NORMA GROUP

INTERIM REPORT
SECOND QUARTER 2022

SUSTAINABLE. RELEVANT.

OVERVIEW OF KEY FIGURES

		Q2 2022	Q2 2021	H1 2022	H1 2021
Order situation					
Order book (June 30)	EUR million			582.8	496.9
Income statement					
Revenue	EUR million	317.9	281.6	622.3	568.1
Material cost ratio [1]	%	49.1	44.8	47.6	43.9
Personnel cost ratio [1]	%	25.0	25.7	25.3	25.8
Adjusted EBITA [1]	EUR million	24.4	38.2	56.7	77.7
Adjusted EBITA margin [1]	%	7.7	13.6	9.1	13.7
EBITA	EUR million	24.1	37.9	56.1	77.0
EBITA margin	%	7.6	13.5	9.0	13.6
Adjusted EBIT [1]	EUR million	22.3	36.1	52.7	73.0
Adjusted EBIT margin [1]	%	7.0	12.8	8.5	12.8
EBIT	EUR million	16.8	30.8	41.6	62.3
EBIT margin	%	5.3	10.9	6.7	11.0
Financial result	EUR million	– 3.0	– 2.4	– 4.5	– 6.2
Adjusted tax rate	%	– 27.2	– 26.3	– 27.3	– 26.5
Adjusted profit for the period [1]	EUR million	14.1	24.9	35.0	49.1
Adjusted earnings per share [1]	EUR	0.44	0.78	1.10	1.54
Profit for the period	EUR million	10.0	20.8	26.7	41.1
Earnings per share	EUR	0.31	0.66	0.84	1.29
Cashflow					
Cash flow from operating activities	EUR million	23.4	33.1	7.1	41.8
Cash flow from investing activities	EUR million	– 10.9	– 11.1	– 14.6	– 22.8
Cash flow from financing activities	EUR million	– 29.0	– 28.3	– 30.1	– 38.3
Net operating cash flow	EUR million	26.4	36.8	9.8	39.3
		June 30, 2022	Dec 31, 2021		
Balance sheet					
Assets	EUR million	1,600.0	1,498.2		
Equity	EUR million	715.0	668.6		
Equity ratio	%	44.7	44.6		
Net debt	EUR million	382.8	318.5		
Employees					
Core workforce		6,230	6,191		
Temporary workers		2,452	2,012		
Total workforce		8,682	8,203		
		H1 2022	H1 2021		
Non-financial control parameters					
Invention applications	Number	10	10		
CO_2 emission (scope 1 and 2)	Tons CO_2 equivalents	2,783	23,536		
Defective parts	PPM (Parts per Million)	4.0	4.7		
Share data					
Stock exchange		Frankfurt Stock Exchange, Xetra			
Market segment		Regulated Market (Prime Standard), SDAX			
ISIN / security identification number / ticker symbol		DE000A1H8BV3 / A1H8BV / NOEJ			
Highest price H1 2022 [2] / lowest price H1 2022 [2]	EUR	36.02 / 20.20			
Closing price as of June 30, 2022 [2]	EUR	21.30			
Market capitalization as of June 30, 2022 [2]	EUR million	679			
Number of shares		31,862,400			

1_Adjusted exclusively for acquisition effects.
2_Xetra price.

INTRODUCTION

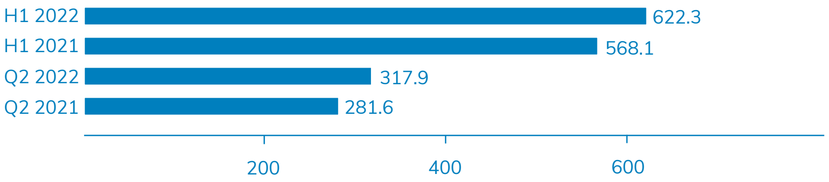
CONSOLIDATED INTERIM MANAGEMENT REPORT

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FURTHER INFORMATION

HIGHLIGHTS H1 2022 [1]

Development of Sales
in EUR million



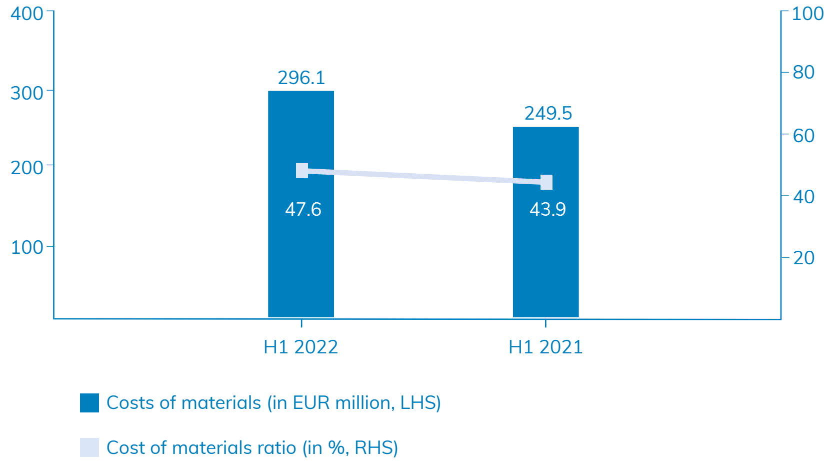
Effects on Group Sales

	in EUR million	Share in %
Group sales H1 2021	568.1	
Organic growth	21.5	3.8
Currency effects	32.7	5.8
Group sales H1 2022	**622.3**	**9.5**

Development of Sales Channels

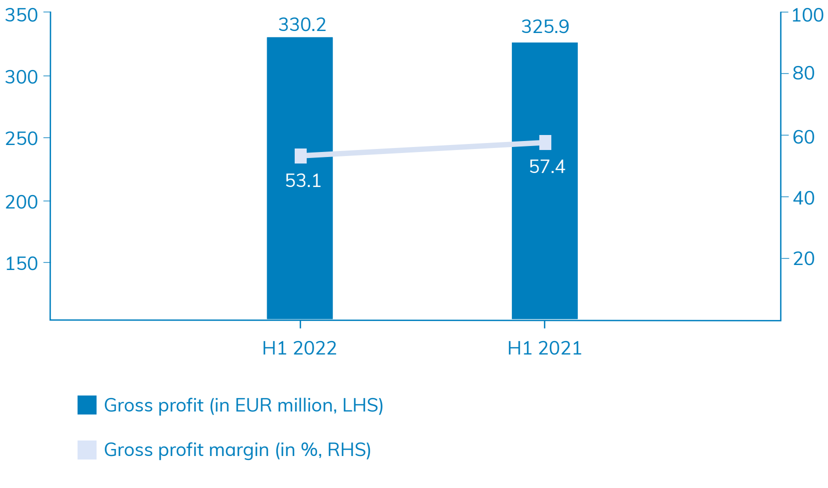
	Engineered Joining Technology (EJT)		Standardized Joining Technology (SJT)	
	H1 2022	H1 2021	**H1 2022**	H1 2021
Group sales (in EUR million)	338.6	332.3	278.7	232.7
Growth (in %)	1.9		19.8	
Share of sales (in %)	54.8	58.8	45.2	41.2

Costs of Materials and Cost of Materials Ratio

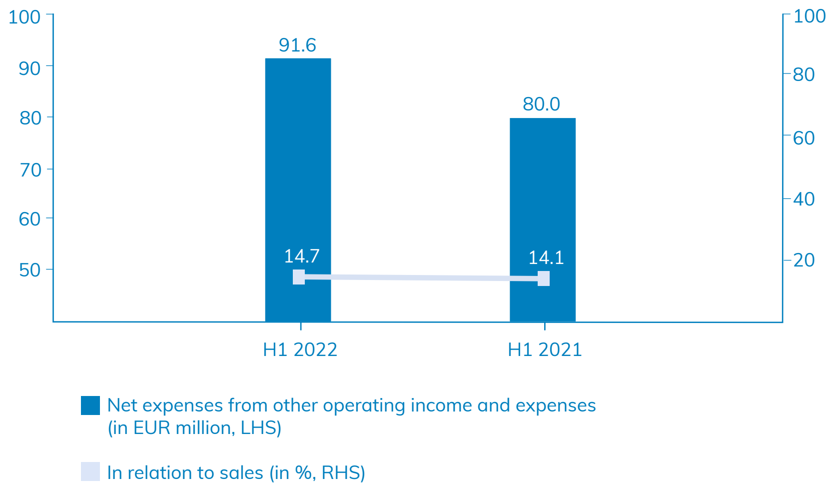


1_ Deviations may occur due to commercial roundings.

