed a decreasing trend, but has remained at an extremely high level so far in 2023. In connection with this, prices for key materials, energy and freight are still significantly higher in some cases. Labor shortages and wage and salary adjustments also continue to lead to rising personnel costs. Added to this are the geopolitical uncertainties around the world, which permanently resonate and have a burdening effect, especially in Ukraine.

So, what does a company need to demonstrate in order to stand firm in this changed external world characterized by many hurdles? Above all, flexibility, agility, and a special focus on the needs of customers in the constantly changing markets. Let's now take a look at how NORMA Group has lived up to this claim in the first six months of the current fiscal year.

A look at Group revenue shows: NORMA Group has performed well in the first half of 2023 in a business environment that remained difficult. Sales increased by 2.7% to EUR 639.0 million. The growth was mainly driven by price increase initiatives in all regions. We are pleased that demand in the EMEA region recovered year-on-year in the first half of 2023 due to a mix of good volume business and positive price effects. This development more than compensated for both the water business, which was subdued in the Americas compared with the exceptionally good previous year, and the weak business in the Asia-Pacific region due to currency effects.

Although the operating earnings figures were lower than in the prior-year period, they were still in line with our expectations for the development in the first half of 2023: Adjusted EBIT amounted to EUR 49.7 million and the adjusted EBIT margin reached a value of 7.8% in the first six months of 2023. Thereby, the margin increased visibly in the second quarter of 2023 compared to the first quarter. Net operating cash flow was negative at EUR -12.9 million. This was due to a higher build-up of trade working capital in relation to EBITDA in the current reporting period compared to year-end 2022 and higher investments.

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We want to continue to improve. Therefore, we are concentrating intensively and continuously on optimizing our working capital management. In addition, we are working hard to mitigate the inflation-related higher cost level in the market by applying the appropriate levers. This includes, for example, the development and implementation of various measures and initiatives that are henceforth geared to achieving cost reductions and implementing continuous improvement of production processes in the Group. Among other initiatives, this is also the focus of the “Step Up” growth and efficiency program, which we announced at the beginning of May 2023. Here, “Customer Centricity” is a particular concern for us. The needs of our customers are becoming even more important to our business activities in all initiatives. We want to be even closer to the customer, both in the area of Engineered Joining Technology and in Standardized Joining Technology. We have already taken important steps in the first half of 2023 by opening a further plant for the production of water management products in the US and by expanding the production capacities at a site in China. In addition, the further targeted reduction of complexities and the creation of more uniform processes will improve our ability to deliver even further. At the same time, the focus is on reducing inventories and further shortening response times.

We have already set out on an important course for this in recent weeks. We have a full agenda for the second half of 2023 and beyond. We see NORMA Group’s unique strengths and are very optimistic that we have developed a well-interlocked system that will put NORMA Group back on track with the current roadmap. The goal remains unchanged: We want to grow sustainably and profitably in the long term in order to be the market leader for joining and fluid handling technology in current and future markets worldwide.

We look forward to having you accompany us on the way and thank you for your trust.

Sincerely yours,

Guido Grandi
Chief Executive Officer (CEO)

Dr. Daniel Heymann
Member of the Management
Board (COO)

Annette Stieve
Member of the Management
Board (CFO)

NORMA GROUP ON THE CAPITAL MARKET

Stock markets defy geopolitical and economic challenges in first half of 2023

The international stock markets showed overall positive momentum in the first half of 2023, despite the continuing challenging environment. The dominant themes in the market environment remained the war in Ukraine and continuing high price levels in many areas, albeit slightly weaker compared to the peak level in 2022. Low demand due to the economic situation had a negative impact on the market, as did the strict continuation of the interest rate turnaround by the central banks and negative signals in the banking environment. In addition, the continuing economic weakness in China contributed to latent insecurity on the markets. On the other hand, the fact that the immediate effects of the COVID-19 pandemic continued to wane had a positive effect. Companies were also able to work through their order books, partly due to the easing of supply chain issues. Another driving factor was that the outlook for many industries eased. As a result, share prices on the financial markets were generally positive, with some stock market barometers even reaching near all-time highs in the first half of 2023.

The largely positive underlying sentiment on the markets was also reflected in the performance of the German indices. The DAX, Germany's leading index, reached a new record level of 16,358 points at the end of the first half of 2023. Overall, it ended the first six months of 2023 at 16,148 points, a significant increase of 16.0% compared to the end of 2022. By comparison, the performance of the MDAX was somewhat more moderate. It ended the first half of 2023 at 27,611 points, up 9.9% from the end of December 2022. The SDAX closed at 13,401 points at the end of June 2023, 12.4% higher than at the end of 2022.

The US Dow Jones Index ended the first half of 2023 with a gain of 11.8% compared to the end of 2022, while the broader S&P 500 Index ended the first half of 2023 with an even more significant increase of 17.6%. The MSCI World Automobiles Index, considered a trend indicator for the global stock market, was trading at 303 points on June 30, 2023, up 56.6% compared to the end of 2022.

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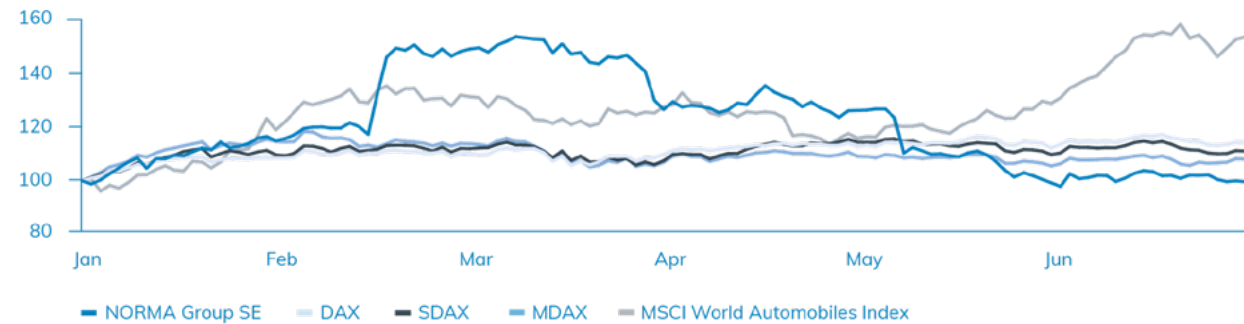
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Index-Based Comparison of NORMA Group's Share Price Performance with the DAX, MDAX, SDAX and MSCI World Automobiles Index in the First Half of 2023 in %

G008



Performance of the NORMA Group Share

The NORMA Group share opened the stock market year 2023 at a price of EUR 17.08. In the first weeks of the year, the share developed dynamically and partly better than the benchmark indices. Thus, the NORMA Group share reached its highest level in the first half of 2023 at EUR 26.72 in the course of March 7, 2023. Subsequently, the share lost value overall with slight fluctuations and reached its lowest level in the current reporting period of EUR 16.44 on June 1, 2023. The NORMA share ended the first half of the trading year at a price of EUR 16.92. This resulted in a slight decline of 0.9% compared to the year-end level in 2022.

NORMA Group SE's market capitalization amounted to EUR 539.1 million as of June 30, 2023 (Dec 30, 2022: EUR 541.7 million). In terms of the free float market capitalization relevant for determining index membership, NORMA Group thus ranked 43rd out of 70 in the SDAX.

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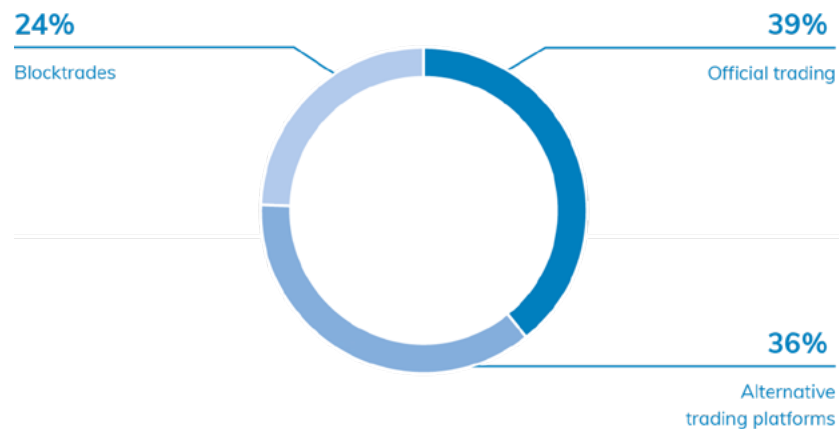
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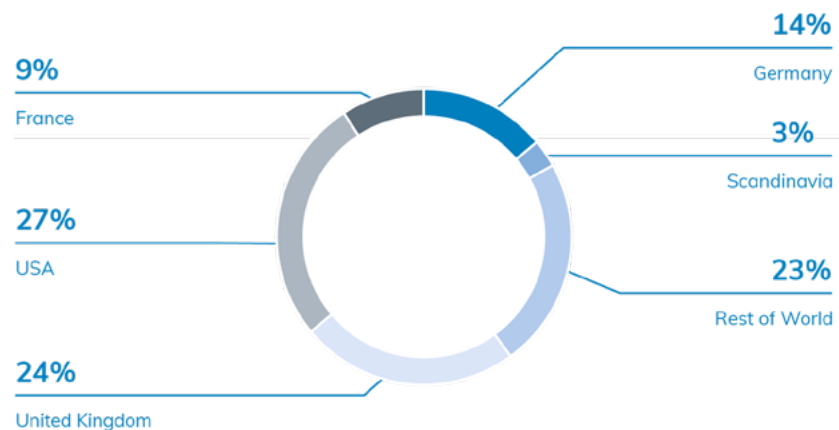
Distribution of Trading Activity¹ G009



As of June 30, 2023

¹ Deviations may occur due to commercial rounding.

Free Float by Region G010



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Trading Volume

From January to June 2023, the average Xetra trading volume of NORMA Group shares was 56,297 shares per day (H1 2022: 73,611 shares). This equates to a lower average daily trading volume (number of shares traded multiplied by the respective closing price of the day on which they were traded) of EUR 1.2 million compared to the previous year (H1 2022: EUR 2.0 million). 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](#).

Broadly Diversified Shareholder Structure

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

Institutional investors hold around 94% of the 31,862,400 NORMA Group shares. The management of NORMA Group SE (Management Board in its current composition) held 0.004% of the shares as of June 30, 2023 (Dec 31, 2022: 0.07%). The change compared to the end of the previous year is due to the changes in the Management Board. The number of private shareholders totaled 6,379 as of June 30, 2023, a further increase compared to the end of 2022 (Dec 31, 2022: 5,893). A total of 5.6% of shares were held by private shareholders at the end of June 2023.

According to the voting rights notifications received by the end of July 2023, shares in NORMA Group SE designated as free float were held by the following investors:

Major Holdings of Voting Rights	T005
Investor	in %
Teleios Capital Partners, Zug, Suisse	5,50
SMALLCAP World Fund, Inc., Lutherville-Timonium, USA	5,26
The Capital Group Companies, Inc., Los Angeles, USA	5,01
SPICE Two Investment Cooperative U.A., Amsterdam, Netherlands	5,00
Allianz Global Investors GmbH, Frankfurt/Main, Germany	4,97
Impax Asset Management Group plc, London, United Kingdom	4,96
Schroders plc, London, United Kingdom	3,44
Tweedy, Browne Company LLC, Wilmington, USA	3,03
FMR LLC, Wilmington, USA	3,02
Union Investment Privatfonds GmbH, Frankfurt/Main, Germany	3,02
KBI Global Investors Ltd, Dublin, Ireland	3,01

As of July 31, 2023. All voting rights notifications are published on the company's website. WWW.NORMAGROUP.COM

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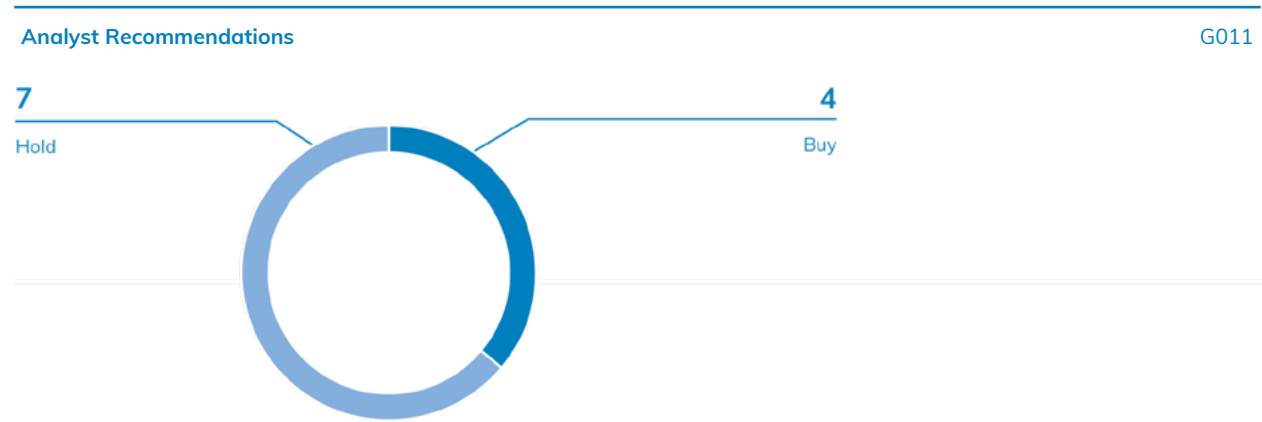
Directors' Dealings

No directors' dealings subject to disclosure requirements were reported in the first half of 2023.

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 in the long term and to achieve a fair valuation of the company.

Maintaining an ongoing, transparent dialog with analysts represents one key element of Investor Relations work. Eleven national and international research firms and institutions currently follow the development of the NORMA Group share and submit their valuations at regular intervals. As of the end of July 2023, four of them rated the NORMA Group share as a "buy" while seven analysts recommended holding the share. The average target price was EUR 20.77 (Dec 31, 2022: EUR 25.08).



As of July 31, 2023

2023 Annual General Meeting Resolves Dividend of EUR 0.55 per Share

The Annual General Meeting of NORMA Group SE was held in Frankfurt/Main on May 11, 2023, once again in the form of an attendance event after three years of virtual Annual General Meetings. Of the 31,862,400 shares bearing voting rights, a total of around 78% of the registered share capital of NORMA Group SE was represented.

The Annual General Meeting of NORMA Group voted with a majority of 99.37% in favor of the proposal of the Supervisory Board and the Management Board to distribute a dividend of EUR 0.55 per share. The total amount distributed was around EUR 17.5 million (2022: EUR 23.9 million), resulting in a payout ratio of 31.3% of adjusted Group earnings of EUR 56.0 million in fiscal year 2022. All other items on the agenda were also approved by the 2023 Annual General Meeting by a large majority.

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

Key Figures of the NORMA Group Share

T006

	H1 2023
Closing price ¹ as of June 30, 2023 (in EUR)	16,92
Highest price ¹ H1 2023 (in EUR)	26,72
Lowest price ¹ H1 2023 (in EUR)	16,44
Number of unweighted shares as of June 30, 2023	31.862.400
Market capitalization as of June 30, 2023 (in EUR million)	539
Average daily Xetra volume	
Shares	56,297
EUR million	1,2
Earnings per share (in EUR)	0.57
Adjusted earnings per share (in EUR)	0.82

¹Xetra price.

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

G012



Consolidated Interim Management Report

ADJUSTED EBIT H1 2023:

EUR 49.7 million

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CONSOLIDATED INTERIM MANAGEMENT REPORT

Principles of the Group

A detailed overview of NORMA Group SE's business activities, objectives and strategy is provided in the [2022 ANNUAL REPORT](#). The statements contained therein remain valid. There were no significant strategic changes in the first half of 2023. One change under company law was implemented. This related to the merger of a company in Sweden, which changed the scope of consolidation compared to December 31, 2022. [CONDENSED NOTES](#)

The development of the key financial performance indicators for the management of the Group in the first half of 2023 is shown in the following table.

Financial Control Parameters			T007
		H1 2023	H1 2022
Group sales	EUR million	639.0	622.3
Adjusted EBIT ¹	EUR million	49.7	52.7
Adjusted EBIT margin ¹	%	7.8	8.5
Net operating cash flow	EUR million	-12.9	9.8
NORMA Value Added	EUR million	-15.5	4.2

¹Adjusted only for acquisition-related costs.

Since fiscal year 2023, only the CO₂ emissions that have also been a target figure within Management Board remuneration for determining part of the long-term Management Board remuneration (ESG-LTI) since 2020 have been considered a key non-financial performance indicator.

Non-Financial Control Parameter ¹			T008
		H1 2023	H1 2022
CO ₂ emissions ²	t CO ₂ e	2,572	2,783

¹Until the end of 2022, the non-financial control parameters were defined as follows: CO₂ emissions, invention applications and defective parts per million (PPM).