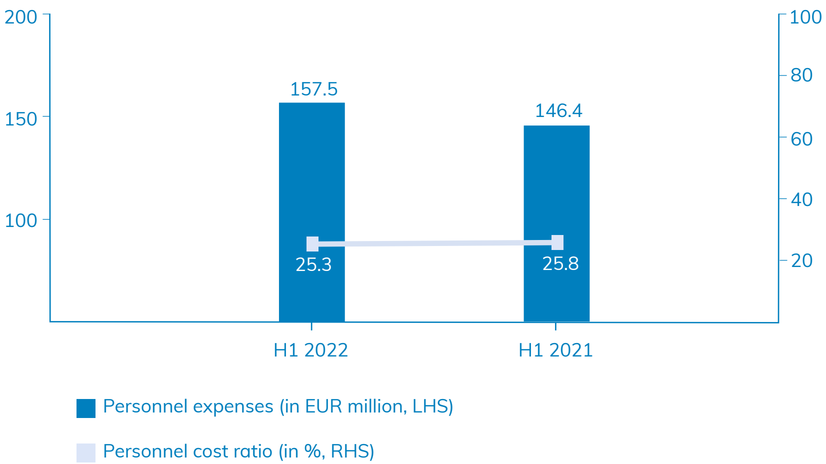
Gross Profit and Gross Profit Margin



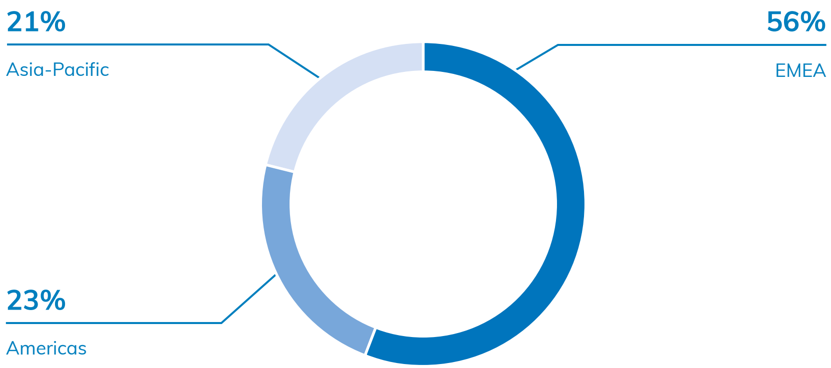
Net expenses from other Operating Income and Expenses as well as in Relation to Sales



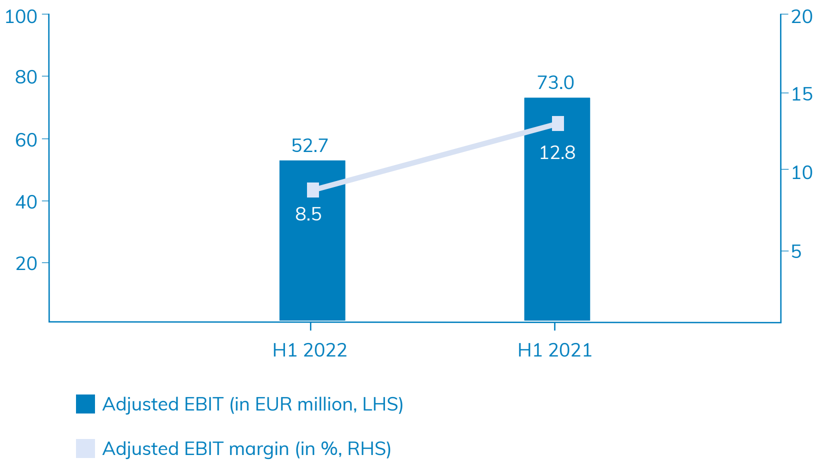
Personnel Expenses and Personnel Cost Ratio



Core Workforce by Segment



Adjusted EBIT and Adjusted EBIT Margin



Net Operating Cash Flow

in EUR million	H1 2022	H1 2021
EBITDA	81.1	99.5
Changes in working capital	–53.4	–40.4
Investments from operating business	–17.9	–19.8
Net operating cash flow	**9.8**	**39.3**

Letter from the Management Board

Dear shareholders, customers and business partners,

We look back on six eventful months in 2022, which have shaped our development in various ways.

Our Group sales rose markedly by 9.5% to EUR 622.3 million in a market environment characterized by numerous challenges. The Americas region was the main sales driver. There, we recorded noticeable year-on-year sales growth in both the Water Management and the Mobility and New Energy segments, due to positive effects from higher selling prices. Sales in the Asia-Pacific region also developed positively, mainly due to good business in Standardized Joining Technology.

By contrast, the operating earnings figures in the first half of 2022 partly did not meet our expectations. Adjusted EBIT reached EUR 52.7 million and the adjusted EBIT margin of 8.5% was significantly below that of the previous year. Net operating cash flow also decreased to EUR 9.8 million and was thus below the level of the prior-year period. We are not and cannot be satisfied with these results, although there were many reasons for the decline in operating earnings. These include unexpected further increases in the cost of materials due to sharply higher gas and energy prices, which we were unable to fully offset by the increases in our selling prices. In addition, increasingly high inflation, the continuing impact of the Ukraine crisis and the risk of further lockdowns in China had a noticeable negative impact. Higher logistics costs and other operating costs, including IT implementation costs, also had a negative impact on operating earnings in the first six months of 2022.

We will have to deal with the aforementioned factors in a targeted manner in these volatile times. In addition, it is becoming increasingly clear that the globally challenging situation will not ease significantly in the second half of 2022. For this reason, we adjusted our forecast for the adjusted EBIT margin from previously around 11% to now around 8%, taking expectations for the remaining fiscal year 2022 into account. For net operating cash flow, we have corrected our assumption in this context from previously around EUR 100 million to a figure of now around EUR 60 million. As the Management Board of NORMA Group, we are aware that these corrections represent severe cuts. Nevertheless, they were necessary due to the general conditions.

With regard to Group sales, we continue to expect to generate mid to high single-digit organic growth in fiscal year 2022. Looking ahead, we are confident that we will develop well. We have a clear strategy and are continuously building on our strengths. Our customers and product innovations for the relevant future markets of water management and electromobility are the focus of our business activities. In the first half of 2022, we have already seen significant successes in this regard. For instance, we launched the NORMA Marlin together with our partner SAB. We have thus strengthened our water business in Europe and expanded our position in the field of drinking water applications. In the Asia-Pacific region, our cooperation with Kanok was a significant step. We have been jointly offering compression fittings for agricultural applications to customers in Thailand since March 2022. Such partnerships are essential as our customers' demand for efficient water management solutions is increasing worldwide. At the same time, they underscore that NORMA Group has a product portfolio that is in demand, innovative and helps solve the most pressing issues of our time.

Ladies and gentlemen, in addition to the strategically important successes, it is also important not to lose sight of the challenges. The second half of 2022 will continue to hold some of these in store for us: The war in Europe, the coronavirus and supply chain issues, but also inflation, price increases and the availability of materials will continue to accompany us. We will do everything we can to protect our workforce and limit the impact of environmental conditions on our business as best we can. And we will do this as one team. We are determined to strengthen NORMA Group's competitiveness and remain committed to our long-term goal: to be the market leader for joining and fluid handling technology in current and future markets worldwide.

Please accompany us on our way!

Sincerely yours,

Dr. Michael Schneider
Chief Executive Officer (CEO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

Annette Stieve
Chief Financial Officer (CFO)

NORMA GROUP ON THE CAPITAL MARKET

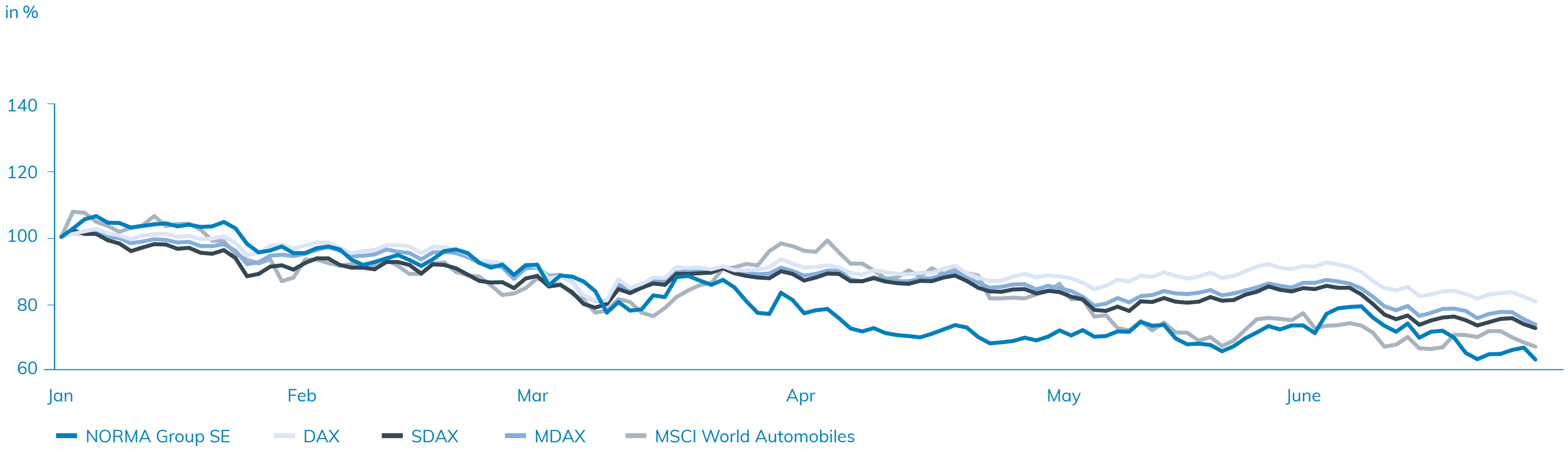
Supply Chain Difficulties, Interest Rate Hikes and the War in Ukraine Characterize Volatile Stock Market Environment in First Half of 2022

Global stock exchanges were extremely volatile in the first half of 2022. While the international stock markets reached historic highs at the beginning of the year, a clear negative trend subsequently set in. Besides the ongoing corona pandemic, the high level of inflation and the resulting reaction of central banks in the form of interest rate hikes had an increasingly negative impact. The war in Ukraine that started at the end of February 2022 further clouded the development of the global economy. Resulting economic sanctions, further difficulties in global supply chains, and repeated sharp price rises for important raw materials put severe pressure on the international stock markets. The good reporting season after the end of the first quarter of 2022 stabilized the markets for a short time, but the global stock indices nevertheless ended the first half of 2022 with noticeable price losses due to the prevailing uncertainties and gloomy economic outlook worldwide.

The adverse global environment in the first half of 2022 was also reflected in the performance of the German indices: The leading index DAX reached a new record high of 16,285 points at the beginning of January, but ended the first six months of 2022 with a major drop in prices to 12,784 points as a result of the global turbulence – a loss of 19.5% compared to the end of 2021. The decline in the MDAX was even more significant. The index closed at 25,823 points on June 30, 2022, a drop of 26.5% compared to the end of December 2021. The SDAX benchmark index also showed a similar trend at the end of the first half of 2022, falling by 27.6% to 11,881 points.

The US Dow Jones Index ended the first six months of 2022 down 15.3% on the end of 2021, and the broader S&P 500 Index emerged from the first half of 2022 with an even more significant loss of 20.6%. The MSCI World Automobiles Index, considered a trend indicator for the global stock market, stood at 254 points on June 30, 2022, 33.2% lower than at the end of 2021.

Index-Based Comparison of NORMA Group's Share Price Performance with the DAX, MDAX, SDAX and MSCI World Automobiles in the First Half of 2022

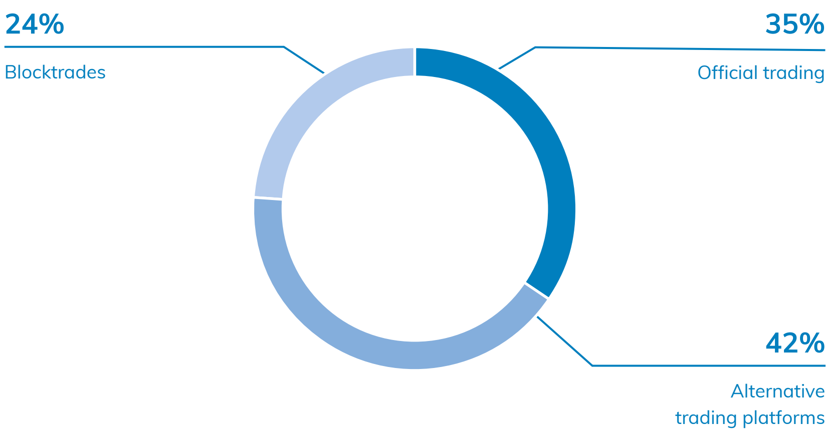


Performance of the NORMA Group share

The NORMA Group share opened the stock market year 2022 at a price of EUR 33.88 and reached its highest level in the first half of 2022 of EUR 36.02 already on January 5, 2022. Against the backdrop of increasing global economic and geopolitical tensions, the share showed a significantly more volatile movement in the further course of the year. Similar to the development of the reference index SDAX and various benchmarks, this ultimately led to a noticeable drop in the share price. The NORMA Group share marked its low for the current reporting period of EUR 20.20 on June 30, 2022, and at the same time closed the first half of the stock market year at a price of EUR 21.30. Compared to the year-end level in 2021, this resulted in a decline of 37.1%.

NORMA Group SE's market capitalization amounted to EUR 678.7 million on June 30, 2022 (Dec 31, 2021: EUR 1,079.5 million). Measured by the free float market capitalization relevant for determining index membership, the company thus ranked 27th out of 70 in the SDAX.

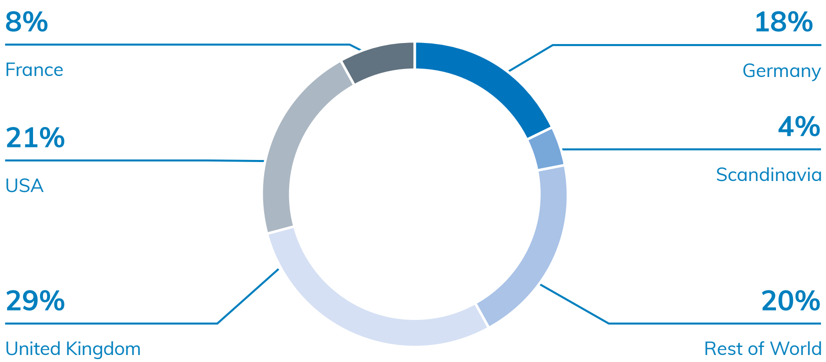
Distribution of Trading Activity[1]



As of June 30, 2022.

1_ Deviations may occur due to commercial rounding.

Free Float by Region



As of June 30, 2022.

Trading Volume

From January to June 2022, the average Xetra trading volume of NORMA Group shares was 73,611 shares per day (H1 2021: 60,593 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 2.0 million compared to the previous year (H1 2021: EUR 2.6 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 96% of the 31,862,400 NORMA Group shares. The management of NORMA Group SE (Management Board in its current composition) held 0.07% of the shares as of June 30, 2022 (Dec 31, 2021: 0.07%). The number of private shareholders totaled 5,468 as of the reporting date June 30, 2022, and thus recorded a significant increase compared to the end of 2021 (Dec 31, 2021: 5,067). Thus, a total of around 4.2% of the shares were held by private shareholders at the end of June 2022.

According to the voting rights notifications received by the end of July 2022, shares in NORMA Group SE designated as free float were held by the following investors:

Major Holdings of Voting Rights 1

Investor	in %
Allianz Global Investors GmbH, Frankfurt / Main, Germany	9.93
Tweedy Browne, Wilmington, DE, USA	5.06
Impax Asset Management Group plc, London, United Kingdom	5.03
T. Rowe Price Group Inc., Baltimore, MD, USA	4.84
Ameriprise Financial Inc., Wilmington, DE, USA	4.81
AVGP Limited, St Helier, Jersey, Channel Islands	3.29
Norges Bank, Oslo, Norway	3.21
Union Investment Privatfonds GmbH, Frankfurt / Main, Germany	3.02
FMR LLC, Wilmington, DE, USA	3.02

As of July 31, 2022. All voting rights notifications are published on the company's website.
WWW.NORMAGROUP.COM

Directors' Dealings

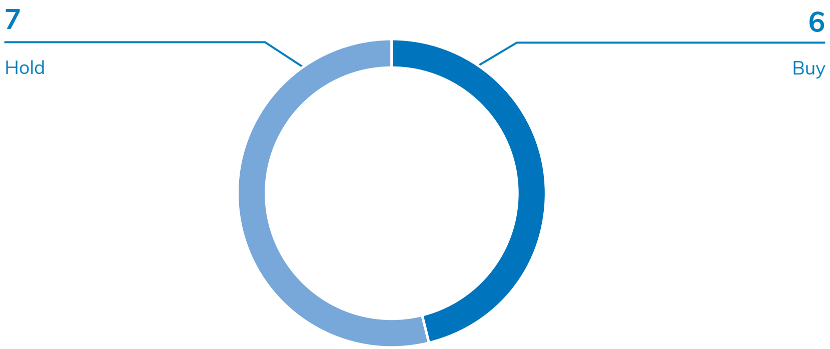
No directors' dealings subject to disclosure requirements were reported in the first half of 2022.

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. 13 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 2022, six of them rated the NORMA Group share as a "buy" while seven others recommended holding the share. The average target price was EUR 29.31 (Dec 31, 2021: EUR 43.46).

Analyst Recommendations



As of July 31, 2022.

2022 Annual General Meeting Resolves Dividend of EUR 0.75 per Share

The Annual General Meeting of NORMA Group SE was held on May 17, 2022, as a virtual Annual General Meeting without shareholders physically present. Of the 31,862,400 shares bearing voting rights, a total of around 74% of the registered share capital of NORMA Group SE were represented. 32 shareholders followed the virtual Annual General Meeting live.

The Annual General Meeting of NORMA Group voted with a majority of 99.80% in favor of the proposal of the Supervisory Board and Management Board to distribute a dividend of EUR 0.75 per share. The total amount distributed was around EUR 23.9 million (2021: EUR 22.3 million), which thus amounted to a payout ratio of 33.0% of adjusted Group earnings of EUR 72.3 million in fiscal year 2021. All other items on the agenda were also approved by the 2022 Annual General Meeting by the necessary majority.