²Greenhouse gas emissions of all production sites resulting from gas consumption (Scope 1) and the purchase of electricity and district heating (Scope 2). Since 2020, CO₂ emissions have been a target figure for determining part of the long-term remuneration of the Management Board; CO₂ emissions excluding Energy Attribute Certificates (EAC) amounted to approximately 22,545 t CO₂e in H1 2023 (H1 2022: 23,466 t CO₂e).

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Research and Development

The main activities of NORMA Group's Research and Development department are described in detail in the [2022 ANNUAL REPORT](#).

In addition, the company continued to work on integrating its research and development areas in the first half of 2023 so that they can continue to support its strategic goals in the best possible way. This related to the definition of prioritized areas of activity, the evaluation of new ideas and the further integration of the Research and Development department into individual development processes.

Scouting and innovation projects on technologies, concepts for products, production techniques and materials were driven forward in key areas such as electromobility. The focus was also specifically placed on further increasing NORMA Group's competitiveness by expanding the product portfolio and developing unique selling points.

The focus of research and development activities in the current reporting period generally remained unchanged on the topics of water management and electromobility as well as digitalization. The consideration of sustainability issues in the evaluation and orientation of new development activities was further increased. Examples of this are the inclusion of alternative & environmentally friendly materials and measures for CO₂ reduction.

R&D Figures

		T009	
		H1 2023	H1 2022
R&D employees	Number	307	323
R&D employee ratio	% of permanent staff	5.0	5.2
R&D expenses ¹	EUR million	22.5	20.6
R&D ratio ¹	% of total sales	3.5	3.3

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

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Economic Report

General Economic and Industry-Specific Conditions

Global economy at a solid level, but sustained recovery still not in sight

Although the main negative factors of the previous year have been mitigated, the global economy still grew more slowly in the first half of 2023. The high level of inflation, the monetary policy turnaround and the restrictive fiscal policy hampered development. On the one hand, the end of the COVID-19 pandemic restrictions in China provided positive impulses. On the other hand, the situation in the global supply chains eased. Another positive contribution came from the partial correction of the previously steeply rising energy prices. Nevertheless, industrial production in the US with relatively good capacity utilization (Q1 2023: 79.6%, Q2 2023: 79.4%) remained largely at the previous year's level (Q1 2023: -0.2%, Q2 2023: 0.7%). The US economy grew at an annualized rate of 2.4% in the second quarter of 2023 (Q1 2023: +2.0%). In China, there was also no clear recovery in the country's industry. While production rose only moderately by 3.8% in the first half of 2023, capacity utilization lagged behind the previous year (Q1 2023: 74.3%, Q2 2023: 74.5%). The general growth of the Chinese economy amounted to 5.5% by the end of June 2023 (Q1 2023: 4.5%, Q2 2023: 6.3%). The European economy, on the other hand, was hit by continued weak consumption. The economy stalled (Q1 2023: +1.1%, Q2 2023: +0.6%), which consequently had a negative impact on industrial production (Q1 2023: +0.5%, April: +0.2%, May: -2.2%). Nevertheless, capacity utilization remained good at 81.2% in the second quarter of 2023, although the level was lower than in the previous year (Q2 2022: 82.5%).

German economy at an absolutely low level and with little momentum

The German economy experienced a significant slump in the winter half-year 2022/23 and subsequently went through a technical recession. According to the IfW (Kiel), the absolute economic strength in the spring of 2023 was even below the level at the end of 2019 when the COVID-19 pandemic was imminent. The main reasons for this are the increased financing costs and the energy shocks triggered by the war in Ukraine. Energy-intensive production in particular was strongly affected. According to the German Bundesbank, investments, especially in construction, as well as foreign demand have slowed down considerably and high inflation has put the brakes on private consumption. Accordingly, GDP also decreased in the second quarter of 2023 by 0.6% (Q1 2023: +0.1%, revised), with the calendar-adjusted effect being only 0.2% (Q1 2023: -0.2%). By contrast, pent-up order backlogs, some of which were still very high, had a positive effect, resulting in an overall increase in industrial production (Q1 2023: +2.1%, April: +3.2%, May: +2.2%). Likewise, capacity utilization in industry was high at 84.5% in the second quarter of 2023.

Continued high order backlog still cushions weak demand in the mechanical engineering sector

The industrial economy was in a state of tension in the first half of 2023: On the one hand, order backlogs remained high and there was a normalization in the supply chains. On the other hand, the demand dynamics showed a strong cyclical downturn. In light of this situation, the global production volume of industry (excluding construction) in the first five months of 2023 was only marginally above the level of the previous year at +0.8%. Growth rates gradually picked up slightly within this period compared to the weak start to 2023, however (Q1 2023: +0.5%; April 2023: +1.5%, May 2023: +1.0%). Notwithstanding numerous investments in climate protection and in the restructuring of the energy industry – which structurally supported the demand for capital goods – the propensity to invest was low in the first half of 2023 due to high uncertainties and deteriorating financing

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conditions. As a result, machinery production in the US contracted compared with the corresponding period last year (Q1 2023: -2.7%, Q2 2023: -8.8%). According to the ECB, the capital goods industry has been very robust so far in the euro area (Q1 2023: +5.6%; April 2023: +8.3%). German mechanical engineering has also been able to increase its production so far, thanks to the continuing good order situation (Q1 2023: +3.2%, April +3.7%, May +1.6%), although the basis for comparison from the previous year was very low due to the war in Ukraine.

Global car production recovers significantly on a low level – electric cars boom

The automotive industry continued to recover from the massive impact of the COVID-19 pandemic in the first half of 2023. The easing in the supply chains and the high order backlog also had a relieving effect. According to the German Association of the Automotive Industry (VDA), the German and European passenger car markets in particular developed better than forecast, although the market level remains below the pre-crisis level in 2019. According to data from LMCA (LMC Automotive), global sales of light vehicles (LV, up to 6 t) up to the end of June 2023 were 10.7% higher than the previous year at 42.7 million units. Production also ramped up significantly, increasing by 10.4% to 43.0 million units (Q1 2023: +7.1%, Q2 2023: +13.9%). Among the different drive units, it was noticeable that the production of LVs with pure combustion engines declined slightly (H1 2023: -3.1%). In contrast, 48.7% more battery electric vehicles (pure BEVs and hybrid PHEVs) were manufactured than in the same period of last year. Their production share in the first half of 2023 was 31.6%, just under one-third of all LVs. Despite the weak economy and high interest rates, the commercial vehicle (CV) market also grew strongly in the first half of 2023, although the base one year ago was very weak due to developments in China. LMCA puts the global increase in commercial vehicle production to the end of June 2023 at +11.5%, representing a total volume of 1.71 million units. Production figures amounted to 1.59 million units (+10.6%) for trucks and 121,000 units (+25.6%) for buses.

Construction activity remains depressed in China and increasingly under pressure in Europe

The development of the Chinese construction industry continued to be under pressure from the real estate crisis there. Financial problems among project developers and falling property prices weighed on the sector. According to data from the NBS statistics office, building investment fell by 7.9% in the first half of 2023 (Q1 2023: -5.8%), while residential investment declined by 7.3% (Q1 2023: -4.1%). In Europe, the negative effects are increasingly visible due to the deterioration in financing conditions, which is reflected in residential construction in particular. Furthermore, construction costs remain at a high level, while incoming orders have been declining for several months. After construction output in the euro area had already gotten off to a very restrained start to 2023, posting a real increase of only 0.7%, the negative sentiment became increasingly entrenched in April (+0.4%) and May (+0.1%). The mood was particularly gloomy in Scandinavia, Austria and the large Eastern European markets of Poland and Hungary. In contrast, the trend in France was still moderately positive, while other countries such as the Netherlands, Spain and Portugal as well as smaller countries in Eastern Europe (Slovenia, Romania, Croatia) even posted significant gains. In contrast, the slowdown in construction activity in Germany, which had already been visible at the end of the previous year, continued. Accordingly, both construction output and revenue declined despite the persistently high order backlog.

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Robust construction activity in the US despite weak development in the housing market - market drivers in the water business weaker in H2 2023

Despite some negative signs in the first half of 2023, the construction industry in the US was supported by the positive effects in public infrastructure construction. In the area of water supply alone, investments increased by 14.5%. Moreover, merely all construction segments recorded growth, even the construction of office and commercial buildings was moderately up. In total, US construction investments increased by 3.0% by the end of June (public: +12.3%, private: +0.8%). The rapid and sharp rise in interest rates caused a noticeable setback in the residential construction sector. Here, construction activity slumped by 10.4%, with the majority of the effect being attributable to the construction of single-family homes (H1 2023: -23.2%). Nevertheless, construction activity in the area of multi-family houses grew again by 21.1%.

NORMA Group's water business in the USA (NDS activities) correlates very strongly with the real estate market. Market drivers in this segment started to weaken in the second half of 2022 and have slowed further in 2023. Remodeling activity in the US, driven by project backlogs from 2022, started 2023 with an annual growth rate of 1%, according to the Zonda Residential Remodeling Index (RRI). Additionally, the real estate business in the US is impacted by extreme weather conditions: The Western US continued to suffer from a prolonged drought, but experienced the highest rainfall in a late winter/early spring in over 100 years in early 2023, which severely impacted the industry.

Significant Events in the First Half of 2023**Growth and efficiency program “Step Up” launched**

On May 9, 2023, NORMA Group presented a medium-term program aimed at making its operating business even more efficient and productive in order to achieve further profitable growth in the three strategic business units “Industrial Applications,” “Water Management” and “Mobility and New Energies.” The action plan was developed together with NORMA Group’s management team in the spring. The program that is divided into the two core elements of Growth and Operational Efficiency consists of clearly defined individual measures that are to be tracked continuously. In the process, the needs of customers will be given even greater focus.

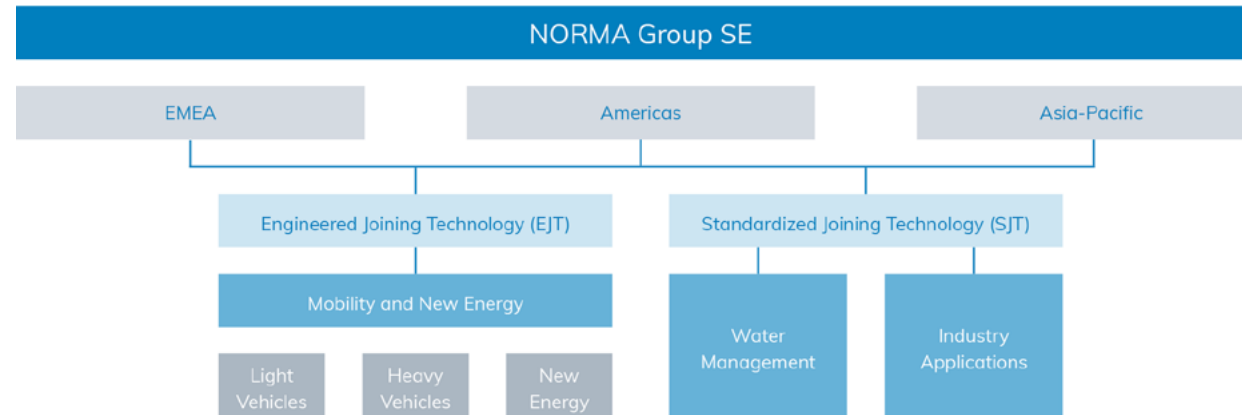
Growth and investment plans for the three strategic business units are bundled under **Growth**. The orientation towards the strategic business units is thus to be implemented more consistently throughout the company organization and the business units are to be given more self-sufficiency. For example, customer proximity is to be further increased and growth and investment decisions are to be made increasingly in the units. This will allow for opportunities to be seized more quickly and in a more targeted manner, and customer requirements to be taken into account even more specifically. In more concrete terms, the company plans to generate stronger growth in the areas of Water Management and Industrial Applications by acquiring stable business. In the areas of Mobility and New Energies, NORMA Group will be even more selective in choosing projects.

The measures in the area of **Operational Efficiency** are aimed at further improving internal and external business processes and orienting them towards sustainable profitable growth. Among other objectives, the focus here is on even clearer and simpler processes. To this end, the IT systems will be optimized even further and standardized globally, and complexities will be consistently reduced. NORMA Group wants to further improve its ability to deliver, while at the same time keeping inventories low and further shortening response times. The internal reporting system will also be precisely aligned with the program's objectives.

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For more information on the new growth and efficiency program “Step Up,” please also see our [INVESTOR-RELATIONS-PRESENTATION](#).

Basic information on NORMA Group’s organizational structure (shown below) can be found in the 2022 Annual Report, which is available electronically at WWW.NORMAGROUP.COM.



2023 Annual General Meeting elects new Supervisory Board members and approves dividend of 55 cents per share

Regular elections to the Supervisory Board were held at the Annual General Meeting of NORMA Group on May 11, 2023, in Frankfurt/Main: Erika Schulte and Rita Forst were confirmed as long-standing members of the Supervisory Board by the Annual General Meeting. Denise Koopmans and Dr. Markus Distelhoff were elected new members of the NORMA Group Supervisory Board. They succeeded Günter Hauptmann and Dr. Knut Michelberger, who did not stand for re-election. In the subsequent constituent meeting, Mark Wilhelms was elected the new Chairman by the members of the Supervisory Board. Günter Hauptmann had held the office of Chairman of the Supervisory Board until then. Miguel Ángel López Borrego, who served as interim CEO of NORMA Group from January to May 2023 and whose Supervisory Board mandate had been suspended during this time, resumed his office as of June 2023.

At the Annual General Meeting, the shareholders of NORMA Group represented also approved the management’s proposal to distribute a dividend of 55 cents per share. This represents a payout amount of EUR 17.5 million, or 31.3 percent of the adjusted net profit for 2022. The payout ratio is thus again within the target range of 30% to 35% of the adjusted net profit.

Changes in the Management Board of NORMA Group SE

Dr. Daniel Heymann joined the Management Board of NORMA Group as COO with effect from May 1, 2023. Guido Grandi has also been the company’s new CEO since June 1, 2023. Together with Annette Stieve, who has been CFO of NORMA Group since October 2020, the reorganized three-member Management Board team seeks to develop NORMA Group strategically and operationally and position it for the future. This also includes managing and implementing the “Step Up” growth and efficiency program.

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The US subsidiary NDS opened a new plant on May 4, 2023. The site is located in Lithia Springs, Georgia, near Atlanta. Valve boxes for irrigation systems as well as products for the drainage of rainwater will be manufactured there on 10,900 square meters of production space. Within the next three years, the workforce is expected to increase from 40 to 120 people. The products manufactured at the Lithia Springs plant will be distributed to wholesalers and retailers in the US. The new location thus represents another milestone in the strategic expansion of NORMA Group's Water Management business.

Celebration of production expansion in China

The grand opening of the expansion of the NORMA Group site in Changzhou, China, took place at the end of June 2023. With 9,900 square meters of additional space for production, warehouse storage and offices, the site is now ideally positioned to meet the growing demand for high-quality fastening products made of metal in China.

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

NORMA Group performed well in a challenging environment in the first half of 2023 achieving EUR 639.0 million, thus exceeding the comparative previous year's figure (H1 2022: EUR 622.3 million) by 2.7%. The growth in the first six months of 2023 was mainly due to a 3.1% increase in organic revenue, which was primarily achieved by price increase initiatives. Currency effects reduced revenues by 0.4%. Demand in the EMEA region recovered visibly year-on-year in the first six months of 2023 based on a mix of good volume business and positive price effects. This development more than compensated for both the water business, which was subdued in the Americas compared with the exceptionally good previous year, and the weak business in the Asia-Pacific region due to currency effects.

Overall, the operating earnings figures developed as expected. Adjusted EBIT reached EUR 49.7 million in the first half of 2023 (H1 2022: EUR 52.7 million). The adjusted EBIT margin amounted to 7.8% (H1 2022: 8.5%). Net operating cash flow in the first six months of 2023 was negative at EUR -12.9 million (H1 2022: EUR 9.8 million). This development is due to a higher build-up of (trade) working capital in relation to EBITDA in the reporting period compared to the end of 2022 as well as higher investments.

Based on the information that this report is based on, the Management Board expects the business environment to remain challenging in the second half of 2023. Based on the positive trend forecasts in the customer industries and (sub-)markets of relevance to NORMA Group, however, the Management Board expects the key performance indicators to develop in fiscal year 2023 as last communicated in the 2022 Annual Report and confirmed in the interim announcement on the first quarter of 2023. Detailed information on all other components of the forecast can be found in the [FORECAST REPORT](#).