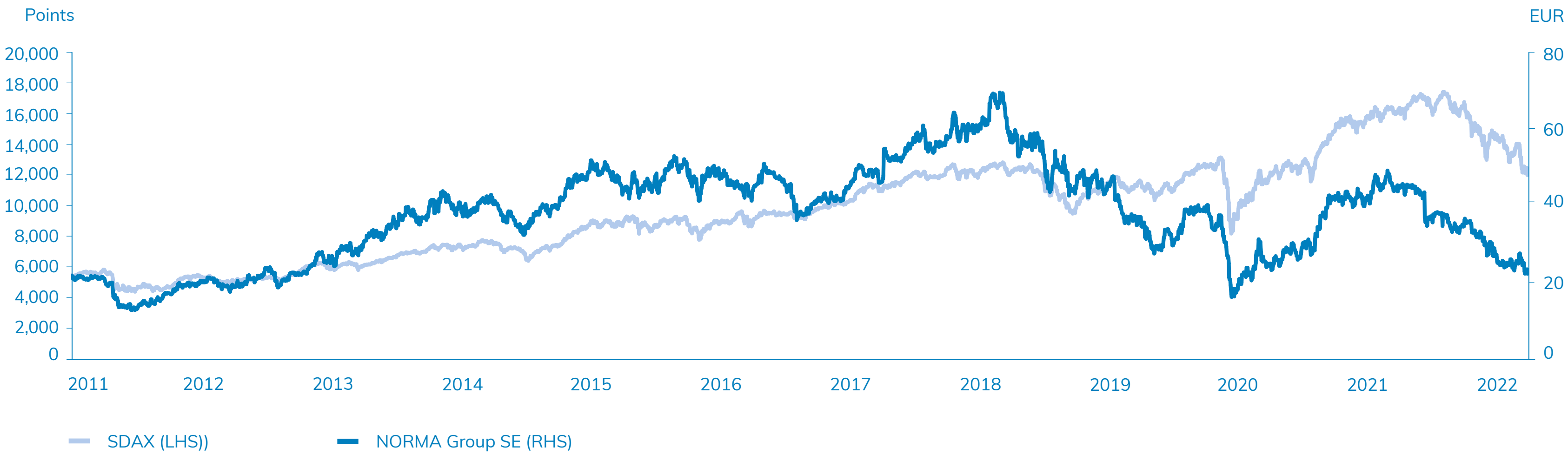
All voting results can be found in the Investor Relations section of the NORMA Group website. WWW.NORMAGROUP.COM

Key Figures of the NORMA Group Share

	H1 2022
Closing price[1] as of June 30, 2022 (in EUR)	21.30
Highest price[1] H1 2022 (in EUR)	36.02
Lowest price[1] H1 2022 (in EUR)	20.20
Number of unweighted shares as of June 30, 2022	31,862,400
Market capitalization as of June 30, 2022 (in EUR million)	679
Average daily Xetra volume	
Shares	73,611
EUR million	2.0
Earnings per share (in EUR)	0.84
Adjusted earnings per share (in EUR)	1.10

1_Xetra-Kurs.

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



CONSOLIDATED INTERIM MANAGEMENT REPORT

Principles of the Group

A detailed overview of NORMA Group SE's business activities, objectives and strategy is provided in the 2021 Annual Report. The statements contained therein remain valid. There were no significant changes in the first half of 2022.

The development of the key financial and non-financial performance indicators for the management of the Group in the first half of 2022 is shown in the following tables.

Financial Control Parameters

		H1 2022	H1 2021
Group sales	EUR million	622.3	568.1
Adjusted EBIT[1]	EUR million	52.7	73.0
Adjusted EBIT margin[1]	%	8.5	12.8
Net operating cash flow	EUR million	9.8	39.3
NORMA Value Added	EUR million	4.2	17.9

1_Adjusted only for acquisition-related costs.

Non-Financial Control Parameters

		H1 2022	H1 2021
Invention applications	Number	10	10
CO_2 emissions[1]	t CO_2e	2,783[2]	23,536
Defective parts per million	ppm	4.0	4.7

1_Greenhouse gas emissions of all production sites resulting from gas consumption (Scope 1) and the purchase of electricity and district heating (Scope 2). Since 2020, CO_2 emissions have been a target for determining part of the long-term remuneration of the Management Board.
2_NORMA Group has been purchasing electricity from renewable energies through Energy Attribute Certificates (EAC) since January 2022; as a result, comparison with the previous year is only possible to a limited extent; the figure comparable to the previous year is 22,901 t CO2e.

Research and Development

The main activities of the Research and Development department of NORMA Group are described in detail in the → ANNUAL REPORT 2021.

In addition, the company worked on integrating its research and development areas in the first half of 2022 so that they can continue to support its strategic objectives 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, for example.

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.

R&D Figures

		H1 2022	H1 2021
R&D employees	Number	323	340
R&D employee ratio	% of permanent staff	5.2	5.2
R&D expenses[1]	EUR million	20.6	16.2
R&D ratio[1]	% of total sales	3.3	2.9

1_Due 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).

Economic Report

General Economic and Industry-Specific Conditions

Global economy significantly impacted by Ukraine war, Corona pandemic and inflation

In the first half of 2022, the global economic situation deteriorated significantly as a result of the war in Ukraine. On the other hand, China's no-COVID policy had a noticeable negative impact on the global economy. These factors resulted in an intensification of the ongoing supply chain problems. At the same time, inflation, already high, rose to new levels. Central banks reacted by tightening their monetary policy, in some cases significantly. In addition, against the backdrop of the war in Ukraine, scenarios of an imminent deterioration in energy supplies emerged in many European countries. In the United States, industrial production developed dynamically despite the burdens in the first half of 2022 (Q1 2022: +5.1%, Q2 2022: +6.1%), and capacity utilization was correspondingly high (Q1 2022: 79.5%, Q2 2022: 80.3%). Nevertheless, GDP in the US declined by an annualized total of 0.9% in the second quarter of 2022 (Q1 2022: – 1.6%). In China, industrial production increased by 3.4% in the first half of 2022, but dampened due to the corona lockdowns. Capacity utilization was 75.4% (H1 2021: 77.9%). At the same time, Chinese GDP grew slightly by 2.5% (Q1 2022: +4.8%, Q2 2022: +0.4%). In the euro zone, the pace of economic activity slowed only slightly after the start of the war in Ukraine. GDP grew by 4.0% in the second quarter of 2022 (Q1 2022: +5.4%). European industrial production was also subdued (Q1 2022: – 0.3%, April 2022: – 2.5%, May 2022: +1.6%). The capital goods and energy sectors were hit particularly hard, but capacity utilization in industry was nevertheless high at 82.6% in the second quarter.

German economy with low momentum due to environmental factors

Although the upswing in many service sectors in Germany continued noticeably in the first half of 2022, the order situation in industry also showed a positive trend. Nevertheless, the German economy was noticeably slowed by the start of the war in Ukraine. This was caused by a sharp drop in purchasing power due to inflation, ongoing supply chain problems and geopolitical uncertainties in general. GDP rose by just 1.5% in the second quarter of 2022 (Q1 2022: +3.9%) – and adjusted for calendar effects, the economy stagnated compared with the 1st quarter of 2022. Industrial production also trended noticeably downward (March: – 5.1%, April: – 3.0%, May: – 1.5%) as a result of the burdening environmental factors, and capacity utilization fell slightly to 85.2% in the second quarter of 2022.

Challenge in mechanical engineering production caused by external factors

In the area of engineering, the industrial upswing has slowed sharply due to the challenging global economic environment and the resulting immediate burdens from disrupted supply chains and increased energy and transportation costs. As a result, global industrial production growth, excluding construction, was 3.8% in the first five months of 2022. Subsequently, production growth fell to 1.4% in April and 3.4% in May. Despite the current burdens and known risks in the market environment, the underlying trend in the global machinery sector has remained positive thus far. This is supported by the fact that order backlogs remain high and customers' willingness to invest is stable. Ongoing government stimulus and infrastructure programs and high investment in climate protection are also having a positive effect. Nevertheless, according to ECB data, the production of capital goods in the euro zone has initially slumped due to the current supply chain problems and the lockdowns in China (Q1 2022: – 5.0%; April: 2022: – 9.0%; May 2022: +0.9%). In Germany, production in the mechanical engineering sector fell sharply with a time lag following the outbreak of the war in Ukraine: While the first quarter of 2022 still showed growth of 0.8% overall, a downward trend could already be seen by March (– 3.5%), which intensified significantly again in April (– 5.8%). In May, the decline was still 2.2%.

Automotive production burdened by bottlenecks – commercial vehicles even down by double digits

Due to its globally networked supply chains, the automotive industry was hit particularly hard by the disruptions in the first half of 2022. In particular, the limited availability of intermediate products and massive cost increases had a negative impact on the industry. For this reason, automakers were unable to adequately meet demand in most regions in the six-month period of 2022, according to LMC Automotive (LMCA). According to LMCA, sales of light vehicles (LV, up to 6 t) slumped by 8.5% by the end of June 2022, with the second quarter (– 14.8%) proving to be particularly weak. In contrast, the decline in LV production was milder (Q1 2022: – 3.3%, Q2 2022: – 0.8%). Nevertheless, volumes fell to 18.6 million light vehicles in the second quarter, moving even further away from the peak years of

2018 and 2019, with then-record levels of 25 million LV per quarter. In terms of drive types, an accelerated shift toward electric drives is quite evident. The share of light vehicles with internal combustion engines was 77.7% in the first quarter of 2022, according to LMCA data, down from 83.1% in 2021 as a whole. The commercial vehicle market also failed to maintain its high year-earlier base: Global commercial vehicle production contracted by a significant double-digit percentage (Q1 2022: – 26.5%, Q2 2022: – 30.9%).