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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 period from January to June 2023, 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 0.4 million (H1 2022: EUR 0.6 million). Furthermore, amortization of intangible assets from purchase price allocations in the amount of EUR 10.2 million (H1 2022: EUR 10.4 million) within EBIT is 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 below. More detailed information on the unadjusted figures is provided in the

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Adjustments ¹			T010
EUR million	H1 2023 reported	Total adjustments	H1 2023 adjusted
Group sales	639.0	0.0	639.0
Change in inventories of finished goods and work in progress	-17.0	0.0	-17.0
Other own work capitalized	1.3	0.0	1.3
Cost of materials	-279.9	0.0	-279.9
Gross profit	343.4	0.0	343.4
Other operating income and expenses	-101.2	0.0	-101.2
Employee benefits expenses	-163.6	0.0	-163.6
EBITDA	78.6	0.0	78.6
Depreciation	-26.9	0.4	-26.5
EBITA	51.7	0.4	52.1
Amortization of intangible assets	-12.6	10.2	-2.4
Operating profit (EBIT)	39.0	10.6	49.7
Financial result	-9.1	0.0	-9.1
Earnings before income taxes	29.9	10.6	40.6
Income taxes	-11.6	-2.7	-14.3
Profit for the period	18.3	8.0	26.3
Non-controlling interests	0.1	0.0	0.1
Profit for the period attributable to shareholders of the parent company	18.3	8.0	26.2
Earnings per share	0.57	0.25	0.82

¹ Deviations in decimal places can occur due to commercial rounding.

Order Backlog

As of June 30, 2023, NORMA Group's order backlog amounted to EUR 535.3 million (Jun 30, 2022: EUR 582.8 million) and was thus 8.2% lower than on the previous year's reporting date.

Earnings position

Sales grow by 2.7% in first half of 2023; EMEA region a key growth driver

NORMA Group generated consolidated sales of EUR 639.0 million in the first half of 2023, which is 2.7% higher than in the same period of the previous year (H1 2022: EUR 622.3 million). Organic growth in sales amounted to 3.1% and was mainly driven by an increase in selling prices, while currency effects had a slightly negative impact of 0.4%. The increase in sales was mainly due to higher demand from the EMEA region, both in the automotive business and in the Standardized Joining Technology business. Although the Asia-Pacific region showed an increasingly dynamic trend at the end of the current reporting period, its development, like that of the Americas region, remained behind the good previous year.

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In the second quarter of 2023, sales increased by 1.9% compared to the same quarter of the previous year to EUR 324.0 million (Q2 2022: EUR 317.9 million). Organic growth in the second quarter of 2023 was at 4.0%. Currency effects had a negative impact of 2.0%.

EJT business grows again; decline in revenue in the area of SJT partly due to external factors

In the EJT business, demand picked up again in the first half of 2023, particularly from the automotive industry. Important sales growth was achieved primarily in the EMEA region, but the Asia-Pacific and Americas regions also generated sales growth. Sales increased by 9.0% compared to the six-month period of 2022 to EUR 369.0 million (H1 2022: EUR 338.6 million). Organic sales growth in the EJT business was 9.7%, while currency effects reduced revenues by 0.7%.

In the second quarter of 2023, sales in the EJT business amounted to EUR 186.3 million (Q2 2022: EUR 167.6 million). This corresponds to a sales growth of 11.1% compared to the same quarter of the previous year. The increase resulted from an organic plus of 13.3% and negative currency effects of 2.1%.

The SJT business recorded sales of EUR 267.1 million in the period from January to June 2023, down 4.2% compared to the same period of the previous year (H1 2022: EUR 278.7 million), almost entirely resulting from an organic decline in sales revenue. The decline was mainly due to weaker sales in the US water business and delays in the award of a project in India. By contrast, business performance in EMEA was boosted by higher selling prices compared with the first half of the prior year.

In Q2 2023, SJT net sales amounted to EUR 136.4million (Q2 2022: EUR 147.2 million), falling short of the previous year's level by 7.3% and by 5.4% in organic terms. Negative currency effects reduced growth by 1.9%. In the months from April to June 2023, sales growth was also only generated in the EMEA region .

Cost of materials ratio declines year-on-year

Cost of materials amounted to EUR 279.9 million in the first half of 2023 and was thus 5.5% lower than in the same period of the previous year (H1 2022: EUR 296.1 million). The cost of materials ratio in relation to sales was 43.8% in the first half of 2023 (H1 2022: 47.6%). The cost of material to total output ratio (sales plus changes in inventories and other own work capitalized) was 44.9% (H1 2022: 47.3%). This key figure reflects the reduction in inventories of finished goods and work in progress of EUR 17.0 million in the current fiscal year compared to the previous year (H1 2022: increase in inventories of EUR 2.8 million), which had a positive effect on the cost of materials ratio.

In the second quarter of 2023, cost of materials amounted to EUR 138.4 million (Q2 2022: EUR 156.2 million) and the cost of materials ratio to revenue reached 42.7% (Q2 2022: 49.1%).

The cost of materials and intermediate products developed differently in the first six months of 2023. While the prices of some plastic granulates fell significantly, the prices of other (intermediate) product groups of relevance to NORMA Group, such as rubber products, remained high due to inflation. In the case of the special steel grades relevant to NORMA Group, the price level was mitigated through targeted price negotiations, although the cost prices persisted at an elevated level compared to conventional commodity steel goods that NORMA Group does not purchase. Energy costs remained at a high level, especially in the EMEA region.

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Gross profit and gross margin

NORMA Group generated gross profit (sales less cost of materials and changes in inventories plus other own work capitalized) of EUR 343.4 million in the first half of 2023. Compared to the six-month period of the previous year (H1 2022: 330.2 million), this represents an increase of 4.0%. In addition to the growth in sales, this is primarily due to the overall lower material expenses. These factors resulted in a slightly improved gross margin (as a percentage of sales) of 53.7% in the first half of 2023 (H1 2022: 53.1%).

NORMA Group generated gross profit of EUR 174.1 million in the second quarter of 2023, an increase of 4.4% compared to the previous year (Q2 2022: EUR 166.7 million). The gross margin in the second quarter of 2023 was thus significantly higher than in the previous year at 53.7% (Q2 2022: 52.5%). The reduction in inventories of EUR -12.2 million in the current reporting quarter (Q2 2022: increase in inventories of EUR 4.4 million) had a reducing effect on the gross margin.

Personnel cost ratio

As of June 30, 2023, NORMA Group employed a total of 8,529 people worldwide, 6,115 of whom are permanent employees. Compared to both June 30, 2022 (6,230 employees) and the end of 2022 (6,175 employees), the number of permanent employees has thus declined slightly. There were fewer permanent employees in the EMEA and Asia-Pacific regions as of June 30, 2023 compared to the previous year's reporting date. In the Americas region, the core workforce remained stable in a half-year comparison.

Personnel expenses amounted to EUR 163.6 million in the first half of 2023, an increase of 3.8% compared to the same period last year (H1 2022: EUR 157.5 million). This increase is due to inflation-driven increases in wages and additional employee benefit expenses related to the reduction of production backlogs in the EMEA region. In addition, inefficiencies in personnel structure and costs in the EMEA and Americas regions also had a negative impact. Currency effects in the US dollar region further exacerbated this development. At 25.6%, the personnel cost ratio for the first half of 2023 increased only slightly overall compared to the previous year (H1 2022: 25.3%).

In the second quarter of 2023, personnel expenses amounted to EUR 81.5 million and were thus 2.5% higher than in the second quarter of 2022 (EUR 79.5 million). The personnel cost ratio in the second quarter of 2023 was 25.2% (Q2 2022: 25.0%). [CONDENSED NOTES](#)

Development of Personnel Figures

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	Jun 30, 2023	Jun 30, 2022	Change (in %)
EMEA	3,423	3,467	-1.3
Americas	1,451	1,450	0.1
Asia-Pacific	1,241	1,313	-5.5
Core workforce	6,115	6,230	-1.8
Temporary staff	2,414	2,452	-1.5
Total workforce	8,529	8,682	-1.8

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Other operating income and expenses

The balance of other operating income and expenses in the first half of 2023 was EUR -101.2 million, 10.5% higher than in the same period of the previous year (H1 2022: EUR -91.6 million). The ratio of other operating expenses and income to sales increased to 15.8 in the current reporting period (H1 2022: 14.7%).

Other operating income amounted to EUR 10.1 million and was thus EUR 3.4 million or 25.3% lower than in the same period of the previous year (H1 2022: EUR 13.5 million). This mainly includes currency gains from operating activities of EUR 5.3 million (H1 2022: EUR 6.4 million) and income from the reversal of liabilities and provisions (H1 2023: EUR 2.6 million; H1 2022: EUR 3.2 million). [CONDENSED NOTES](#)

Other operating expenses rose by EUR 6.2 million or 5.9% compared to the same period of the previous year (H1 2022: EUR 105.1 million) to EUR 111.3 million in the first half of 2023. Most of this amount is largely attributable to expenses for temporary staff and other personnel-related expenses (H1 2023: EUR 28.5 million; H1 2022: EUR 24.9 million) and freight costs (H1 2023: EUR 22.3 million; H1 2022: EUR 20.3 million). In addition, other operating expenses include costs for consulting and marketing (H1 2023: EUR 11.0 million; H1 2022: EUR 10.6 million) as well as expenses for IT and telecommunications (H1 2023: EUR 12.9 million; H1 2022: EUR 16.5 million), which are related to the Group-wide implementation of a new ERP system and the associated additional need for consulting services and license fees.

In the second quarter of 2023, the balance of other operating income and expenses was EUR -50.7 million and thus 0.9% higher than in the corresponding quarter of the previous year (Q2 2022: EUR -50.2 million). The ratio to sales was 15.6% (Q2 2022: 15.8%).

Operating result heavily burdened by various factors

The operating result adjusted for depreciation and amortization of tangible and intangible assets from purchase price allocations – adjusted EBIT – amounted to EUR 49.7 million in the first six months of the current fiscal year and was thus 5.7% below the comparable figure for the previous year (H1 2022: EUR 52.7 million). The adjusted EBIT margin reached 7.8% in the first half of 2023 (H1 2022: 8.5%).

Adjusted EBIT for the period January to June 2023 was negatively impacted by the significantly higher other operating expenses compared to the previous year as well as the increased expenses for employee benefits.

Adjusted EBIT in the second quarter of 2023 amounted to EUR 27.1 million (Q2 2022: EUR 22.3 million). The adjusted EBIT margin was 8.4% (Q2 2022: 7.0%).

NORMA Value Added (NOVA)

NORMA Value Added (NOVA) was EUR -15.5 million in the first half of 2023, a significant deterioration compared to last year (H1 2022: EUR 4.2 million). This development is primarily due to the low adjusted EBIT in the first six months of 2023 compared to the same period of the previous year and an increase in the weighted average cost of capital (H1 2023: 9.25%; H1 2022: 7.03%).

Financial result

The financial result for the six-month period of 2023 was EUR -9.1 million, a significant deterioration compared to the previous year (H1 2022: EUR -4.5 million) [CONDENSED NOTES](#). This was mainly due to noticeably higher net

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interest expense (H1 2023: EUR -8.7 million; H1 2022: EUR -4.7 million), which resulted from a tangible increase in interest expense on liabilities to banks (H1 2023: EUR -9.7 million; H1 2022: EUR -4.2 million). In addition, the financial result was burdened by higher other financial expenses (H1 2023: EUR -0.9 million; H1 2022: EUR -0.4 million) and lower net currency gains compared to the previous year (H1 2023: EUR 0.5 million; H1 2022: EUR 0.7 million).

The financial result in the second quarter of 2023 amounted to EUR -5.2 million (Q2 2022: EUR -3.0 million).

Adjusted tax rate and adjusted earnings for the period

Based on adjusted earnings before taxes (EBT) of EUR 40.6 million in the first half of 2023 (H1 2022: EUR 48.1 million), the adjusted tax rate was 35.2% (H1 2022: 27.3%). Adjusted earnings for the period reached EUR 26.3 million (H1 2022: EUR 35.0 million). Based on an unchanged number of shares of 31,862,400, this resulted in adjusted earnings per share of EUR 0.82 in the first six months of the current fiscal year (H1 2022: EUR 1.10).

Adjusted earnings for the period in the second quarter of 2023 amounted to EUR 14.5 million (Q2 2022: EUR 14.1 million). Adjusted earnings per share for the period April to June 2023 were thus 0.45 (Q2 2022: EUR 0.44).

Development of revenue and earnings in the segments

The share of Group sales generated outside Germany was around 87.7% in the period from January to June 2023 (H1 2022: 87.0%).

EMEA region

External sales in the EMEA region amounted to EUR 274.8 million in the first half of 2023, up 11.6% and 12.2% in organic terms compared to the same period of the previous year (H1 2022: EUR 246.1 million). Price increases during the first six months of 2023 also had a positive effect. Currency effects reduced growth by 0.6%.

In the second quarter of 2023, NORMA Group generated sales of EUR 136.6 million in the EMEA region, resulting in a year-on-year (Q2 2022: EUR 121.6 million) increase in sales of 12.4% and 12.7% in organic terms, respectively, with currency effects impacting revenue by -0.3%.

The positive development of sales in the EMEA region compared to the weak prior-year period was primarily driven by an increase in volume business in the European automotive market. In total, revenue in the EJT segment reached EUR 205.8 million in the first half of 2023 (H1 2022: EUR 179.8 million). The revenue generated is divided roughly equally between the first and second quarters of 2023. NORMA Group also generated strong growth in Standardized Joining Technology in the EMEA region in the first half of 2023 (H1 2023: EUR 67.1 million; H1 2022: EUR 64.0 million), although growth in the second quarter of 2023 showed slightly less momentum. Both the industrial and the water business developed positively. Taken together, the EMEA region's share of Group sales increased to 43% in the six-month period of 2023 (H1 2022: 40%).

Adjusted EBIT in the EMEA region reached EUR 14.2 million in the current reporting period (H1 2022: EUR 12.3 million). The adjusted EBIT margin was 4.9% (H1 2022: 4.7%). The improvement in the operating margin mainly resulted from the increase in revenue in the first half of 2023, while the higher level of personnel costs related to

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the reduction of production backlogs weighed on the margin in the first half of 2023. In addition, higher special freight costs had a negative impact on the EMEA region's operating profit.

Investments in the EMEA region amounted to EUR 10.0 million in the first half of 2023 (H1 2022: EUR 8.3 million). The focus of investments was on the sites in Germany and Serbia.

Americas region

Revenue (external sales) in the Americas region amounted to EUR 282.2 million in the first half of 2023 and was thus 2.6% (in organic terms: 3.7%) below the previous year's figure (H1 2022: EUR 289.6 million). Currency effects, especially in connection with the US dollar, had a positive impact of 1.2% on revenue in the Americas region in the first six months of 2023.

Sales in the second quarter of 2023 totaled EUR 144.5 million, a decline of 6.9% compared to the same quarter of last year (Q2 2022: EUR 155.3 million). Organic growth declined by 5.2%, while currency effects also had a negative impact of -1.8%.

The main driver of the decline in revenue was the weak water business of the US subsidiary NDS. Following the extremely good development in the same period of the previous year that brought enormous growth rates (H1 2022: in organic terms: +20.7%), this business recorded a decline in organic sales (-6.7%) in the first half of 2023. This was mainly due to a weather-related special effect that had an impact on the ordering behavior of customers in the first six months of 2023. In light of this situation, SJT revenue declined to EUR 174.2 million in the current reporting period (H1 2022: EUR 182.9 million). The EJT business also developed modestly. Revenue was slightly above the previous year's level (H1 2023: EUR 107.3 million; H1 2022: EUR 104.4 million). In particular, further price increases were successfully passed on to customers. In the second quarter of 2023, business performance was impacted not only by weaker organic growth but also by negative currency effects. Against this backdrop, the Americas region accounted for 44% of Group revenue in the current reporting period (H1 2022: 46%).

Adjusted EBIT in the Americas region fell to EUR 34.7 million in the first half of 2023, compared to EUR 39.4 million in the same period of the previous year. In relation to the lower sales, this resulted in an EBIT margin for the Americas region of 12.1% (H1 2022: 13.4%). The adjusted EBIT margin in the first half of 2023 was negatively impacted primarily by inflation-related higher personnel costs and, in some cases, inefficiencies within the personnel structures. Currency effects in the US dollar region further intensified this development. In contrast, the lower price level for key raw materials had a positive effect.

In the period from January to June 2023, investments in the Americas region amounted to EUR 16.7 million (H1 2022: EUR 7.3 million) and related in particular to the plants in the US.

Asia-Pacific region

In the Asia-Pacific region, sales in the first half of 2023 amounted to EUR 82.0 million (H1 2022: EUR 86.6 million). Compared to the same period of the previous year, this resulted in a 5.2% decline in sales, which was mainly caused by negative currency effects (-5.0%). Organic sales growth was also slightly negative at -0.2%.