Construction industry in China and Europe facing increasing headwinds

The Chinese construction industry was impacted by a number of factors, with a significant slowdown in the second quarter of 2022 in particular. These included the liquidity crisis among Chinese construction financiers, government measures to curb debt in the real estate sector and strict lockdowns to contain the COVID-19 pandemic on the part of the government. According to the NBS statistics office, building investment contracted 5.4% cumulatively through the end of June 2022 (Q1 2022: +0.7%), with residential construction down 4.5% (Q1 2022: +0.7%). By comparison, the construction industry in the euro zone got off to a strong start in 2022, although material shortages and high inflation are having an increasingly negative impact. In the euro zone, following a 5.3% increase in the first quarter of 2022, construction output subsequently grew more moderately overall (April 2022: +2.8%; May 2022: +2.9%). By contrast, Poland and Italy recorded a very dynamic development with double-digit growth rates in each case. By comparison, growth was more moderate in France, Portugal and the Netherlands, and declined in Spain. In Germany, construction output stalled with the outbreak of the Ukraine war. Material bottlenecks and sharp price increases dampened sentiment, revealing a decline in German construction output (March 2022: – 3.1%; April 2022: – 1.7%; May 2022: – 2.0%).

Growth trend for the US construction industry weakens

A gradually weakening trend can be observed in the construction industry in the US. According to expert estimates, this is due among other factors to the sharp rise in the cost of materials and higher interest rates. Both factors led to a reduced willingness to invest compared to the strong growth in 2021. While the number of new buildings completed increased again in the first half of 2022, construction starts in May 2022 fell by 8.0% as a result of the increase in negative environmental factors. Similarly, building permits for new buildings were down 8.0% from the start of 2022 to June.

NORMA Group's water business in the United States correlates very strongly with the maintenance, conversion and renovation of properties in addition to new construction. These market drivers weakened in the first half of 2022. According to the Zonda Residential Remodeling Index (RRI), remodeling in the US increased by 13% in the period January to June 2022, boosted by high available funds and low interest rates, but at a significantly lower rate than previously assumed. Besides the aforementioned growth drivers, extreme weather conditions – such as the current drought in the western United States and heavy rainfall - are also important factors influencing the development of the water business.

Significant Events in the First Half of 2022

New distribution partnership with Thai water management company

NORMA Group entered into a distribution partnership with Kanok Products Co., Ltd. ("Kanok"), a Thai company that specializes in agricultural irrigation systems, in the first half of 2022. Kanok has been serving NORMA Group customers in Thailand with compression fittings for agricultural applications since March 2022. This cooperation enables NORMA Group to strengthen its water management business in the Asia-Pacific region.

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

NORMA Group's sales developed positively in the first half of 2022 despite the challenging market environment. At EUR 622.3 million, the Group's sales were 9.5% higher than in the previous year (H1 2021: EUR 568.1 million). This includes positive currency effects to a large extent in the first six months of the current fiscal year. Organic growth in sales amounted to 3.8%, but was primarily also driven by an increase in selling prices. The main driver of sales here was the Americas region in particular, which recorded a marked year-on-year increase in sales driven by positive price effects in both the Water Management sector and in the areas of Mobility and New Energy. In the Asia-Pacific region, sales also developed positively overall due to strong growth in Standardized Joining Technology, whereas sales in the EMEA region fell short of the disproportionately good first half of the previous year, as expected, due to weaker demand from the European automotive industry.

The operating earnings figures fell short of the Management Board's expectations in some cases. Adjusted EBIT amounted to EUR 52.7 million in the first half of 2022 (H1 2021: EUR 73.0 million). The adjusted EBIT margin was 8.5% (H1 2021: 12.8%). The main reasons for this were unexpected further increases in material costs due to sharply rising gas and energy prices, which could not be fully offset by an increase in selling prices. In addition, a further increase in high inflation, continuing effects from the Ukraine crisis, the risk of further lockdowns in China, and higher logistics and other operating costs, including IT implementation costs, had a negative impact on the development of operating profit. Net operating cash flow also decreased significantly year-on-year to EUR 9.8 million in the first six months of 2022 (H1 2021: EUR 39.3 million). In addition to the noticeably lower EBITDA in the current reporting period, this development is attributable to a higher build-up of (trade) working capital compared to the end of 2021.

The Management Board does not expect the challenging situation to ease significantly in the second half of 2022 either and has therefore adjusted its forecast for the adjusted EBIT margin and net operating cash flow for the remainder of fiscal year 2022 on July 21, 2022, taking the above-mentioned factors and expected sales performance into account. Accordingly, the management now expects an adjusted EBIT margin for fiscal year 2022 of around 8% (previous forecast: "around 11%"). For net operating cash flow, the management expects a figure of around EUR 60 million in fiscal year 2022 (previous forecast: "around EUR 100 million"). With regard to the development of organic Group sales, the Management Board is sticking to the forecast published in the 2021 Annual Report and confirmed in the interim announcement on the first quarter of 2022 ("mid to high single-digit organic Group growth in sales"). Detailed information on all other components of the forecast can be found in the → FORECAST REPORT.

Earnings, Assets and Financial Position

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

Adjustments

In the period from January to June 2022, 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 0.6 million (H1 2021: EUR 0.7 million). Furthermore, amortization of intangible assets from purchase price allocations in the amount of EUR 10.4 million (H1 2021: EUR 10.0 million) 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 → CONDENSED NOTES.

Adjustments [1]

EUR million	H1 2022 reported	Total adjustments	H1 2022 adjusted
Group sales	**622.3**	**0**	**622.3**
Change in inventories of finished goods and work in progress	2.8	0	2.8
Other own work capitalized	1.2	0	1.2
Cost of materials	– 296.1	0	– 296.1
Gross profit	**330.2**	**0**	**330.2**
Other operating income and expenses	– 91.6	0	– 91.6
Employee benefits expenses	– 157.5	0	– 157.5
EBITDA	**81.1**	**0**	**81.1**
Depreciation	– 25.0	0.6	– 24.4
EBITA	**56.1**	**0.6**	**56.7**
Amortization	– 14.5	10.4	– 4.0
Operating profit (EBIT)	**41.6**	**11.0**	**52.7**
Financial result	– 4.5	0	– 4.5
Earnings before income taxes	**37.1**	**11.0**	**48.1**
Income taxes	– 10.4	– 2.8	– 13.2
Profit for the period	**26.7**	**8.3**	**35.0**
Non-controlling interests	0.1	0	0.1
Profit for the period attributable to shareholders of the parent company	**26.6**	**8.3**	**34.9**
Earnings per share	**0.84**	**0.26**	**1.10**

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

Order backlog

As of June 30, 2022, NORMA Group's order backlog amounted to EUR 582.8 million (June 30, 2021: EUR 496.9 million) and was thus 17.3% higher than on the previous year's reporting date.

Earnings position

Sales rise by 9.5% in first half of 2022; Americas region a key growth driver

NORMA Group generated consolidated sales of EUR 622.3 million in the first half of 2022, which is 9.5% higher than in the same period of the previous year (H1 2021: EUR 568.1 million). Currency effects, especially related to the US dollar, had a positive impact of 5.8%, while organic sales growth amounted to 3.8%. The positive development resulted mainly from positive price effects from the Americas region and there from both strong growth in the Water Management business and additional revenue in the Mobility and New Energy business.

In the second quarter of 2022, net sales increased by 12.9% compared to the same quarter of the previous year (Q2 2022: EUR 317.9 million; Q2 2021: EUR 281.7 million). Organic growth in the second quarter of 2022 was 5.3% and partly driven by an increase in selling prices. Currency effects had a positive impact of 7.5%.

Double-digit organic growth in sales in the SJT business; EJT business grows slightly, driven by currency effects

The SJT business posted sales of EUR 278.7 million in the period from January to June 2022, 19.8% higher than in the same period of the previous year (H1 2021: 232.7 million). This includes organic growth in sales of 11.9%. In addition, currency effects impacted SJT sales positively by 7.9%. Growth was again driven by the strong water business at the US subsidiary NDS and good business in industrial applications in Asia-Pacific.

In the second quarter of 2022, net sales in the SJT segment totaled EUR 147.2 million, exceeding the previous year's level by 20.5% and by 10.5% organically. Both the Americas and the Asia-Pacific region made significant contributions to the organic growth in sales. Currency effects contributed 10.0% to sales growth.

In the area of EJT, demand from the European automotive industry in particular was subdued, as expected. The reason for this was the increased and far-reaching market challenges since the beginning of 2022, as a result of which automotive manufacturers were unable to fully exploit production potential. Although organic sales growth in the EJT business was negative (– 2.4%), this was more than offset by positive currency effects, primarily in connection with the US dollar (+4.3%). As a result, the EJT business generated sales of EUR 338.6 million in the period from January to June 2022 and a slight increase of 1.9% compared to the six-month period of 2021 (H1 2021: EUR 332.3 million).