Sales of EUR 42.9 million was generated in the Asia-Pacific region in the second quarter of 2023. Compared to the same quarter of the previous year (Q2 2022: EUR 41.1 million), sales increased by 4.5%. Strong organic sales growth of 12.5% was offset by currency effects of -8.1%.

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The SJT business in particular declined sharply in the current reporting period (H1 2023: EUR 25.8 million; H1 2022: EUR 31.9 million). The decline in the SJT business affected the industrial and the water business in equal measure. This was triggered by the ongoing negative after-effects of the pandemic, which had a negative impact mainly in the first quarter, as well as delays in a government project in India. By contrast, slight sales impulses came from the EJT segment in the first half of 2023. There, demand from the Chinese automotive industry recovered noticeably after a weak opening quarter of 2023. Moreover, very strong organic growth in the double-digit range became visible in the second quarter of 2023. Nevertheless, the positive development was partly offset by negative currency effects. In total, the sales of the EJT segment reached EUR 55.9 million in the period January to June (H1 2022: EUR 54.3 million). The Asia-Pacific region accounted for around 13% of Group sales in the first half of 2023 (H1 2022: 14%).

Adjusted EBIT in Asia-Pacific was EUR 7.0 million in the first half of 2023 (H1 2022: EUR 9.4 million). The adjusted EBIT margin reached 7.9% (H1 2022: 10.4%). The decline in the margin in the first six months of 2023 was mainly due to the lower level of sales and higher operating expenses related to the expansion of production in China, whereas the more relaxed price situation for key raw materials and supplies supported the adjusted EBIT margin in Asia-Pacific.

Capital expenditure in the Asia-Pacific region amounted to EUR 5.3 million in the period from January to June 2023 (H1 2022: EUR 4.0 million). The investments were made at the plants in China in particular.

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Development of the Segments

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in EUR thousand	EMEA		Americas		Asia-Pacific		Segments in total		Central functions		Consolidation		Group	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
Total sales	292,579	261,811	287,731	295,203	87,957	90,837	668,267	647,851	20,954	19,877	-50,244	-45,439	638,977	622,289
thereof intersegment sales	17,787	15,676	5,574	5,621	5,930	4,265	29,291	25,562	20,953	19,877	-50,244	-45,439		
Sales to external customers	274,793	246,135	282,157	289,582	82,027	86,572	638,977	622,289					638,977	622,289
Contribution to consolidated Group sales	43 %	40 %	44 %	46 %	13 %	14 %	100 %	100 %						
Gross profit ¹	148,517	136,202	153,268	152,472	42,679	43,212	344,464	331,886	k.A.	k.A.	-1,034	-1,646	343,430	330,240
EBITDA ¹	25,188	23,271	46,608	50,606	12,489	14,166	84,285	88,043	-5,824	-6,541	151	-433	78,612	81,069
EBITDA margin ^{1,2}	8.6 %	8.9 %	16.2 %	17.1 %	14.2 %	15.6 %							12.3 %	13.0 %
Depreciation excluding PPA amortization ³	-10,138	-9,793	-10,559	-9,638	-5,379	-4,463	-26,076	-23,894	-430	-507			-26,506	-24,401
Adjusted EBITA ¹	15,050	13,478	36,049	40,968	7,110	9,703	58,209	64,149	-6,254	-7,048	151	-433	52,106	56,668
Adjusted EBITA margin ^{1,2}	5.1 %	5.1 %	12.5 %	13.9 %	8.1 %	10.7 %							8.2 %	9.1 %
Amortization of intangible assets excluding PPA amortization ³	-814	-1,147	-1,321	-1,524	-134	-300	-2,269	-2,971	-164	-1,039			-2,433	-4,010
Adjusted EBIT	14,236	12,331	34,728	39,444	6,976	9,403	55,940	61,178	-6,418	-8,087	151	-433	49,673	52,658
Adjusted EBIT margin ^{1,2}	4.9 %	4.7 %	12.1 %	13.4 %	7.9 %	10.4 %							7.8 %	8.5 %
Assets (previous year's figures as of Dec 31, 2022) ⁴	649,762	644,561	689,597	721,827	245,616	268,156	1,584,975	1,634,544	258,252	270,319	-333,149	-344,185	1,510,078	1,560,678
Liabilities (previous year's figures as of Dec 31, 2022) ⁵	238,348	242,004	263,375	288,077	43,155	56,372	544,878	586,453	574,508	575,564	-300,230	-306,693	819,156	855,324
CAPEX ⁶	9,978	8,332	16,747	7,256	5,305	3,958	32,030	19,546	138	240	n.a.	n.a.	32,168	19,786
Number of employees ⁷	3,300	3,372	1,456	1,435	1,242	1,326	5,998	6,133	133	130	n.a.	n.a.	6,131	6,263

 1_The adjustments are explained in [NOTE 4](#).

2_In terms of segment sales revenue.

3_Amortization from purchase price allocations.

4_Including allocated goodwill; taxes are shown in the column "Consolidation."

5_Taxes are included in the "Consolidation" column.

6_Including capitalized rights of use for movable assets.

7_Number of employees (average).

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Asset position

Total assets

Total assets as of June 30, 2023, amounted to EUR 1,510.1 million, 3.2% lower than at the end of 2022 (Dec 31, 2022: EUR 1,560.7 million).

Assets

Non-current assets amounted to EUR 914.8 million as of June 30, 2023, a slight decrease of 1.0% compared to December 31, 2022 (EUR 924.5 million). Depreciation and amortization within other intangible assets as well as currency effects on goodwill had a reducing effect. In contrast, property, plant and equipment recorded an increase, which can be attributed in particular to the area of assets under construction. Non-current assets accounted for 60.6% of total assets as of June 30, 2023 (Dec 31, 2022: 59.2%).

In the period from January to June 2023, a total of EUR 32.2 million was invested in fixed assets (H1 2022: EUR 19.8 million). The share of own work capitalized within investments amounted to EUR 1.3 million (H1 2022: EUR 1.2 million). The focus of investment activities in the first half of 2023 was on the expansion of production capacities in the US and China. [SIGNIFICANT EVENTS IN THE FIRST HALF OF 2023](#)

Current assets amounted to EUR 595.2 million as of June 30, 2023, a decrease of 6.4% compared to December 31, 2022 (EUR 636.2 million). This was mainly due to the reduction in inventories (-9.0%) and the significant decrease in cash and cash equivalents (-41.1%) to EUR 99.3 million compared to the reporting date at the end of 2022 (Dec 31, 2022: EUR 168.7 million). One of the contributing factors was the dividend payment of EUR 17.5 million to the shareholders of NORMA Group in May 2023. A detailed reconciliation of the change in cash and cash equivalents can be found in the Consolidated Statement of Cash Flows. [CONDENSED NOTES](#) On the other hand, the increase in the items other financial and non-financial assets as well as trade receivables (+20.7%) had an increasing effect on current assets. The higher trade receivables can be attributed to the seasonal increase and to the reduction in receivables sold under the ABS and factoring program compared to December 31, 2022. Current assets accounted for 39.4% of total assets at the end of June 2023 (Dec 31, 2022: 40.8%).

Equity ratio

Equity amounted to EUR 690.9 million as of June 30, 2023 (Dec 31, 2022: EUR 705.4 million) and was thus 2.0% below the figure at the end of 2022. The main reason for this is the reduction in other reserves due to negative currency translation differences and the dividend payment in the first half of 2023. The positive result for the period in the first six months of 2023 in the amount of EUR 18.3 million had the opposite effect. It was thus once again at a high level and slightly above the figure as of December 31, 2022 (45.2%).

Financial liabilities

NORMA Group's financial liabilities increased by 1.5% to EUR 526.3 million as of June 30, 2023, compared to the end of 2022 (Dec 31, 2022: EUR 518.4 million). This change was primarily driven by an increase in current loans payable. An increase in liabilities from leases also led to an increase in financial liabilities. The reason for this is that newly concluded leasing contracts in the area of rights of use more than compensated for the changes through repayments (payment of leasing instalments). On the other hand, decreases in the item of other financial liabilities in connection with the repayment of liabilities from ABS and factoring had a reducing effect.

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Non-current liabilities amounted to EUR 436.2 million as of June 30, 2023, and had decreased minimally by 0.1% compared to the end of 2022 (Dec 31, 2022: EUR 436.8 million).

Current liabilities amounted to EUR 382.9 million as of June 30, 2023, a decrease of 8.5% compared to the end of 2022 (Dec 31, 2022: EUR 418.5 million).

As of the balance sheet date, non-current liabilities accounted for 28.9% of total assets (Dec 31, 2022: 28.0%), while current liabilities accounted for 25.4% (Dec 31, 2022: 26.8%).

Net debt

Net debt increased from EUR 349.8 million at the end of 2022 to EUR 427.0 million on June 30, 2023, an increase of 22.1%, or EUR 77.2 million, mainly due to the decrease in cash and cash equivalents by EUR 69.4 million compared to the end of 2022. This was due to net cash outflows from the sum of cash outflows from operating activities, from the procurement and sale of non-current assets and from the payment of the dividend to the shareholders of NORMA Group SE. In the period from January to June 2023, higher current interest expenses and the increase in leasing liabilities also had a negative impact on net debt.

Gearing (net debt in relation to equity) as of June 30, 2023, was 0.6 (Dec 31, 2022: 0.5). Leverage (net debt excluding hedging instruments in relation to the EBITDA of the last twelve months) increased to 2.7 as of June 30, 2023 (Dec 31, 2022: 2.2).

Financial position**Group-wide financial management**

A detailed overview of NORMA Group's general financial management can be found in the [2022 ANNUAL REPORT](#).

Net operating cash flow

Net operating cash flow was negative in the current reporting period. It amounted to EUR -12.9 million and thus decreased significantly compared to the same period of the previous year (H1 2022: EUR 9.8 million). This was due to the decline in EBITDA on the one hand (H1 2023: EUR 78.6 million; H1 2022: EUR 81.1 million). On the other hand, a higher build-up of (trade) working capital (H1 2023: EUR 60.5 million; H1 2022: EUR 53.4 million) compared to the end of 2022 also had a negative impact on net operating cash flow in the current reporting period. Significantly higher investments from the operating business (H1 2023: EUR 31.0 million; H1 2022: EUR 17.9 million) also had a negative effect on net operating cash flow in the current reporting period.

Cash flow from operating, investing and financing activities

Cash flow from operating activities was EUR -7.1 million in the first half of 2023 (H1 2022: +7.1 million). Cash flow from investing activities reached EUR -31.3 million in the first half of 2023 (H1 2022: EUR -14.6 million) and includes net cash outflows from the procurement and disposal of non-current assets. Cash flow from financing activities amounted to EUR -28.2 million in the first half of 2023 (H1 2022: EUR -30.1 million). [CONDENSED NOTES](#)

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Corporate Responsibility at NORMA Group

Acting responsibly in all areas of the company

As a manufacturing company, NORMA Group is aware of its ecological, economic and social responsibility and sees it as a central responsibility to reconcile the effects of its business activities with the expectations and needs of society. It therefore bases its operational decisions on the principles of responsible corporate governance and sustainable action. Environmentally compatible and sustainable management are firmly anchored as essential components of the company strategy. NORMA Group's strategy and corporate responsibility objectives in the areas of environment, governance and social affairs are continuously evaluated and updated. Further information can be found in the [2022 CR REPORT](#) and on the NORMA Group website at WWW.NORMAGROUP.COM.

Non-financial performance indicators and other key non-financial indicators

Compliance with applicable environmental protection regulations and the avoidance of environmental risks are a high priority for NORMA Group. The company is guided by international standards and guidelines. NORMA Group's most important non-financial performance indicator is CO₂ emissions. This indicator is also a fixed component and a key target within the variable long-term remuneration (ESG-LTI) of the company's Management Board members. CO₂ emissions are measured in tons of CO₂ equivalents (Scope 1 and 2; method: market-based). Other key non-financial indicators include the Group's innovative capacity, measured by the number of invention applications, the problem-solving behavior of employees, expressed in terms of defective parts per million produced (parts per million / PPM), and the accident rate, measured in terms of accidents per 1,000 employees. The detailed set of personnel and environmental indicators as well as key figures on occupational safety and health protection in the Group can be found in the [2022 CR REPORT](#).

Carbon dioxide emissions

NORMA Group currently focuses the collection and management of its greenhouse gas emissions on emissions arising from gas consumption (Scope 1) and the purchase of electricity and district heating (Scope 2) at its production sites. The company strives to continuously reduce these emissions. For example, NORMA Group's target of reducing CO₂ emissions from its production processes by around 19.5% by 2024 compared to the reference year 2017 was already significantly exceeded in 2022. In the first half of 2023, CO₂ emissions were 2,572 t CO₂e (H1 2022: 2,783 t CO₂e).¹

Invention applications

NORMA Group offers product solutions that support its customers in responding to megatrends such as resource scarcity and climate change in a targeted manner. Securing the ability to innovate in the long term is therefore a key driver for NORMA Group's future growth. Therefore, the strategic orientation of NORMA Group's innovation management is based in particular on the defined megatrends and focuses on emissions reduction and water scarcity. Based on these long-term trends [FORESIGHT MANAGEMENT](#) and Business Development derive potential market segments for NORMA Group, in water management or the areas of battery cooling and exhaust gas treatment, for example.

¹ CO₂ emissions excluding Energy Attribute Certificates (EAC) amounted to approximately 22.545 t CO₂e in H1 2023 (H1 2022: 23.466 t CO₂e).

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With this in mind, the continuous development of new products that are oriented towards the changing requirements of end markets, customers and legal regulations is a constant focus. NORMA Group promotes the inventive spirit of its employees through targeted incentive systems and measures its innovative capacity on the basis of the inventions reported by employees in a formalized process. A total of 8 invention applications were submitted in the first half of 2023 (H1 2022: 10).

Quality indicator

NORMA Group stands for high reliability and service quality. The reputation of its brands and the reliability of its products are a key factor in the company's success, because as connecting elements of various individual parts, NORMA Group's products are often mission-critical for its direct customers. Therefore, the quality of its products is of high importance in all business units. The Group 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 the problem-solving behavior of its employees using the key figure of defective parts per million produced (parts per million / PPM). This figure is recorded and aggregated on a monthly basis throughout the Group. The number of defective parts (PPM) was 1.8 in the first half of 2023, a significant improvement compared to the same period of the previous year (H1 2022: 4.0).

Accident rate

NORMA Group focuses on providing employees with a safe and risk-free working environment. Special programs are in place to ensure that all workplaces meet the highest safety standards and that accidents and incidents are avoided as far as possible. To this end, the sites take technical precautions in particular and conduct training courses on the prevention of occupational accidents. All NORMA Group production sites have local occupational health and safety officers who, together with the respective plant management and safety committees, ensure the implementation of occupational safety standards and are available as experts who can answer technical questions. Success in the area of occupational safety and health is monitored through regular reporting by the global occupational safety department to the Management Board. Cause analyses are carried out at the production site level and appropriate countermeasures are defined. The progress of these measures is also reported to the Management Board.

To assess the effectiveness of its programs and measures in the area of occupational health and safety, NORMA Group collects the accident rate as one of the important figures. The accident rate measures the number of accidents resulting in more than three working days lost per 1,000 employees. In the first half of 2023, the accident rate was 4.4 accidents per 1,000 employees (H1 2022: 2.8).

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General Economic and Industry-Specific Conditions

Subdued outlook for the global economy, only moderate growth expected

The risks from the war in Ukraine and other potential geopolitical conflicts continue to cause economic uncertainty. Fiscal policy stimuli, which had massively supported the economy during the corona pandemic, are currently lacking. Compared to the situation at that time, the central banks have now tightened monetary policy to curb inflation, which has significantly increased financing costs for companies. This has reduced the economy's willingness to invest and consumers' willingness to spend. The high order backlogs are having a supporting effect on the industrial economy. The order backlog can now be worked off thanks to the improvement in the supply chains. However, according to the Kiel Institute for the World Economy (IfW), the declining order level will have a stronger impact on production in the future. As a result, the economic outlook for the middle of 2023 is cautious, with high risks at the same time. The International Monetary Fund (IMF) adjusted its forecast only slightly in July 2023. According to this, the global economy is expected to grow only moderately in 2023 by +3.0% (previous forecast: +2.8%). The emerging and developing countries are expected to grow by a total of 4.0%, the industrialized countries by only 1.5%, including the US at +1.8%. In the UK (+0.4%) and the euro area (+0.9%), only slight growth is forecast for 2023, according to the IMF.

German economy with a lot of headwinds due to high inflation and higher interest rates

According to estimates by the German Bundesbank, the economy will recover only laboriously from the crises of the last three years in 2023. One of the main reasons for this is the high level of inflation, which at 6.0% in 2023 is well above the central bank's target of around 2%. In response to this, not only private consumption but also government spending will decline noticeably in 2023 as a whole. In contrast, however, fixed investment is likely to increase despite higher interest rates, as the investment projects previously piled up by the supply bottlenecks can now be implemented. In addition, the transition to more climate-friendly production methods as well as the energy and mobility turnaround are now triggering investment demand, which can be observed independently of cycles and interest rates. By comparison, the slump in construction, especially in residential construction, will weigh significantly on the economy in 2023. Against this backdrop, the Bundesbank forecasts that the German economy will shrink by 0.5% in 2023. In its summer forecast, the Ifo Institute expects a minus of 0.4% for 2023. The IMF also expects Germany's economic strength to fall back in 2023 (-0.3%) and to improve only slightly in 2024 at +1.3%.

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Forecast for GDP Growth (Real) in % T013

	2022 ²	2023e	2024e
World ¹	+3.4	+3.0	+3.0
USA ^{1,3}	+2.1	+1.8	+1.0
China ^{1,4}	+3.0	+5.2	+4.5
Euro zone ^{1,5}	+3.5	+0.9	+1.5
Germany ¹	+1.8	-0.3	+1.3

1_JMF WEO, July 2023; 2_Partially revised data; 3_USDC/BEA annualized rates for 2022 (but: Q1 yoy +1.8%, Q2 yoy: +2.6%); 4_National Bureau of Statistics (NBS) for 2022; 5_Eurostat / ECB for 2022; data as of July 25, 2023.

Mechanical and plant engineering: negative signs for 2023

The industry is currently still benefiting from a high order backlog. However, the pressure is gradually increasing due to the global economic weakness, the sharp rise in interest rates, the uncertain outlook for energy costs and supply and the geopolitical risks. Thus, it is very clear from the order books of the German mechanical and plant manufacturing industry in 2023 that demand is slumping. In the first five months, the drop was 14% in real terms. Further interest rate hikes cannot be ruled out for the coming quarters. The combination of sharply increased production costs and simultaneously rising interest rates is likely to continue to weigh on the propensity to invest in the medium term. Against this backdrop, the industry association VDMA expects mechanical engineering production in Germany to shrink by 2% in real terms in 2023.

Worldwide Development of Industrial Production / Development of Mechanical Engineering in Germany in % T014

	2022 ¹	Q1 2023	Q2 2023
Industrial production			
World ²	+3.1	+0.5	5M: +0.8
USA ³	+3.4	-0.2	+0.7
China ⁴	+3.6	+3.0	+3.8
Euro zone ⁵	+2.3	+0.5	Apr: +0.2 May: -2.2
Mechanical engineering in Germany			
Equipment investment (real) ⁶	+3.3	+6.7	+4.6
Machine production (real) ⁷	+0.8	+3.2	Apr: +3.7 May: +1.6
Incoming orders (real) ⁸	-4.0	-13.0	5M: -14.0

1_Partially revised data; 2_CPB Netherlands Bureau for Economic Policy Analysis; 3_Fed; 4_National Bureau of Statistics (NBS); 5_Eurostat / ECB; 6_Ifo; 7_Deutsche Bundesbank / Destatis; 8_VDMA.

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Automotive construction remains on a recovery course – electric drives account for nearly one third of LV volume

GlobalData expects that the development of the automotive industry will continue to be burdened by bottlenecks, despite the improved availability of components, and thus demand cannot be fully met. Nevertheless, according to the experts, a robust recovery is expected in the global automotive market. Specifically, global production is expected to grow by 6.0% to 87.2 million light vehicles in 2023. However, the pre-crisis level is not expected to be reached again until 2024. GlobalData expects production to reach 89.6 million LV in 2024 (2019: 88.8 million). In 2023, the highest growth rates are expected in Europe and North America, where LV production is projected to increase by around 10% each. Looking at the individual drive types, it becomes clear that the production of traditional LVs with pure combustion engines is expected to decrease by 5.0% in 2023. In turn, the number of battery-electric LVs (pure BEVs and hybrid PHEVs) is expected to increase by 36.8%, so that their share of LV production increases significantly to 31.9% (2022: 24.0%). The market for commercial vehicles (CVs) is also expected to grow in 2023. According to GlobalData, commercial vehicle production is expected to grow by 7.3%, with double-digit rates expected for Europe and Asia. In contrast, production in North America is expected to stagnate in 2023 due to economic and interest rate factors. A decline is even assumed for the region in 2024.

Automotive Industry: Global Production and Sales Development in %

T015

	2022 ¹	2023e	2024e
Production of light vehicles	+7.0	+6.0	+2.7
Traditional combustion engines	-0.7	-5.0	-4.2
PHEV	+43.2	+29.6	+13.8
BEV	+70.1	+39.2	+30.8
Sales of light vehicles	-0.6	+6.4	+4.8
Truck production	-13.6	+7.3	+4.5
Truck sales	-19.3	+10.6	+4.5

Source: GlobalData; 1_ Revised data according to GlobalData.

Construction industry in China and Europe in a recession in 2023

China's construction industry continues to show a weak development. The data from the NBS statistics office suggests a further significant slowdown both in the dominant segment of residential construction and in office and commercial buildings, even though the real volume of all building investments currently under construction is only falling moderately. This is additionally exaggerated by the high volume of completions. In contrast, new construction starts in the first half of 2023 plummeted by nearly a quarter (-24.3%), so this suggests weak construction activity for the coming months. The outlook for the European construction industry has also deteriorated further as a result of higher interest rates and construction costs. The Euroconstruct network (including Ifo) lowered its forecast slightly in June. Instead of stagnation in 2023, construction output is now expected to fall by 1.1% in real terms (West: -1.0%, East: -1.7%). Spain, Portugal and, to a lesser extent, France are expected to generate slight growth. By comparison, parts of Scandinavia and Eastern Europe, the Netherlands, Austria, Italy, the UK and Switzerland are expected to see a decline in construction output. A weak phase lasting several years is forecast for Germany, with a minus of 2.2% predicted for 2023 alone. The reasons include the fact

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that many new construction projects are being postponed or cancelled altogether due to a lack of profitability, and thus new business is almost collapsing. The German Construction Industry Federation (HDB) therefore expects turnover to shrink by 6% in real terms in 2023 (2022: -5.8%).

US construction industry: Dampened by economic uncertainties and high interest rates - water management remains a growth market, driven by infrastructure measures

The positive development of the US construction industry from the previous year is now being burdened by rising interest rates. Mortgage rates rose to 7% as of July 2023 after several Fed rate hikes in the last 12 months. For this reason, the experts at FMI estimate that the industry will generate a much weaker increase in construction spending of around 3% as a result of the greater challenges (2022: +11%). FMI also expects the construction of single-family homes to suffer very significant downturns of 16% compared with the previous year. By contrast, commercial construction and building construction are forecast to perform well in 2023. The outlook for 2024 remains negative (-15%) in view of the rise in interest rates. This should also be reflected in investments in multifamily housing, office and commercial buildings, which are expected to turn negative according to current estimates.

The water supply sector remains one of the growth areas, with a forecast increase of 10% in 2023. This is supported by the massive investments in infrastructure, which are to continue in the coming years. The commercial segment is also expected to grow significantly in 2023 (+11%), while it is expected to contract in 2024 (-8%).

Construction Industry: Development of European Construction Industry			T016
in %			
	2022 ¹	2023e	2024e
Western Europe	+3.0	-1.0	-0.8
Eastern Europe	+3.8	-1.7	+1.3
Europe	+3.0	-1.1	-0.7

1_Revised data; Source: Euroconstruct / ifo Institute (forecast as of June 2023).

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Future development of NORMA Group SE

NORMA Group is not planning any significant changes to its company objectives and strategy. A detailed description of the strategic objectives is provided in the [2022 ANNUAL REPORT](#).

NORMA Group's development in the first half of 2023 was influenced by a number of different factors. Negative factors included the still high level of inflation, which was partly reflected in continued sensitive price levels for energy, but also selected raw materials and (input) materials. Uncertainties in connection with the further development of the geopolitical and economic framework conditions and a tense interest rate environment also had a negative effect.

Using the information on which this report is based, the Management Board expects the business environment to remain challenging in the second half of 2023. However, based on the trend forecasts in the customer industries and markets of relevance to NORMA Group, the Management Board expects the key performance indicators to develop in fiscal year 2023 as last communicated in the 2022 Annual Report and confirmed in the Interim Statement for the first quarter of 2023.

Accordingly, the Management expects medium single-digit organic Group sales growth overall in fiscal year 2023. The assessment of the expected development in the EMEA, Americas and Asia-Pacific regions as well as in the Engineered Joining Technology and Standardized Joining Technology sales channels also remain unchanged from the forecast published in the 2022 Annual Report.

With regard to the key operating performance indicators, the Management continues to expect an adjusted EBIT margin of around 8% for fiscal year 2023. For net operating cash flow, the Management expects a figure of around EUR 70 million in fiscal year 2023.

With regard to NORMA Value Added (NOVA), the Management Board assumes, based on current knowledge, that it will be within a corridor of between EUR –10 million and EUR 10 million for the full fiscal year 2023.

Higher interest rates are a key burdening factor. NORMA Group counters this with its comprehensive financing and liquidity management. This is primarily the responsibility of Group Treasury, which continuously monitors current market developments and plans and implements appropriate measures on a rolling basis. Taking the higher level of interest rates into account, the Management has made the assumptions regarding the financial result in fiscal year 2023 more precise and now expects a financial result of up to EUR –15 million for the full year 2023 (previously: "of up to EUR –12 million").

In addition, the Management Board has specified the corridor for the adjusted tax rate. In fiscal year 2023, this is expected to be within a range of between 33% and 37% (previously: "between 28% and 30%").

The other key financial figures, which are not presented in detail here, do not deviate from the figures forecast in the 2022 Annual Report. The following table provides an overview of the Management Board's assumptions regarding the development of the most important key figures in fiscal year 2023.

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Forecast for Fiscal Year 2023

T017

Organic Group sales growth	Medium single-digit organic Group sales growth
	EJT: Medium single-digit organic sales growth
	SJT: Medium single-digit organic sales growth
	EMEA: Medium single-digit organic sales growth
	Americas: Low single-digit organic sales growth
	APAC: Organic sales growth in the low double-digit range
Cost of materials ratio	Stable cost of materials ratio compared to the previous year
Personnel cost ratio	Stable personnel cost ratio compared to the previous year
R&D investment ratio ¹	Around 3% of revenue
Adjusted EBIT margin	Around 8%
NORMA Value Added (NOVA)	Between EUR -10 million and EUR 10 million.
Financial result	Up to EUR -15 million
Adjusted tax rate	Between 33% and 37%
Adjusted earnings per share	Moderate increase compared to the previous year
Investment ratio (excluding acquisitions)	Investment ratio between 5% and 6% of Group revenue
Net operating cash flow	Around EUR 70 million
Dividend / payout ratio	Approx. 30% to 35% of adjusted Group earnings for the year
CO ₂ emissions	Under 9,800 tons of CO ₂ equivalents
Number of annual invention applications	More than 20
Number of defective parts rejected by the customer (parts per million / PPM)	Fewer than 5.5

¹ Due to the increasing strategic relevance of the area of water management, NORMA Group has included the R&D expenses in this area in the calculation since the reporting year 2020 and uses total revenue as the reference value for determining the R&D ratio (previously 5% of EJT revenue).

This forecast is based on the assumption that there will be no further significant negative effects in the course of 2023 in connection with relevant influencing factors, such as the COVID-19 pandemic, the war in Ukraine or other negative economic and geopolitical drivers worldwide, which could exert significant pressure on NORMA Group's business development. This is still assumed as a premise in this forecast.

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Risk and Opportunity Report

NORMA Group is exposed to a wide range of risks and opportunities that can have a positive or negative short-term or long-term impact on its asset, financial and earnings position. NORMA Group SE's risk and opportunity management is therefore an integral part of the company's management – at both the Group management level and at the level of the individual companies and functional areas. Due to the fact that all corporate activities are associated with opportunities and risks, 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 NORMA Group can be found in the 2022 Annual Report. [2022 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 on the basis of the effect on the Group's earnings and liquidity. The following four categories are used with reference to the potential maximum average annual impact in the period under review of the risk management system:

- Low: up to EUR 5 million impact on earnings or liquidity
- Moderate: more than EUR 5 million and up to EUR 15 million impact on earnings or liquidity
- Significant: more than EUR 15 million and up to EUR 30 million impact on earnings or liquidity
- High: more than EUR 30 million impact on earnings or liquidity

The interval used 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 Consolidated 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 four categories:

- Unlikely: up to 5% probability of occurrence
- Possible: more than 10% and up to 25% probability of occurrence
- Likely: more than 25% and up to 50% probability of occurrence
- Very likely: more than 50% probability of occurrence

Compared to the risk and opportunity assessment published in the 2022 Annual Report, there are no significant changes with regard to the risk assessment. However, in particular – in the overall economic context – the following risk areas have a potential impact on NORMA Group's business operations:

Overall, it can be assumed that the economy will continue to be burdened. In particular, shortages of materials, continuing high rates of inflation and further potential interest rate hikes are having a negative impact on economic growth. Furthermore, the Chinese market in particular has not recovered as strongly as expected after the COVID-19 pandemic, which continues to influence global economic and business trends. Despite NORMA

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Group's successful efforts to reduce the risk of material shortages due to the Russia-Ukraine war, it is still not possible to fully predict the possible further impact of the Russia-Ukraine war on the global economy and the overall economic development. NORMA Group therefore continues to classify economic and cyclical risks as "possible" and continues to classify the financial impact – taking countermeasures into account – as "moderate."

The market situation with reduced vehicle production – among other things due to the supply bottlenecks that continue to prevail, especially for microchips – has fundamentally improved compared to the risk and opportunity assessment published in the 2022 Annual Report. Overall, however, the industry-specific risks are still assessed as "possible." Considering the countermeasures taken and corresponding planning assumptions, the potential financial impact related to industry-specific risks continues to be classified as "moderate."

NORMA Group constantly develops and implements initiatives that focus on cost discipline and the continuous improvement of production processes. In addition, NORMA Group continues to work with increased focus on stabilizing and improving operational processes at the sites in Maintal, Germany, and Hustopeče, Czech Republic, in order to minimize additional costs as well as further optimize productivity and increase efficiency. Overall, process-related risks continue to be assessed as "possible," while their potential financial impact is classified as "low."

The current macroeconomic situation points to further inflation risks, which could have a corresponding effect on NORMA Group in the form of an increase in interest rates for financing and thus higher financing costs for borrowed capital. NORMA Group continues to assess interest rate risks as "likely." Considering the countermeasures taken in the area of financial management, the financial impact associated with potential changes in interest rates continues to be assessed as "low."

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Risk and Opportunity Profile of NORMA Group ¹

T018

		Probability of occurrence				Change comp. to Dec. 2022	Financial impact				Change comp. to Dec. 2022
		unlikely	possible	likely	very likely		low	moderate	significant	high	
Financial risks and opportunities											
	Default risk			■		▶	■				▶
38	Liquidity	Risks	■			▶	■				▶
		Opportunities			■		▶	■			▶
	Currency	Risks			■	▶	■				▶
		Opportunities				■	▶	■			▶
	Change in interest rates	Risks			■	▶		■			▶
		Opportunities	■				▶		■		▶
Economic and cyclical risks and opportunities											
	Risks		■			▶		■			▶
	Opportunities		■			▶		■			▶
Industry-specific and technological risks and opportunities											
	Risks		■			▶		■			▶
	Opportunities		■			▶		■			▶
Strategic risks and opportunities											
	Risks	■				▶		■			▶
	Opportunities		■			▶		■			▶
Operational risks and opportunities											
	Commodity pricing			■		▶	■				▶
	Suppliers		■	■		▶	■				▶
	Quality		■			▶	■				▶
	Processes		■			▶	■				▶
	Customers		■			▶		■			▶
	Opportunities		■			▶	■				▶
Risks and opportunities of personnel management											
	Risks		■			▶	■				▶
	Opportunities			■		▶	■				▶
IT-related risks and opportunities											
	Risks			■		▶		■			▶
	Opportunities			■		▶	■				▶
Legal risks and opportunities											
	Risks related to standards and contracts		■			▶		■			▶
	Social and environmental standards		■			▶	■				▶
	Property rights		■	■		▶	■				▶
	Opportunities		■			▶	■				▶

¹If not indicated differently, the risk assessment applies for all regional segments.

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Report on Significant Transactions with Related Parties

There were no significant transactions with related parties subject to reporting in the reporting period from January to June 2023.