Net sales in the EJT segment amounted to EUR 167.6 million (Q2 2021: EUR 157.7 million) in the second quarter of 2022. This equates to sales growth of 6.3% compared to the same quarter of the previous year. The increase was mainly currency-driven (+5.6%), while organic growth in sales amounted to 0.7%. There was a jump in sales in the Americas region in the Mobility and New Energy sector in particular in the second quarter of 2022. By contrast, the development in the EMEA and Asia-Pacific regions was down.

Significant increase in cost of materials ratio as a result of persistently high raw material, energy and logistics costs

Cost of materials amounted to EUR 296.1 million in the first half of 2022, exceeding the level of the prior-year period (H1 2021: EUR 249.5 million) by 18.7%. The cost of material ratio in relation to sales was 47.6% in the first half of 2022 (H1 2021: 43.9%). The cost of material to total output ratio (sales plus changes in inventories and other own work capitalized) was 47.3% (H1 2021: 43.4%). In the second quarter of 2022, cost of materials amounted to EUR 156.2 million (Q2 2021: EUR 126.3 million) and the cost of materials ratio to sales reached a level of 49.1% (Q2 2021: 44.8%).

The cost of materials ratio was negatively impacted by the persistently high price level of raw materials (mainly steel, alloy surcharges and engineering plastics) and production materials relevant for NORMA Group. As expected, these increased further in the first half of 2022 compared to the end of 2021 and significantly exceeded the level of the prior-year period for nearly all raw materials and materials. Increased logistics costs and the development of the US dollar compared to the first six months of the previous year also had an increasing effect on the cost of materials in this connection.

Gross profit and gross margin

Despite the good development of sales, NORMA Group generated gross profit (sales less cost of materials and changes in inventories plus other own work capitalized) of only EUR 330.2 million in the first half of 2022, which represents a slight increase of 1.3% compared to the six-month period of the previous year (H1 2021: 325.9 million). Gross profit was strongly impacted by higher material costs as a result of increased raw material prices and logistics costs. Despite the increase in sales, these factors resulted in a lower gross margin (as a percentage of sales) of 53.1% in the first half of 2022 (H1 2021: 57.4%).

NORMA Group generated gross profit of EUR 166.7 million in the second quarter of 2022, exceeding the same quarter of the previous year (Q2 2021: EUR 159.9 million) by 4.3%. Thus, the gross margin in the second quarter of 2022 was 52.5% (Q2 2021: 56.8%). As in the prior-year quarter, the increase in inventories in the current reporting quarter (Q2 2022: EUR 4.4 million; Q2 2021: EUR 4.1 million) had an increasing effect on the gross margin.

Personnel cost ratio

As of June 30, 2022, NORMA Group employed a total of 8,682 people worldwide, 6,230 of whom are permanent employees. Compared to June 30, 2021 (6,481), the number of permanent employees has thus declined by 3.9%, while it has increased only slightly compared to the end of 2021 (6,191). In the EMEA region in particular, there were significantly fewer permanent employees as of June 30, 2022, compared to the prior-year reporting date in connection with a reduction in the workforce in Serbia. By contrast, the number of employees in the Americas and Asia-Pacific regions increased slightly by half-year comparison.

Personnel expenses amounted to EUR 157.5 million in the first half of 2022. Despite the lower number of permanent employees, this represents an increase of 7.6% compared to the same period of the previous year (H1 2021: EUR 146.4 million). On the one hand, currency effects - in particular the development of the US dollar against the euro - contributed to this. On the other hand, the increase in personnel expenses in Asia-Pacific with a higher number of employees compared to the previous year also had an increasing effect on personnel costs in the first half of 2022. At 25.3%, the personnel cost ratio for the first half of 2022 decreased compared to the previous year (H1 2021: 25.8%), also due to inflation-related price increases and the related increase in sales.

In the second quarter of 2022, personnel expenses totaled EUR 79.5 million and were thus 10.0% higher than in the second quarter of 2021 (EUR 72.3 million). The personnel cost ratio was 25.0% in the second quarter of 2022 (Q2 2021: 25.7%). → CONDENSED NOTES

Development of Personnel Figures

	June 30, 2022	June 30, 2021	Change (in %)
EMEA	3,467	3,785	– 8.4%
America	1,450	1,419	2.2%
Asia-Pacific	1,313	1,277	2.8%
Core workforce	**6,230**	**6,481**	**– 3.9%**
Temporary staff	2,452	2,273	7.9%
Total workforce	**8,682**	**8,754**	**– 0.8%**

Other operating income and expenses

At EUR – 91.6 million, the balance of other operating income and expenses in the first half of 2022 was 14.5% higher than in the same period of the previous year (H1 2021: EUR – 80.0 million). The ratio of other operating expenses and income to sales increased to 14.7% in the current reporting period (H1 2021: 14.1%).

Other operating income amounted to EUR 13.5 million and thus exceeded the figure from the prior-year period (H1 2021: EUR 9.8 million) by EUR 3.6 million or 37.0%. This mainly includes currency gains from operating activities of EUR 6.4 million (H1 2021: EUR 3.7 million), income from the reversal of liabilities of EUR 3.2 million (H1 2021: EUR 2.8 million) and other income from the disposal of non-current assets of EUR 2.0 million (H1 2021: EUR 0.5 million). CONDENSED NOTES

Other operating expenses increased by EUR 15.2 million compared to the previous year (H1 2021: EUR – 89.9 million) to EUR – 105.1 million in the first half of 2022. The increase is mainly due to higher expenses for IT and telecommunications (H1 2022: EUR 16.5 million; H1 2021: EUR 10.7 million) as well as an increased need for temporary workers (H1 2022: EUR 24.9 million; H1 2021: EUR 22.0 million). In addition, increased travel and entertainment expenses (H1 2022: EUR 3.2 million; H1 2021: EUR 1.2 million), expenses for consulting and marketing (H1 2022: EUR 10.6 million; H1 2021: EUR 8.7 million) as well as other administrative expenses (H1 2022: EUR 6.0 million; H1 2021: EUR 4.2 million) had an increasing effect on other operating expenses. Other operating expenses also include freight costs of EUR 20.3 million (H1 2021: EUR 21.8 million) and costs from the ongoing "Get on track" change program of EUR 0.7 million (H1 2021: 0.9 million). The latter are not adjusted.

In the second quarter of 2022, the balance of other operating income and expenses was EUR – 50.2 million, 31.2% higher than in the same quarter of the previous year (Q2 2021: EUR – 38.3 million). The ratio in relation to sales amounted to 15.8% (Q2 2021: 13.6%).

Operating result heavily impacted by various factors

The operating result adjusted for amortization of tangible and intangible assets from purchase price allocations, adjusted EBIT, amounted to EUR 52.7 million in the first six months of the current fiscal year, 27.9% below the comparative figure for the previous year (H1 2021: EUR 73.0 million). The adjusted EBIT margin reached a value of 8.5% in the first half of 2022 (H1 2021: 12.8%).

This development was mainly due to unexpected further increases in material costs as a result of sharply rising gas and energy prices, which could not be fully offset by increasing selling prices. In addition, continuing high inflation, the ongoing effects of the Ukraine crisis, the risk of further lockdowns in China, and higher logistics and other operating costs - including IT implementation costs – had a negative impact on the development of operating profit in the first half of 2022. The resulting negative impact on the operating profit was partly offset by positive effects from the "Get on track" change program.

In the second quarter of 2022, adjusted EBIT amounted to EUR 22.3 million (Q2 2021: EUR 36.1 million), while the adjusted EBIT margin was at 7.0% (Q2 2021: 12.8%).

NORMA Value Added (NOVA)

NORMA Value Added (NOVA) amounted to EUR 4.2 million in the first half of 2022 and thus decreased significantly compared to the previous year (H1 2021: EUR 17.9 million). This development is primarily due to the decline in adjusted EBIT in the first six months of 2022.

Financial result

The financial result improved by 26.4% to EUR – 4.5 million in the six-month period of 2022 (H1 2021: EUR – 6.2 million). → CONDENSED NOTES This was mainly due to an increased currency result from financing activities (H1 2022: EUR 3.0 million; H1 2021: EUR – 0.4 million) and lower net interest expense compared to the same period of the previous year (H1 2022: EUR 3.9 million; H1 2021: EUR 4.4 million). The financial result in the first half of 2022 also includes, among other items, interest expenses from leases of EUR – 0.5 million (H1 2021: EUR – 0.4 million) and other financial expenses of EUR – 0.7 million (H1 2021: EUR – 0.8 million).

The financial result in the second quarter of 2022 amounted to EUR – 3.0 million (Q2 2021: EUR – 2.4 million).

Tax rate and adjusted earnings after taxes

Based on adjusted earnings before taxes (EBT) of EUR 48.1 million in the first half of 2022 (H1 2021: EUR 66.8 million), the adjusted tax rate was 27.3% (H1 2021: 26.5%). Adjusted net income after taxes for the period reached EUR 35.0 million (H1 2021: EUR 49.1 million). Based on an unchanged number of shares of 31,862,400, this resulted in adjusted earnings per share of EUR 1.10 in the first six months of the current fiscal year (H1 2021: EUR 1.54).