Maintal, August 8, 2023

NORMA Group SE

The Management Board

Guido Grandi
Chief Executive Officer (CEO)

Dr. Daniel Heymann
Member of the Management Board (COO)

Annette Stieve
Member of the Management Board (CFO)

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NET OPERATING CASH FLOW H1 2023:

EUR -12.9 million

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Consolidated Statement of Comprehensive Income

for the period from January 1 to June 30, 2023

			T019
	Note	H1 2023	H1 2022
in EUR thousand			
Revenue	(5)	638,977	622,289
Changes in inventories of finished goods and work in progress		-16,980	2,843
Other own work capitalized		1,296	1,205
Cost of materials	(5)	-279,863	-296,097
Gross profit		343,430	330,240
Other operating income	(6)	10,068	13,469
Other operating expenses	(6)	-111,297	-105,109
Employee benefits expenses	(7)	-163,589	-157,531
Depreciation		-39,570	-39,454
Operating profit		39,042	41,615
Financial income		2,225	1,700
Financial expenses		-11,337	-6,232
Financial result	(8)	-9,112	-4,532
Profit before income taxes		29,930	37,083
Income taxes		-11,593	-10,384
Result for the period		18,337	26,699
Other comprehensive income for the period, net of tax:			
Other comprehensive income for the period that can be reclassified to profit or loss in the future, net of taxes		-15,390	41,128
Adjustment item for translation differences (foreign operations)		-15,397	37,701
Cash flow hedges, net of taxes		7	3,427
Other comprehensive income for the period that cannot be reclassified to profit or loss, net of taxes		1	2,084
Remeasurement of post-employment benefit obligations, net of taxes		1	2,084
Other comprehensive income for the period, net of taxes		-15,389	43,212
Total comprehensive income for the period		2,948	69,911
Profit attributable to			
Shareholders of the parent company		18,265	26,645
Non-controlling interests		72	54
Total comprehensive income attributable to			
Shareholders of the parent company		2,911	69,876
Non-controlling interests		37	35
		2,948	69,911
(Un)diluted earnings per share (in EUR)	(9)	0.57	0.84

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Consolidated Statement of Financial Position as of June 30, 2023

Assets		T020		
in EUR thousand	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Non-current assets				
Goodwill	(11)	397,811	409,571	402,270
Other intangible assets	(11)	181,834	214,340	195,944
Property, plant and equipment	(11)	304,656	298,658	295,841
Other non-financial assets		2,079	2,258	2,353
Other financial assets		800	1,419	944
Contract assets		8	83	0
Derivative financial assets	(13)	6,173	4,631	6,162
Income tax assets		1,206	1,012	1,119
Deferred income tax assets		20,274	20,481	19,818
		914,841	952,453	924,451
Current assets				
Inventories	(12)	228,252	230,548	250,796
Other non-financial assets		31,807	29,072	23,064
Other financial assets		7,253	5,744	2,820
Derivative financial assets	(13)	204	371	713
Income tax assets		3,242	4,421	3,407
Trade and other receivables	(12), (13)	224,792	221,471	186,309
Contract assets		372	851	450
Cash and cash equivalents	(18)	99,315	155,101	168,670
Assets classified as held for sale				
		595,237	647,579	636,229
Total assets		1,510,078	1,600,032	1,560,680

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Equity and liabilities		T021		
in EUR thousand	Note	Jun 30, 2023	Jun 30, 2022	Dec 31, 2022
Equity				
Subscribed capital		31,862	31,862	31,862
Capital reserve		210,323	210,323	210,323
Other reserves		12,751	50,915	28,106
Retained earnings		435,664	421,646	434,780
Equity attributable to shareholders of the parent company		690,600	714,746	705,071
Non-controlling interests		322	230	285
Total equity	(14)	690,922	714,976	705,356
Liabilities				
Non-current liabilities				
Pension benefit obligations	(16)	9,368	13,415	9,174
Provisions	(15)	4,818	5,480	4,300
Loans	(13)	337,725	399,477	339,679
Other non-financial liabilities	(17)	673	816	671
Contract liabilities		150	103	0
Lease liabilities	(13)	34,309	37,039	30,173
Derivative financial liabilities	(13)	17	0	0
Deferred income tax liabilities		49,159	60,110	52,851
		436,219	516,440	436,848
Current liabilities				
Provisions	(15)	13,713	20,345	14,918
Loans	(13)	135,337	81,226	125,899
Other non-financial liabilities	(17)	43,719	42,100	39,958
Contract liabilities	(2)	613	754	1,295
Lease liabilities	(13)	10,531	11,137	10,576
Other financial liabilities	(13)	6,856	5,263	10,537
Derivative financial liabilities	(13)	1,514	3,755	1,578
Income tax liabilities		6,646	6,608	6,992
Trade and other payables		164,008	197,428	206,723
		382,937	368,616	418,476
Total liabilities		819,156	885,056	855,324
Total equity and liabilities		1,510,078	1,600,032	1,560,680

Consolidated Statement of Changes in Equity

for the period from January 1 to June 30, 2023

T022

	in EUR thousand	Note	Attributable to equity holders of the parent company				Total	Non-controlling interests	Total equity
			Subscribed capital	Capital reserve	Other reserves	Retained earnings			
49 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME									
	Balance as of Jan 1, 2022		31,862	210,323	9,768	416,296	668,249	335	668,584
	Changes in equity for the period								
50 CONSOLIDATED STATEMENT OF FINANCIAL POSITION	Result for the period					26,645	26,645	54	26,699
	Adjustment item for translation differences (foreign operations)				37,720		37,720	(19)	37,701
> CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Cash flow hedges, net of taxes	(13)			3,427		3,427		3,427
	Remeasurement of post-employment benefit obligations, net of taxes					2,084	2,084		2,084
53 CONSOLIDATED STATEMENT OF CASH FLOWS	Total comprehensive income for the period		0	0	41,147	28,729	69,876	35	69,911
	Stock options					518	518		518
54 CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	Dividends paid	(14)				(23,897)	(23,897)		(23,897)
	Dividends to non-controlling interests					0	0	(140)	(140)
	Total transactions with owners for the period		0	0	0	(23,379)	(23,379)	(140)	(23,519)
	Balance as of Jun 30, 2022	(14)	31,862	210,323	50,915	421,646	714,746	230	714,976
	Balance as of Jan 1, 2023		31,862	210,323	28,106	434,780	705,071	285	705,356
	Changes in equity for the period								
59 NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND OTHER NOTES	Result for the period					18,265	18,265	72	18,337
	Adjustment item for translation differences (foreign operations)				(15,362)		(15,362)	(35)	(15,397)
	Cash flow hedges, net of taxes	(13)			7		7		7
	Remeasurement of post-employment benefit obligations, net of taxes					1	1		1
81 AUDIT REVIEW	Total comprehensive income for the period		0	0	(15,355)	18,266	2,911	37	2,948
	Stock options					142	142		142
82 RESPONSIBILITY STATEMENT	Dividends paid	(14)				(17,524)	(17,524)		(17,524)
	Dividends paid to non-controlling interests	(14)				0	0		0
	Total transactions with owners for the period		0	0	0	(17,382)	(17,382)	0	(17,382)
4 FURTHER INFORMATION	Balance as of Jun 30, 2023	(14)	31,862	210,323	12,751	435,664	690,600	322	690,922

Consolidated Statement of Cash Flows for the period from January 1 to June 30, 2023

		T023	
in EUR thousand		H1 2023	H1 2022
	Note		
Operating activities			
Result for the period			
Depreciation and amortization		39,570	39,454
Gain (-) / loss (+) on disposal of property, plant and equipment		-116	-1,746
Change in provisions		221	-737
Change in deferred taxes		-3,408	-5,483
Change in inventories, trade receivables and other assets not attributable to investing or financing activities		-33,758	-73,663
Change in trade payables and other liabilities not attributable to investing or financing activities		-36,490	14,728
Change in liabilities from reverse factoring programs		343	3,273
Disbursements for share-based payments		-530	-578
Interest expenses for the period		9,634	4,880
Income (-) / expenses (+) from the measurement of derivatives		1,436	2,415
Other non-cash expenses (+) / income (-)		-2,298	-2,100
Cash inflow from operating activities	(18)	-7,059	7,142
thereof from interest received		537	243
thereof from income taxes		-15,345	-13,464
Investing activities			
Acquisition of intangible assets and property, plant and equipment		-32,047	-21,385
Proceeds from the sale of property, plant and equipment		724	6,828
Cash outflow for investing activities	(18)	-31,323	-14,557
Financing activities			
Interest paid		-7,967	-3,394
Dividends paid to shareholders	(14)	-17,524	-23,897
Dividends distributed to non-controlling interests	(14)	0	-140
Proceeds from loans		13,250	18,402
Repayment of loans	(13)	-8,961	-13,259
Proceeds from / repayment of hedging derivatives	(13)	-990	-269
Repayment of lease liabilities		-6,056	-7,523
Cash outflow / inflow from financing activities	(18)	-28,248	-30,080
Net change in cash and cash equivalents		-66,630	-37,495
Cash and cash equivalents at the beginning of the fiscal year		168,670	185,719
Effects of foreign exchange rates on cash and cash equivalents		-2,725	6,877
Cash and cash equivalents at the end of the period	(18)	99,315	155,101

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Condensed Notes to the Consolidated Financial Statements

1. Principles of Preparation

These condensed Consolidated Interim Financial Statements of NORMA Group as of June 30, 2023, have been prepared in accordance with IAS 34 “Interim Financial Reporting” as adopted by the EU (European Union).

It is recommended that these Financial Statements be read in connection with the Consolidated Interim Financial Statements in the 2022 Annual Report. These are available on the Internet at www.normagroup.com. All IFRSs effective since January 1, 2023, 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 8, 2023.

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, 2022. A detailed description of these methods is published in the Notes to the Consolidated Financial Statements in the 2022 Annual Report. [NOTE 3 “SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES.”](#)

No new or amended standards came into force in the current reporting period that had an impact on the Group’s accounting policies.

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Valuation methods

T024

Balance sheet item	Valuation method
Assets	
Goodwill	Acquisition cost less potential impairment losses
Other intangible assets (excluding goodwill) – finite useful lives	Amortized acquisition or production cost
Other intangible assets (excluding goodwill) – indefinite useful lives	Acquisition cost less potential impairment losses
Property, plant and equipment	Amortized cost
Derivative financial assets:	
Classification as a hedge of a forecast transaction (cash flow hedge)	At fair value through other comprehensive income
Classification as a hedge of a change in fair value (fair value hedge)	At fair value through profit or loss
Without hedge accounting	At fair value through profit or loss
Inventories	Lower of acquisition or production cost and net realizable value
Other non-financial assets	Amortized cost
Other financial assets	Amortized cost
Trade and other receivables	Amortized cost
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 value
Non-current assets held for sale	Lower of carrying amount and fair value less costs to sell
Liabilities	
Pension obligations	Projected unit credit method
Other accrued liabilities	Present value of future settlement amount
Loans	Amortized cost
Other non-financial liabilities	Amortized cost
Lease liabilities	Valuation based on IFRS 16.36
Other financial liabilities:	
Financial liabilities at cost (FLAC)	Amortized cost
Derivative financial liabilities:	
Classification as a hedge of a forecast transaction (cash flow hedge)	At fair value through other comprehensive income
Classification as a hedge of a change in fair value (fair value hedge)	At fair value through profit or loss
Without hedge accounting	At fair value through profit or loss
Contingent consideration (contingent purchase price liabilities)	At fair value through profit or loss
Trade and other payables	Amortized cost

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The Consolidated Statement of Comprehensive Income is prepared using the nature of expense method.

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

Income tax expense is recognized in each interim 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, 2023, the Consolidated Interim Financial Statements comprise six domestic (Dec 31, 2022: six) and 42 (Dec 31, 2022: 43) foreign companies. The change in the scope of consolidation compared to the end of the year is due to the merger of DNL Sweden AB into NORMA Sweden AB in January 2023.

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 2023. As in the previous year, depreciation of property, plant and equipment from purchase price allocations of EUR 427 thousand (H1 2022: EUR 603 thousand) was presented within EBITA (earnings before interest, taxes and amortization of intangible assets) in the first six months of the fiscal year and in addition amortization of intangible assets of EUR 10,204 thousand (H1 2022: EUR 10,440 thousand) within EBIT adjusted.

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.

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The following table shows earnings net of these effects:

		Profit and loss net of adjustments			T025
in EUR thousand	Note	H1 2023 unadjusted	Step-up effects from purchase price allocations	Total adjustments	H1 2023 adjusted
Revenue	(5)	638,977		0	638,977
Changes in inventories of finished goods and work in progress		-16,980		0	-16,980
Other own work capitalized		1,296		0	1,296
Raw materials and consumables used		-279,863		0	-279,863
Gross profit		343,430	0	0	343,430
Other operating income and expenses	(6)	-101,229		0	-101,229
Employee benefits expense	(7)	-163,589		0	-163,589
EBITDA		78,612	0	0	78,612
Depreciation		-26,933	427	427	-26,506
EBITA		51,679	427	427	52,106
Amortization		-12,637	10,204	10,204	-2,433
Operating profit (EBIT)		39,042	10,631	10,631	49,673
Financial costs - net	(8)	-9,112		0	-9,112
Profit before income tax		29,930	10,631	10,631	40,561
Income taxes		-11,593	-2,674	-2,674	-14,267
Profit for the period		18,337	7,957	7,957	26,294
Non-controlling interests		72		0	72
Profit attributable to shareholders of the parent		18,265	7,957	7,957	26,222
Earnings per share (in EUR)		0.57			0.82

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(Continued) Profit and loss net of adjustments

in EUR thousand	Note	H1 2022 unadjusted	Step-up effects from purchase price allocations	Total adjustments	H1 2022 adjusted
Revenue	(5)	622,289		0	622,289
Changes in inventories of finished goods and work in progress		2,843		0	2,843
Other own work capitalized		1,205		0	1,205
Raw materials and consumables used		-296,097		0	-296,097
Gross profit		330,240	0	0	330,240
Other operating income and expenses	(6)	-91,640		0	-91,640
Employee benefits expense	(7)	-157,531		0	-157,531
EBITDA		81,069	0	0	81,069
Depreciation		-25,004	603	603	-24,401
EBITA		56,065	603	603	56,668
Amortization		-14,450	10,440	10,440	-4,010
Operating profit (EBIT)		41,615	11,043	11,043	52,658
Financial costs - net	(8)	-4,532		0	-4,532
Profit before income tax		37,083	11,043	11,043	48,126
Income taxes		-10,384	-2,771	-2,771	-13,155
Profit for the period		26,699	8,272	8,272	34,971
Non-controlling interests		54		0	54
Profit attributable to shareholders of the parent		26,645	8,272	8,272	34,917
Earnings per share (in EUR)		0.84			1.10

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Notes to the Consolidated Statement of Comprehensive Income, 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								T026	
in EUR thousand	EMEA		Americas		Asia-Pacific		Consolidated Group		
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	
Engineered Joining Technology (EJT)	205,833	179,790	107,262	104,442	55,879	54,334	368,974	338,566	
Standardized Joining Technology (SJT)	67,078	63,961	174,224	182,900	25,833	31,873	267,135	278,734	
Other revenue	1,882	2,384	671	2,240	315	365	2,868	4,989	
	274,793	246,135	282,157	289,582	82,027	86,572	638,977	622,289	

At EUR 638,977 thousand, net sales revenue in the first six months of 2023 was 2.7% higher than in the first six months of 2022 (EUR 622,289 thousand). In organic terms, sales revenue rose by 3.1% or EUR 19,086 thousand compared to the same period of the previous year, mainly as a result of price increase initiatives in all regions.

Revenue by category			T027
in EUR thousand	H1 2023	H1 2022	
Revenue from the sale of goods	635,648	615,910	
Revenue from other services	427	748	
Other revenue	2,902	5,631	
	638,977	622,289	

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

Revenue for the first six months of 2023 includes income from the reversal of refund liabilities recognized in the prior period in the amount of EUR 841 thousand (H1 2022: EUR 552 thousand). The reversals represent the difference between the expected volume discounts and annual bonuses for customers recognized as of December 31, 2022, and the actual payment in the fiscal year as well as the differences from recognized deferred revenue from price negotiations with NORMA Group customers that were not concluded in the previous year.

At 43.8% (H1 2022: 47.6%), the ratio of cost of materials to sales, excluding changes in inventories, was significantly below the level of the prior-year period. As a percentage of total operating performance, cost of materials was 44.9% (H1 2022: 47.3%), which was below the level of the prior-year period. This is attributable to

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a targeted reduction in inventories in the first six months of fiscal year 2023, as a result of which cost of materials developed at a lower rate than revenue.