Adjusted net income for the period in the second quarter of 2022 was EUR 14.1 million (Q2 2021: EUR 24.9 million). Adjusted earnings per share in the period from April to June 2022 thus amounted to EUR 0.44 (Q2 2021: EUR 0.78).

Development of sales and earnings in the segments

The share of Group sales generated outside Germany was around 87.0% in the period from January to June 2022 (H1 2021: 83.7%).

EMEA region

External sales in the EMEA region amounted to EUR 246.1 million in the first half of 2022, down 3.7% (in organic terms: – 3.5%) on the same period of the previous year (H1 2021: EUR 255.5 million).

NORMA Group generated sales of EUR 121.6 million in the EMEA region in the second quarter of 2022. This represents a decline of 1.3% compared to the same quarter of the previous year (Q2 2021: EUR 123.1 million) and 1.5% in organic terms.

The decline in sales in the EMEA region is mainly attributable to a continued decline in customer demand in the European automotive market, which was expected (H1 2022 organic: – 3.8%; Q2 2022 in organic terms: – 1.1%). Business with Standardized Joining Technology also developed weakly in the first half of 2022 (H1 2022 in organic terms: – 3.4%; Q2 2022 in organic terms: – 3.3%). By contrast, the prior-year period had been characterized by a disproportionate recovery in both areas. The EMEA region's share of Group sales fell to 40% in the six-month period of 2022 (H1 2021: 45%).

Adjusted EBIT in the EMEA region amounted to EUR 12.3 million in the current reporting period (H1 2021: EUR 34.1 million). The adjusted EBIT margin was 4.7% (Q1 2021: +12.3%). The main reason for the significantly lower operating profit was the decline in sales in the first half of 2022. The margin was also burdened by the increased cost level in the areas of materials and personnel. The former was driven by inflation. In addition, continuing effects from the Ukraine crisis and other operating costs, including IT implementation costs, and logistics costs had a negative impact on the development of the operating result in the first six months of 2022.

Capital expenditures in the EMEA region amounted to EUR 8.3 million in the first half of 2022 (H1 2021: EUR 7.9 million). The focus of investments was on the sites in Germany, the Czech Republic, Poland and Serbia.

Americas region

Sales (external sales) in the Americas region amounted to EUR 289.6 million in the first half of the year, up 26.8% on the previous year (H1 2021: EUR 228.4 million). The main share of the growth was due to an increase in organic sales (+14.9%). These were largely influenced by positive price effects. In addition, currency effects, particularly in connection with the US dollar, had a positive impact of 11.8% on sales in the Americas region compared to the same period of last year.

Sales in the second quarter of 2022 totaled EUR 155.3 million, representing an increase of 29.7% compared to the same quarter of the previous year (Q2 2021: EUR 119.7 million). This positive development is attributable in roughly equal parts to organic growth (+15.0%) and positive currency effects (+14.7%).

The main driver of the successful development of sales in the first six months of 2022 was once again a very good performance by the SJT business – in both the first and second quarters of 2022. Overall, the water business of the US subsidiary achieved organic sales growth of 20.7% in the first half of 2022. The Automotive business also developed positively and made important contributions to sales growth in the Americas region (H1 2022: +7.7%). The second quarter of 2022 in particular was characterized by a noticeable jump in sales (organic: +13.4%). In light of this development, the share of Group sales generated in the Americas region rose to 46% in the current reporting period (H1 2021: 40%).

Adjusted EBIT in the Americas region increased to EUR 39.4 million in the first half of 2022, compared to EUR 30.7 million in the same period of the previous year. As a percentage of sales, this resulted in a slightly improved adjusted EBIT margin for the Americas region of 13.4% (H1 2021: 13.2%). Besides the significant, price-driven increase in sales, the sale of a plot of land and building in the United States and improved efficiency in terms of personnel costs in particular had an increasing impact on adjusted EBIT in the Americas region. By contrast, the high price level for raw materials and freight costs had a noticeable negative impact on the operating result in the first six months of 2022.

In the period from January to June 2022, investments in the Americas region amounted to EUR 7.3 million (H1 2021: EUR 8.6 million) and related in particular to the plants in the United States and Mexico.

Asia-Pacific region

In the first half of 2021, external sales in the Asia-Pacific region totaled EUR 86.6 million (H1 2021: EUR 84.2 million) – a year-on-year increase of 2.9%. Positive currency effects in particular contributed 7.4% to this, whereas organic sales growth was negative (– 4.6%).

In the second quarter of 2022, net sales of EUR 41.1 million were generated in the Asia-Pacific region, representing a 5.8% higher level compared to the same quarter of the previous year (Q2 2021: EUR 38.8 million). While positive currency effects increased sales by 8.6%, organic sales growth was negative at 2.8%.

Although the SJT business developed noticeably positively in organic terms (H1 2022: +13.5%; Q2 2022: +20.1%), the EJT business showed a clear downward trend due to subdued demand from the Chinese automotive industry (H1 2022 organic: – 13.1%: Q2 2022: – 13.4%). By contrast, the first half of 2021 in the Mobility and New Energy sectors had been characterized by a noticeable recovery in the prior-year period. The Asia-Pacific region thus accounted for around 14% of Group sales in the first half of 2022 (H1 2021: 15%).

Adjusted EBIT in the Asia-Pacific region amounted to EUR 9.4 million in the first half of 2022 (H1 2021: EUR 14.8 million). The adjusted EBIT margin reached 10.4% (H1 2021: 16.9%). The margin decline is mainly attributable to higher material costs coupled with increased costs for inbound freight. Higher personnel costs also had a negative impact on the margin in the Asia-Pacific region.

Capital expenditure in the Asia-Pacific region amounted to EUR 4.0 million in the first six months of 2022 (H1 2021: EUR 4.8 million) and was mainly related to the plants in China.

Development of the Segments

	EMEA		Americas		Asia-Pacific		Segments in total		Central functions		Consolidation		Group	
in EUR thousand	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021
Total sales	261,811	276,724	295,203	232,569	90,837	87,511	647,851	596,804	19,877	16,924	– 45,439	– 45,661	622,289	568,067
thereof intersegment sales	15,676	21,235	5,621	4,159	4,265	3,343	25,562	28,737	19,877	16,924	– 45,439	– 45,661		
Sales to external customers	**246,135**	**255,489**	**289,582**	**228,410**	**86,572**	**84,168**	**622,289**	**568,067**					**622,289**	**568,067**
Contribution to consolidated Group sales	40%	45%	46%	40%	14%	15%	100%	100%						
Gross profit[1]	136,202	158,664	152,472	124,197	43,212	43,729	331,886	326,590	n.a.	n.a.	– 1,646	– 705	330,240	325,885
EBITDA[1]	**23,271**	**45,674**	**50,606**	**39,893**	**14,166**	**19,244**	**88,043**	**104,811**	**– 6,541**	**– 5,274**	**– 433**	**– 87**	**81,069**	**99,450**
EBITDA margin[1, 2]	8.9%	16.5%	17.1%	17.2%	15.6%	22.0%							13.0%	17.5%
Depreciation excluding PPA amortization[3]	– 9,793	– 9,405	– 9,638	– 7,844	– 4,463	– 4,121	– 23,894	– 21,370	– 507	– 376			– 24,401	– 21,746
Adjusted EBITA[1]	**13,478**	**36,269**	**40,968**	**32,049**	**9,703**	**15,123**	**64,149**	**83,441**	**– 7,048**	**– 5,650**	**– 433**	**– 87**	**56,668**	**77,704**
Adjusted EBITA margin[1, 2]	5.1%	13.1%	13.9%	13.8%	10.7%	17.3%							9.1%	13.7%
Amortization of intangible assets excluding PPA amortization[3]	– 1,147	– 2,120	– 1,524	– 1,390	– 300	– 305	– 2,971	– 3,815	– 1,039	– 894			– 4,010	– 4,709
Adjusted EBIT	12,331	34,149	39,444	30,659	9,403	14,818	61,178	79,626	– 8,087	– 6,544	– 433	– 87	52,658	72,995
Adjusted EBIT margin[1, 2]	**4.7%**	**12.3%**	**13.4%**	**13.2%**	**10.4%**	**16.9%**							**8.5%**	**12.8%**
Assets (previous year's figures as of Dec 31, 2021)[4]	623,938	624,263	752,269	658,745	292,027	284,078	1,668,234	1,567,086	275,440	261,868	– 343,642	– 330,728	1,600,032	1,498,226
Liabilities (previous year's figures as of Dec 31, 2021)[5]	224,722	211,869	319,278	276,107	50,311	53,646	594,311	541,622	591,023	578,424	– 300,278	– 290,404	885,057	829,642
CAPEX[6]	8,332	7,931	7,256	8,553	3,958	4,787	19,546	21,271	240	518	n.a.	n.a.	19,786	21,789
Number of employees[7]	3,372	3,704	1,435	1,448	1,326	1,245	6,133	6,397	130	121	n.a.	n.a.	6,263	6,518

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)

Asset position

Total assets

Total assets amounted to EUR 1,600.0 million as of June 30, 2022 and were thus 6.8% higher than at the end of 2021 (Dec 31, 2021: EUR 1,498.2 million).