6. Other Operating Income and Other Operating Expenses

Overall, other operating income of EUR 10,068 thousand was EUR 3,401 thousand lower than in the first six months of fiscal year 2022 (EUR 13,469 thousand). Other operating income mainly includes foreign currency gains from operating activities (H1 2023: EUR 5,280 thousand; H1 2022: EUR 6,388 thousand) as well as income from the reversal of accruals and provisions (H1 2023: EUR 2,591 thousand; H1 2022: EUR 3,237 thousand). The prior-year period also included income from the disposal of non-current assets in the amount of EUR 2,021 thousand, mainly resulting from the sale of land with buildings in the United States.

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

Other operating expenses	T028	
in EUR thousand	H1 2023	H1 2022
Consulting and marketing	-11,007	-10,551
Expenses for temporary workforce and other personnel-related expenses	-28,477	-24,892
Freights	-22,327	-20,262
IT and telecommunications	-12,899	-16,504
Rent and other building expenses	-4,712	-3,984
Travel and entertainment	-5,442	-3,231
Currency losses from operating activities	-5,543	-5,016
Research and development	-1,010	-1,187
Company vehicles	-1,490	-1,217
Maintenance	-1,637	-1,502
Commissions payable	-2,699	-2,659
Non-income-related taxes	-1,853	-1,552
Insurance	-2,987	-1,976
Office supplies and services	-1,573	-1,194
Depreciation of and allowances for trade receivables	-655	-50
Warranties	-1,276	-2,181
Other administrative expenses	-4,856	-6,039
Other	-854	-1,112
	-111,297	-105,109

At EUR 111,297 thousand, other operating expenses were 5.9% higher than in the first six months of 2022 (EUR 105,109 thousand).

Compared to the same period of the previous year, expenses for temporary staff and other personnel-related expenses increased significantly. The reason for this is the sharp fluctuation in customer demand and the resulting need for flexibility in personnel planning. In addition, the job market situation in the US remained tight, necessitating the additional use of temporary staff.

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In addition, higher freight costs contributed to the increase in other operating expenses.

The significantly higher expenses for IT and telecommunications in the same period of the previous year were mainly attributable to the Group-wide implementation of a new ERP system and the related additional need for consulting services and license fees. The scope of these implementation activities in the first half of 2023 was significantly lower by comparison.

In relation to total operating performance, other operating expenses increased at a rate of 17.9% (H1 2022: 16.8%).

7. Employee Benefit Expenses

Employee benefit expenses amounted to EUR 163,589 thousand in the first six months of 2023 compared to EUR 157,531 thousand in the same period of the previous year, an increase of EUR 6,058 thousand. This increase resulted from an increased need for overtime as part of the reduction of production backlogs, a global increase in the number of employees compared to the first half of the previous year, and an inflation-driven increase in labor costs. Currency effects in the US dollar region reinforced this development even further.

In relation to total operating performance, employee benefit expenses increased from 25.2% in the first half of 2022 to 26.2% in the first half of 2023. The increase in employee benefit expenses could not be compensated for by the increase in sales revenue.

The average headcount was 6,131 in the first six months of 2023 (H1 2022: 6,263).

8. Financial Result

The financial result amounted to EUR -9,112 thousand in the first six months of 2023 and thus deteriorated by EUR 4,580 thousand compared to the first six months of 2022 (EUR -4,532 thousand). Net currency gains / losses (including income / expenses from the valuation of currency hedging derivatives) amounted to EUR 524 thousand in the first six months of 2023 (H1 2022: EUR 676 thousand).

Net interest expenses (including interest expenses from leases) of EUR -8,711 thousand increased by EUR -3,964 thousand in the first six months of 2023 compared to the first six months of 2022 (EUR -4,747 thousand). The increase in net interest expense compared to the same period of the previous year resulted primarily from the effects of interest rate increases in the US dollar and euro zones.

Interest expenses of EUR 689 thousand (H1 2022: EUR 528 thousand) were recognized in the financial result for leases in the first six months of 2023.

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 2023 was 31,862,400 (H1 2022: 31,862,400).

Earnings per share for the first six months of 2023 were as follows:

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Earnings per share

	H1 2023	H1 2022
Profit attributable to shareholders of the parent company (in EUR thousand)	18,265	26,645
Number of weighted shares	31,862,400	31,862,400
Earnings per share (undiluted) (in EUR)	0.57	0.84

10. Taxes / Deferred Income Taxes

In the first six months of 2023, income tax expenses of EUR 11,593 thousand (H1 2022: income tax expenses of EUR 10,384 thousand) were recognized on positive earnings before income taxes of EUR 29,930 thousand (H1 2022: positive earnings before income taxes of EUR 37,083 thousand). The tax rate for the first six months of 2023 was 38.7% (H1 2022: 28.0%).

The above-average tax rate is mainly due to the non-recognition of deferred tax assets on loss carryforwards.

11. Property, Plant and Equipment and Intangible Assets

Intangible assets break down as follows:

Goodwill and other intangible assets – carrying amounts

in EUR thousand	Jun 30, 2023	Dec 31, 2022
Goodwill	397,810	402,270
Customer lists	118,148	128,244
Licenses, rights	125	127
Software acquired externally	1,250	1,442
Trademarks	37,913	39,373
Patents and technology	17,253	19,089
Internally generated intangible assets	5,779	5,981
Other intangible assets	1,366	1,688
Total	579,644	598,214

The decline in goodwill from EUR 402,270 thousand as of December 31, 2022, to EUR 397,811 thousand as of June 30, 2023, resulted from negative exchange rate effects, from the US dollar region in particular.

Goodwill developed as follows:

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Change in goodwill	T031
in EUR thousand	
Balance as of Dec 31, 2022	402,270
Currency effects	-4,459
Balance as of June 30, 2023	397,811

Details on the historical development of accumulated depreciation and impairment losses can be found in the [2022 ANNUAL REPORT](#).

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

Property, plant and equipment – carrying amounts	T032	
in EUR thousand		
	Jun 30, 2023	Dec 31, 2022
Land and buildings	64,194	57,615
Machinery and technical equipment	137,264	144,384
Other equipment	15,378	15,479
Assets under construction	40,651	34,979
Right of use assets		
Land and buildings	42,894	38,876
Machinery and technical equipment	43	31
Forklifts and warehouse equipment	2,053	1,964
Office and IT equipment	188	243
Company cars	1,991	2,270
Total	304,656	295,841

EUR 32,168 thousand (H1 2022: EUR 19,756 thousand) was invested in non-current assets, including own work capitalized of EUR 1,296 thousand (H1 2022: EUR 1,205 thousand).

The main investments were made in the United States, China, Poland and the United Kingdom.

In addition, EUR 10,056 thousand (H1 2022: EUR 21,602 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, 2023, decreased by 6.4% compared to December 31, 2022. The main reason for the reduction here was the sharp decrease in cash and cash equivalents by EUR 69,355 thousand or 41.1% from EUR 168,670 thousand as of December 31, 2022, to EUR 99,315 thousand as of June 30, 2023, also related to the payment of the dividend of EUR 17,524 thousand to the shareholders of NORMA Group in May 2023. A

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detailed reconciliation of the change in cash and cash equivalents can be found in the Consolidated Statement of Cash Flows.

Inventories also decreased significantly by EUR 22,544 thousand or 9.0% compared to December 31, 2022. The decrease mainly resulted from the reduction of inventories in the area of finished goods. The high level of inventories at the end of fiscal year 2022 (EUR 250,796 thousand) was attributable to effects in the course of production relocations and to effects resulting from the expiry of production cycles at customers.

On the other hand, trade receivables increased by EUR 38,483 thousand or 20.7% from EUR 186,309 thousand at the end of the year to EUR 224,792 thousand as of June 30, 2023. In addition to the seasonal increase, the reduction in receivables sold under the ABS and factoring programs led to an increase in trade receivables compared to December 31, 2022.

Compared to June 30, 2022, trade receivables increased slightly by 1.5%.

Inventories (H1 2023: EUR 228,252 thousand; H1 2022: EUR 230,548 thousand) declined slightly compared to June 30 of the previous year.

13. Financial Instruments:

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

The financial instruments by class and category were as follows:

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Financial instruments – classes and categories as of June 30, 2023

T033

in EUR thousand	Category IFRS 7.8 in accordance with IFRS 9	Carrying amount Jun 30, 2023	Measurement basis IFRS 9			Fair value Jun 30, 2023
			Amortized cost	At fair value through profit or loss	Derivatives used for hedging purposes	
Financial assets						
Derivative financial instruments – held for trading						
Foreign currency derivatives	FVTPL	97		97		97
Derivative financial instruments – hedge accounting						
Interest rate swaps – cash flow hedges	n / a	6,112			6,112	6,112
Foreign currency derivatives – cash flow hedges	n / a	61			61	61
Foreign currency derivatives – fair value hedges	n / a	107			107	107
Trade and other receivables						
Trade receivables – ABS / factoring programs (mandatory valuation at FVTPL)	Amortized Cost	180,390	180,390			180,390
		44,402		44,402		44,402
Other financial assets						
	Amortized Cost	8,053	8,053			8,053
Cash and cash equivalents						
	Amortized Cost	99,315	99,315			99,315
Financial liabilities						
Loans	FLAC	473,062	473,062			470,983
Derivative financial instruments – held for trading						
Foreign currency derivatives	FVTPL	88		88		88
Derivative financial instruments – hedge accounting						
Foreign currency derivatives – fair value hedges	n / a	1,426			1,426	1,426
Trade payables and similar liabilities	FLAC	164,008	164,008			164,008
Lease liabilities	n / a	44,840				44,840
Other financial liabilities	FLAC	6,873	6,873			6,873
Totals per category						
Financial assets measured at amortized cost		287,758	287,758			287,758
Financial assets measured at fair value through profit or loss (FVTPL)		44,499		44,499		44,499
Financial liabilities measured at amortized cost (FLAC)		643,943	643,943			641,864
Financial liabilities measured at fair value (FVTPL)		88		88		88

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Financial instruments – classes and categories as of December 31, 2022

T034

in EUR thousand	Category IFRS 7.8 in accordance with IFRS 9	Carrying amount Dec 31, 2022	Measurement basis IFRS 9			Fair value Dec 31, 2022
			Amortized cost	At fair value through profit or loss	Derivatives used for hedging purposes	
Financial assets						
Derivative financial instruments – held for trading						
Foreign currency derivatives	FVTPL	125		125		125
Derivative financial instruments – hedge accounting						
Interest rate swaps – cash flow hedges	n / a	6,162			6,162	6,162
Foreign currency derivatives – fair value hedges	n / a	588			588	588
Trade and other receivables	Amortized Cost	165,397	165,397			165,397
Trade receivables – ABS / factoring programs (mandatory valuation at FVTPL).	FVTPL	20,912		20,912		20,912
Other financial assets	Amortized Cost	3,764	3,764			3,764
Cash and cash equivalents	Amortized Cost	168,670	168,670			168,670
Financial liabilities						
Loans	FLAC	465,578	465,578			460,427
Derivative financial instruments – held for trading						
Foreign currency derivatives	FVTPL	148		148		148
Derivative financial instruments – hedge accounting						
Foreign currency derivatives – fair value hedges	n / a	1,430			1,430	1,430
Trade payables and similar liabilities	FLAC	206,723	206,723			206,723
Lease liabilities	n / a	40,749			40,749	k. A.
Other financial liabilities	FLAC	10,537	10,537			10,537
Totals per category						
Financial assets measured at amortized cost		337,831	337,831			337,831
Financial assets measured at fair value through profit or loss (FVTPL)		21,037		21,037		21,037
Financial liabilities measured at amortized cost (FLAC)		682,838	682,838			677,687
Financial liabilities measured at fair value (FVTPL)		148		148		148

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

i. Transferred trade receivables

Subsidiaries of NORMA Group in the segments EMEA and 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

A factoring agreement was concluded in fiscal year 2017. The maximum volume of receivables under this agreement was increased from EUR 10 million as of December 31, 2022 to EUR 18 million during the first half of 2023. Under this agreement NORMA Group subsidiaries in Germany, Poland and France sell trade receivables directly to the external buyers. As of June 30, 2023, receivables in the amount of EUR 7.5 million were sold (Dec 31, 2022: EUR 7.6 million), of which EUR 0.7 million (Dec 31, 2022: EUR 0.0 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 68 thousand (Dec 31, 2022: EUR 70 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 5 thousand (Dec 31, 2022: EUR 6 thousand).

NORMA Group established another factoring program in 2018. As of December 31, 2022, the agreed maximum receivables volume was USD 24 million. In the first half of 2023, the volume was reduced to USD 16 million. In the course of this factoring program, a subsidiary of NORMA Group in the United States sells trade receivables directly to buyers outside the Group. Receivables in the amount of EUR 13.9 million were sold under this factoring program as of June 30, 2023 (Dec 31, 2022: EUR 21.9 million), of which EUR 2.8 million (Dec 31, 2022: 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 the 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 sold receivables in the amount of EUR 12.5 million as of June 30, 2023 (Dec 31, 2022: EUR 12.6 million), EUR 0.7 million (Dec 31, 2022: EUR 0.6 million) of which were not paid out as purchase price retentions held as security reserves and recognized as other financial assets.

A continuing involvement in the amount of EUR 233 thousand (Dec 31, 2022: EUR 234 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group could have to repay under the assumed default guarantee and the expected interest payments until receipt of payment with regard to the carrying amount of the transferred receivables. The fair value of the guarantee or the interest payments to be assumed was recognized and recognized in profit or loss as other liability in the amount of EUR 171 thousand (Dec 31, 2022: EUR 171 thousand).

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NORMA Group entered into yet another revolving receivables purchase agreement with Weinberg Capital Ltd. (program 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 the 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 11.9 million as of June 30, 2023 (Dec 31, 2022: EUR 13.9 million), EUR 0.7 million of which were not paid out as purchase price retentions (Dec 31, 2022: EUR 0.7 million) held as security reserves and recognized as other financial assets.

A continuing involvement in the amount of EUR 644 thousand (Dec 31, 2022: EUR 753 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group could have to repay under the assumed default guarantee and the expected interest payments until receipt of payment with regard 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 liability in the amount of EUR 183 thousand (Dec 31, 2022: EUR 214 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 category "fair value through profit and loss" (FVTPL).

13. (b) Financial Liabilities and Net Debt
i. Loans

The maturities of the long-term syndicated loans as well as the promissory note loans and commercial paper as of June 30, 2023, are as follows:

Maturity of bank borrowings as of June 30, 2023				T035
in EUR thousand	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Syndicated bank facilities, net	56,250		251,418	
Promissory note loans, net	56,463	18,000	68,500	
Commercial paper	20,000			
Total	132,713	18,000	319,918	—

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The maturities of the syndicated loans and the promissory note loans as of December 31, 2022, are as follows:

Maturity of bank borrowings as of December 31, 2022					T036
in EUR thousand	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years	
Syndicated bank facilities, net	43,000		253,523		
Promissory note loans, net	56,688	18,000	68,500		
Commercial paper	25,000				
Total	124,688	18,000	322,023		—

Parts of the syndicated loans were hedged against interest rate changes by way of derivatives.

ii. Leases

The maturities of the nominal values and the carrying amounts of the lease liabilities as of June 30, 2023, are as follows:

Maturity lease liabilities as of June 30, 2023					T037
in EUR thousand	up to 1 year	> 1 year up to 5 years	> 5 years		
Lease liabilities – nominal value	11,932	26,592	12,402		
Lease liabilities – carrying amount	10,531	23,525	10,784		

Maturity lease liabilities as of December 31, 2022					T038
in EUR thousand	up to 1 year	> 1 year up to 5 years	> 5 years		
Lease liabilities – nominal value	11,443	22,874	9,681		
Lease liabilities – carrying amount	10,576	21,030	9,143		

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iii. Other financial liabilities

Other financial liabilities are as follows:

Other financial liabilities		T039	
in EUR thousand		Jun 30, 2023	Dec 31, 2022
Current			
Other liabilities		17	—
		17	—
Short term			
Liabilities from ABS and factoring		6,486	10,409
Other liabilities		370	128
		6,856	10,537
Other financial liabilities		6,873	10,537

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 945 thousand (Dec 31, 2022: EUR 1,057 thousand), liabilities from recognized fair values of default and interest rate guarantees in the amount of EUR 359 thousand (Dec 31, 2022: EUR 390 thousand) and liabilities from payments from customers for receivables already sold within the ABS and factoring programs as part of the accounts receivable / receivables management carried out by NORMA Group in the amount of EUR 5,179 thousand (Dec 31, 2022: EUR 8,960 thousand).

iv. Net debt

Net financial debt as of June 30, 2023, was as follows:

Net debt		T040	
in EUR thousand		Jun 30, 2023	Dec 31, 2022
Bank borrowings		473,062	465,578
Derivative financial instruments – hedge accounting		1,514	1,578
Lease liabilities		44,840	40,749
Other financial liabilities		6,873	10,537
Financial debt		526,289	518,442
Cash and cash equivalents		99,315	168,670
Net debt		426,974	349,772

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NORMA Group's financial liabilities were 1.5% above the level as of December 31, 2022.

Loans amounting to EUR 5,251 thousand were repaid and loans amounting to EUR 13,250 thousand were taken out in the first six months of the fiscal year. Accrued interest expenses increased loan liabilities, and cash-neutral currency effects on foreign currency loans had a reducing effect on the USD tranches of loan liabilities.

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).

The decrease in other financial liabilities mainly resulted from the repayment of liabilities from ABS and factoring.

Net debt increased by EUR 77,202 thousand, or 22.1%, compared to December 31, 2022.

The main reason for this was a decrease in cash and cash equivalents due to net cash outflows from total cash outflows from operating activities in the amount of EUR 7,059 thousand, net cash outflows from the acquisition and sale of non-current assets of EUR 31,323 thousand, and from the payment of the dividend in the amount of EUR 17,524 thousand.

Furthermore, current interest expenses in the first six months of 2023 and the increase in lease liabilities in the first six months had an increasing effect on net debt. [NOTE 18 "DISCLOSURES RELATING TO THE CONSOLIDATED STATEMENT OF CASH FLOWS"](#).

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		T041		
in EUR thousand	Jun 30, 2023		Dec 31, 2022	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges	6,112		6,162	
Foreign exchange derivatives – held for trading	97	88	125	148
Foreign exchange derivatives – cash flow hedges	61	—		
Foreign exchange derivatives – fair value hedges	107	1,426	588	1,430
Total	6,377	1,514	6,875	1,578
Less non-current portion				
Interest rate swaps – cash flow hedges	6,112		6,162	
Foreign currency derivatives – held for trading	61			
Non-current portion	6,173	—	6,162	—
Current portion	204	1,514	713	1,578

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Foreign currency derivatives

As of June 30, 2023, foreign currency derivatives with a positive fair value of EUR 61 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 107 thousand and foreign currency derivatives with a negative market value of EUR 1,426 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.

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, 2023, interest rate hedges with a positive fair value of EUR 6,112 thousand were held. The interest rate hedges had a notional amount of EUR 58,310 thousand (Dec 31, 2022: EUR 65,629 thousand). As of June 30, 2023, the fixed interest obligation resulting from the hedges was 1.41%, 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 2023 and 2022.

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

in EUR thousand	Reserve for hedging costs	Spot component of foreign currency derivatives	Interest rate swaps	Total
Balance as of Dec 31, 2022	—	—	6,162	6,162
Reclassification to profit or loss	—	—	-1,143	-1,143
Net fair value changes	—	63	1,093	1,156
Accrued and recognized costs of hedging	-2	—	—	-2
Balance as of Jun 30, 2023	-2	63	6,112	6,173

Gains and losses on interest rate swaps recognized in equity in the hedge 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 equity in the hedge reserve are short-term and are recognized effectively in profit or loss within one year.

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

Gains and losses from hedging changes in fair value		T043
in EUR thousand	H1 2023	H1 2022
Losses (-) / gains (+) on hedged items	1,186	2,142
Gains (+) / losses (-) from hedging transactions	-1,452	-2,216
	-266	-74

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, 2023, and December 31, 2022, respectively:

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Financial instruments – fair value hierarchy

T044

in EUR thousand	Level 1 ¹	Level 2 ²	Level 3 ³	Total as of Jun 30, 2023
Recurring fair value measurements				
Assets				
Foreign exchange derivatives - held for trading		97		97
Interest rate swaps – cash flow hedges		6,112		6,112
Foreign exchange derivatives - cash flow hedges		61		61
Foreign exchange derivatives - fair value hedges		107		107
Trade receivables - ABS/Factoring program (mandatorily measured at FVTPL)		44,402		44,402
Total assets	0	50,779	0	50,779
Liabilities				
Foreign exchange derivatives - held for trading		88		88
Foreign exchange derivatives - fair value hedges		1,426		1,426
Total liabilities	0	1,514	0	1,514

1_The fair value is determined on the basis of quoted (unadjusted) prices in active markets for these or identical assets or liabilities.

2_The fair value of these assets or liabilities is determined on the basis of parameters for which either directly or indirectly derived quoted prices are available on an active market.

3_The fair value of these assets or liabilities is determined on the basis of parameters for which no observable market data are available.

in EUR thousand	Level 1 ¹	Level 2 ²	Level 3 ³	Total as of Dec 31, 2022
Recurring fair value measurements				
Assets				
Foreign exchange derivatives - held for trading		125		125
Interest rate swaps - cash flow hedges		6,162		6,162
Foreign exchange derivatives - fair value hedges		588		588
Trade receivables - ABS/Factoring program (mandatorily measured at FVTPL)		20,912		20,912
Total assets	—	27,787	—	27,787
Liabilities				
Foreign currency derivatives – held for trading		148		148
Foreign currency derivatives – fair value hedges		1,430		1,430
Total liabilities	—	1,578	—	1,578

1_The fair value is determined on the basis of quoted (unadjusted) prices in active markets for these or identical assets or liabilities.

2_The fair value of these assets or liabilities is determined on the basis of parameters for which either direct or indirectly derived quoted prices are available on an active market.

3_The fair value of these assets or liabilities is determined on the basis of parameters for which no observable market data are available.

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

50 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

No terms of a financial asset that would otherwise be past due or impaired were renegotiated during the fiscal year.

52 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

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.

53 CONSOLIDATED STATEMENT OF CASH FLOWS

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.

54 CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

As of June 30, 2023, and December 31, 2022, no financial liabilities were assigned to Level 3 of the measurement hierarchy.

> NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME, CONSOLIDATED STATEMENT OF FINANCIAL POSITION AND OTHER NOTES

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 credit spreads (Level 2) into account. Interest accrued as of the reporting date is included in the amounts.

Trade and other receivables, as well as cash and cash equivalents, have short-term maturities. Their carrying amounts as of the reporting date correspond 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 2023, equity changed mainly due to the result for the period (EUR 18,337 thousand), currency translation differences (EUR -15,397 thousand) and dividend payments (EUR -17,524 thousand).

Authorized and Conditional Capital

By resolution of the Annual General Meeting on June 30, 2021, 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 2021).

By resolution of the Annual General Meeting on June 30, 2021, 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 2021).

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15. Provisions

Provisions decreased slightly to EUR 18,531 thousand as of June 30, 2023, compared to December 31, 2022 (EUR 19,218 thousand).

16. Pension obligations

Pension obligations increased slightly to EUR 9,368 thousand as of June 30, 2023, compared to December 31, 2022 (EUR 9,174 thousand).

17. Other Non-Financial Liabilities

Other non-financial liabilities are as follows:

Other non-financial liabilities	T045	
in EUR thousand	Jun 30, 2023	Dec 31, 2022
Non-current		
Government grants	309	349
Other liabilities	364	322
	673	671
Current		
Government grants	345	452
Tax liabilities (excluding income taxes)	5,353	5,133
Social security liabilities	5,295	4,637
Personnel-related liabilities (e.g. vacations, bonuses, awards)	32,081	29,039
Other liabilities	645	697
	43,719	39,958
Total other non-financial liabilities	44,392	40,629

18. Disclosures 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 outflow from operating activities of EUR 7,059 thousand (H1 2022: cash inflow of EUR 7,142 thousand) shows the changes in current assets, provisions and liabilities (excluding liabilities related to financing activities).

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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, 2023, liabilities of EUR 22,881 thousand (Dec 31, 2022: EUR 22,538 thousand) from reverse factoring programs are recognized. The cash flows from the reverse factoring, factoring and ABS programs are presented under cash flows from operating activities, as this equates to the economic substance of the transactions.

50 CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Cash outflow (H1 2022: cash inflow) from operating activities in the first half of 2023 includes payments for share-based payments in the amount of EUR 530 thousand (H1 2022: EUR 578 thousand) resulting from the Short-Term-Incentive, (STI) variable remuneration for members of the Management Board of NORMA Group.

52 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The corrections for expenses from the measurement of derivatives of EUR 1,436 thousand (H1 2022: EUR 2,415 thousand) included in the cash outflow (H1 2022: cash inflow) from operating activities relate to changes in the fair value of foreign currency derivatives 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 -2,674 thousand (H1 2022: EUR -2,734 thousand).

53 CONSOLIDATED STATEMENT OF CASH FLOWS

Furthermore, non-cash income (-) / expenses (+) in the first half of 2023 include non-cash interest expenses from the application of the effective interest method in the amount of EUR 103 thousand (H1 2022: EUR 102 thousand).

54 CONDENSED NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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

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Cash flows from investing activities include net outflows from the acquisition and disposal of non-current assets amounting to EUR 31,323 thousand (H1 2022: EUR 14,557 thousand). This includes the change in liabilities for the acquisition of intangible assets and property, plant and equipment of EUR -1,050 thousand (H1 2022: EUR -3,472 thousand).

In the reporting period of the previous year, cash flow from investing activities includes a cash inflow from a sale and leaseback transaction in the amount of EUR 6,136 thousand.

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Cash flows from financing activities in the first half of 2023 include payments for dividends to the shareholders of NORMA Group SE in the amount of EUR 17,524 thousand (H1 2022: EUR 23,897 thousand), interest payments (H1 2023: EUR 7,967 thousand; H1 2022: EUR 3,394 thousand), payments for the repayment of loans (H1 2023: EUR 5,251 thousand; H1 2022: EUR 10,000 thousand), cash inflows from borrowings (H1 2023: EUR 13,250 thousand ; H1 2022: EUR 18,402 thousand), a repayment of liabilities from ABS and factoring of EUR 3,710 thousand (H1 2022: EUR 3,259 thousand) and cash outflows from derivatives of EUR 990 thousand (H1 2022: cash outflows of EUR 269 thousand).

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The proceeds from borrowings in the reporting period of the previous year include a payment from a sale and leaseback transaction in the amount of EUR 3,327 thousand.

In addition, lease payments of EUR 6,056 thousand (H1 2022: EUR 7,523 thousand) are reported under cash flow from financing activities.

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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.

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As of June 30, 2023, cash and cash equivalents included cash and demand deposits of EUR 94,362 thousand (Dec 31, 2022: EUR 163,726 thousand) and cash equivalents of EUR 4,953 thousand (Dec 31, 2022: EUR 4,944 thousand).

19. Segment Reporting

Segment Reporting

T046

	EMEA		Americas		Asia Pacific		Total segments		Central functions		Consolidation		Group	
	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022	H1 2023	H1 2022
in EUR thousand														
Total revenue	292,579	261,811	287,731	295,203	87,957	90,837	668,267	647,851	20,954	19,877	-50,244	-45,439	638,977	622,289
thereof intersegment revenue	17,787	15,676	5,574	5,621	5,930	4,265	29,291	25,562	20,953	19,877	-50,244	-45,439		
Revenue from external customers	274,793	246,135	282,157	289,582	82,027	86,572	638,977	622,289					638,977	622,289
Contribution to external Group sales	43 %	40 %	44 %	46 %	13 %	14.0 %	100 %	100 %						
Adjusted gross profit ¹	148,517	136,202	153,268	152,472	42,679	43,212	344,464	331,886	k.A.	k.A.	-1,034	-1,646	343,430	330,240
Adjusted EBITDA¹	25,188	23,271	46,608	50,606	12,489	14,166	84,285	88,043	-5,824	-6,541	151	-433	78,612	81,069
Adjusted EBITDA margin ^{1,2}	8.6 %	8.9 %	16.2 %	17.1 %	14.2 %	15.6 %							12.3 %	13.0 %
Depreciation and amortization excluding PPA amortization ³	-10,138	-9,793	-10,559	-9,638	-5,379	-4,463	-26,076	-23,894	-430	-507			-26,506	-24,401
Adjusted EBITA¹	15,050	13,478	36,049	40,968	7,110	9,703	58,209	64,149	-6,254	-7,048	151	-433	52,106	56,668
Adjusted EBITA margin^{1,2}	5.1 %	5.1 %	12.5 %	13.9 %	8.1 %	10.7 %							8.2 %	9.1 %
Amortization of intangible assets excluding PPA-amortization ³	-814	-1,147	-1,321	-1,524	-134	-300	-2,269	-2,971	-164	-1,039			-2,433	-4,010
Adjusted EBIT	14,236	12,331	34,728	39,444	6,976	9,403	55,940	61,178	-6,418	-8,087	151	-433	49,673	52,658
Adjusted EBIT margin^{1,2}	4.9 %	4.7 %	12.1 %	13.4 %	7.9 %	10.4 %							7.8 %	8.5 %
Assets (previous year's figures as of Dec 31, 2022) ⁴	649,762	644,561	689,597	721,827	245,616	268,156	1,584,975	1,634,544	258,252	270,319	-333,149	-344,185	1,510,078	1,560,678
Liabilities (previous year's figures as of Dec 31, 2022) ⁵	238,348	242,004	263,375	288,077	43,155	56,372	544,878	586,453	574,508	575,564	-300,230	-306,693	819,156	855,324
CAPEX ⁶	9,978	8,332	16,747	7,256	5,305	3,958	32,030	19,546	138	240	k.A.	k.A.	32,168	19,786
Number of employees ⁷	3,300	3,372	1,456	1,435	1,242	1,326	5,998	6,133	133	130	k.A.	k.A.	6,131	6,263

 1. The adjustments are explained in [Note 4](#).

2. In terms of segment sales.

3. Depreciation from purchase price allocations.

4. Including allocated goodwill; taxes are shown in the column "Consolidation."

5. Taxes are shown in the column "Consolidation."

6. Including capitalized rights of use for movable assets.

7. Number of employees (average).

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NORMA Group presents the Group's segments by region. NORMA Group's reportable segments are the regions Europe, Middle East and Africa (EMEA); North, Central and South America (Americas); and Asia-Pacific (APAC). NORMA Group's strategy is focused on regional growth targets, among others. 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," "adjusted EBITA" and "adjusted EBIT."

Adjusted EBITDA comprises revenue, 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 of property, plant and equipment excluding depreciation and amortization from purchase price allocations.

Adjusted EBIT comprises adjusted EBITA less depreciation and amortization of intangible assets 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 mainly include 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 central functions mainly comprise financial liabilities.

Capital expenditure (segment capital expenditure) corresponds to additions to non-current assets (other intangible assets and property, plant and equipment) including capitalized rights of use for movable assets.

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

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20. Contingent Liabilities and Commitments

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

Capital commitments	T047	
in EUR thousand	Jun 30, 2023	Dec 31, 2022
Property, plant and equipment	9,252	12,845

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 relationships in the first six months of 2023.

22. Events after the Balance Sheet Date

NORMA Group successfully issued a promissory note loan in the amount of EUR 100 million on August 1, 2023. This was issued in tranches with a maturity of three, five and seven years and fixed and variable interest components. NORMA Group will use the cash inflows from the transaction for general corporate financing and to repay existing short-term loan liabilities. The non-current loan liabilities will increase accordingly. As of August 8, 2023, there were no further 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, 2023.

Audit Review

The interim report was neither audited in accordance with Section 317 of the German Commercial Code (HGB) nor reviewed by the auditor.

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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 8, 2023

NORMA Group SE

The Management Board

Guido Grandi
Chief Executive Officer (CEO)

Dr. Daniel Heymann
Member of the Management Board (COO)

Annette Stieve
Member of the Management Board (CFO)

Further Information

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NOVA H1 2023:

EUR -15.5 million

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Financial calendar

T048

Date	Event
November 7, 2023	Publication of the Interim Statement Q3 2022
February 13, 2024	Preliminary Results 2023
March 26, 2024	Group/Annual Financial Statements, 2023 Annual Report
May 7, 2024	Interim Statement Q1 2024
May 16, 2024	Ordinary Annual General Meeting
August 13, 2024	Interim Report 2024
November 5, 2024	Interim Statement Q3 2024

The financial calendar is updated regularly. Please visit the website for the latest updates: WWW.NORMAGROUP.COM

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Design and realization

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Editorial

NORMA Group SE

Note on the Interim Report

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

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 forward-looking statements. Forward-looking statements are all statements that do not refer to historical facts and events and contain forward-looking terminology such as “believe,” “estimate,” “assume,” “expect,” “anticipate,” “forecast,” “intend,” “could,” or “should,” or expressions of a similar meaning. Such forward-looking statements are subject to risks and uncertainties because they relate to future events and are based on current assumptions of the company that may not occur in the future or may not occur as anticipated. The company cautions that such forward-looking statements are not guarantees of future performance and that actual results, including the financial condition and profitability of NORMA Group SE and the development of economic and regulatory conditions, could differ materially (in particular, be more negative) from those expressed or implied by such statements. Even if the actual results for NORMA Group SE, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with the forward-looking statements in this Interim Report, no guarantee can be given that this will continue to be the case in the future.

Publication date

August 8, 2023



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