Assets

Non-current assets amounted to EUR 952.5 million as of June 30, 2022, an increase of 5.2% compared to December 31, 2021 (EUR 905.6 million). Among other factors, this was due to an increase in property, plant and equipment, particularly in the area of capitalized rights of use for leased land and buildings. In this context, EUR 19.4 million (H1 2021: EUR 3.4 million) was recognized as additions to non-current assets in the first half of the year. Furthermore, positive currency effects, especially from the US dollar region, increased non-current assets.

A total of EUR 19.8 million was invested in fixed assets (H1 2021: EUR 21.9 million) in the first six months of 2022. The share of own work capitalized within investments amounted to EUR 1.2 million (H1 2021: EUR 1.3 million). The main focus of investing activities in the first half of 2022 was on the United States, China, the Czech Republic, Serbia, Poland and Germany. As a result, non-current assets accounted for 59.5% of total assets as of June 30, 2022 (Dec 31, 2021: 60.4%).

Current assets amounted to EUR 647.6 million as of June 30, 2022, up 9.3% compared to December 31, 2021 (EUR 592.6 million). One key driver here was the strong increase in trade receivables (+36.7%), which, in addition to a seasonal increase, can also be attributed to the reduction in receivables sold as part of the ABS and factoring programs compared to the end of the previous year. In addition, higher inventories (+10.8%) compared to the end of 2021 contributed to the increase in current assets on the current reporting date. Besides seasonal developments, the increase in inventories also resulted from currency effects and price increases on the procurement market. A further increase in inventory reserves was also arranged to counteract previously announced price increases. By contrast, cash and cash equivalents decreased by 16.5% to EUR 155.1 million, mainly due to the dividend payment of EUR 23.9 million to the shareholders of NORMA Group in May 2022. Current assets accounted for 40.5% of total assets as of the end of June (Dec 31, 2021: 39.6%).

Higher equity ratio

Equity amounted to EUR 715.0 million as of June 30, 2022 (December 30, 2021: EUR 668.6 million). This corresponds to an increase of 6.9%. In relation to total assets, this resulted in an equity ratio of 44.7%. This was slightly above the level as of December 31, 2021 (44.6%).

Financial liabilities

NORMA Group's financial liabilities increased by 6.7% to EUR 537.9 million as of June 30, 2022, compared to the end of 2021 (EUR 504.2 million). Currency effects related to the US dollar and interest deferrals led to an increase in loans. The increase in liabilities from leases resulted from additions in the area of rights of use due to newly concluded leases, which more than offset the changes due to repayments (payment of lease installments).

Non-current liabilities amounted to EUR 516.4 million as of June 30, 2022, an increase of 4.0% compared to the end of 2021 (Dec 31, 2021: EUR 496.4 million).

Current liabilities amounted to EUR 368.6 million as of June 30, 2022, an increase of 10.6% compared to the end of 2021 (Dec 31, 2021: EUR 333.3 million).

On the balance sheet date, non-current liabilities accounted for 32.3% of total assets (Dec 31, 2021: 33.1%), while current liabilities accounted for 23.0% (Dec 31, 2021: 22.3%).

Net debt increased

Net debt increased from EUR 318.5 million at the end of 2021 to EUR 382.8 million on June 30, 2022, an increase of 20.2% or EUR 64.3 million. This was mainly due to the significant decrease in cash and cash equivalents as a result of the dividend paid to NORMA Group shareholders in May 2022. In addition, the increase in lease liabilities, current interest expenses and cash-neutral currency effects had a negative impact on net debt.

Gearing (net debt in relation to equity) as of June 30, 2022, was 0.5, exactly the same as at the end of 2021 (Dec 31, 2021: 0.5). Leverage (net debt excluding hedging instruments in relation to EBITDA for the last twelve months) increased to 2.5 as of June 30, 2022 (Dec 31, 2021: 1.9).

Financial position

Group-wide financial management

A detailed overview of NORMA Group's general financial management can be found in the → 2021 ANNUAL REPORT.

Net operating cash flow

Net operating cash flow amounted to EUR 9.8 million in the current reporting period, a significant decrease compared to the same period of the previous year (H1 2021: EUR 39.3 million). On the one hand, this is due to the decline in EBITDA (H1 2022: EUR 81.1 million; H1 2021: EUR 99.5 million). On the other hand, a higher build-up of (trade) working capital compared to the end of 2021 also had a negative impact on net operating cash flow in the current reporting period. Lower capital expenditures from operations (H1 2022: EUR 17.9 million; H1 2021: EUR 19.8 million) had a slightly mitigating effect.

Cash flows from operating, investing and financing activities

Cash flow from operating activities was EUR 7.1 million in the first half of 2022 (H1 2021: EUR 41.8 million). Cash flow from investing activities totaled EUR – 14.6 million in the first half of 2022 (H1 2021: EUR – 22.8 million) and includes net cash outflows from the procurement and disposal of non-current assets. Cash flow from financing activities amounted to EUR – 30.1 million in the first half of 2022 (H1 2021: EUR – 38.3 million). → CONDENSED NOTES

Development of non-financial performance indicators

NORMA Group's most important non-financial performance indicators include CO_2 emissions, the Group's innovative capability, the problem-solving behavior of its employees and the sustainable overall development of NORMA Group.

Other non-financial performance indicators include personnel and environmental indicators as well as key figures on occupational safety and health protection in the Group. Information on these can be found in the → 2021 CR REPORT.

Carbon dioxide emissions

Compliance with applicable environmental protection requirements and the avoidance of environmental risks have a high priority for NORMA Group. The company is guided by international standards and guidelines in this regard. A significant non-financial performance indicator in the area of the environment, which has also been part of the Management Board's remuneration system since January 2020, is climate-relevant CO_2 emissions. NORMA Group records the greenhouse gas emissions of all production sites resulting from gas consumption (Scope 1) and the purchase of electricity and district heating (Scope 2) and strives to continuously reduce these emissions. With regard to its own production processes, NORMA Group has set itself the target of reducing CO_2 emissions by around 19.5% by 2024 (reference year 2017). This target is based, among other aspects, on calculations of the Science Based Targets initiative. In the first half of 2022, CO_2 emissions amounted to 2,783 kg/t CO_2e due to the purchase of electricity from renewable energies initiated in January 2022. As a result, CO_2 emissions in the first six months can only be compared with the prior-year period to a limited extent (H1 2021: 23,536).

Invention applications

Securing the ability to innovate on a sustainable basis is a key driver for NORMA Group's future growth. To this end, the development of new products that are oriented towards the changing requirements of end markets, customers and legal regulations is essential. NORMA Group therefore promotes the inventive spirit of its employees through targeted incentive systems and records, manages and reports the number of annual invention applications in the Group. 10 invention applications were filed in the first half of 2022 (H1 2021: 10).

Quality indicator

NORMA Group stands for the highest reliability and service quality. The reputation of its brands and the reliability of its products are a key factor in the company's success. The Group therefore relies on the highest quality standards in the development and manufacture of its products. In order to minimize faulty production and maximize customer satisfaction, NORMA Group measures and monitors the problem-solving behavior of its employees on the basis of the key figure of defective parts per million produced (parts per million / PPM). This key figure is recorded and aggregated on a monthly basis throughout the Group. The number of defective parts (PPM) in the first half of 2022 was 4.0 (H1 2021: 4.7).

Acting responsibly at all levels of the company

NORMA Group considers it its main responsibility to reconcile the effects of its business activities with the expectations and needs of society. The company therefore bases its operational decisions on the principles of responsible corporate governance and sustainable action. NORMA Group's strategy and objectives in the area of corporate responsibility (CR) are continuously evaluated and updated. Further information on this can be found in the → 2021 CR REPORT.

Forecast Report

General Economic and Industry-Specific Conditions

Negative surrounding factors place burden on the global economy, growth momentum slows down

The combination of rising interest rates, high inflation, bottlenecks in intermediate products and significantly rising energy and transport costs, coupled with high geopolitical risks, are increasingly placing a burden on the global economy. However, the greatest factor of uncertainty relates to the further course and duration of the war in Ukraine. In particular, the consequences of a possible energy and global hunger crisis emerging as a result of the war represent a strong potential burden for the global economy. In addition, there is a high probability that renewed waves of infection could occur starting in the fall of 2022 as part of the corona pandemic and place an additional burden on the global economy. Experts largely agree that raw material costs in particular will remain high for an extended period and inflation will continue to rise. In response, the world's central banks are likely to continue their restrictive course. Considering these pressures, the International Monetary Fund (IMF) lowered its forecast for global economic growth in 2022 in July 2022 to 3.2% (last forecast: 3.6%). For emerging and developing countries, growth of 3.6% is expected in total - but in China a noticeable slowdown in the pace of growth in connection with the effects of the corona lockdowns. According to the IMF, the industrialized countries are set for weak expansion of 2.5%. The US economy is expected to grow by 2.3%, while the euro zone is estimated to expand by 2.6%. However, a recession cannot be ruled out in the event of an energy crisis in the euro zone.

Development of the German economy strongly dependent on surrounding factors

According to estimates by the German Bundesbank and leading economic research institutes (ifo, IfW Kiel), the German economy is likely to gain momentum in the second half of 2022. This assumption is based on the premise that the pace of inflation, primarily in energy costs, will level off, supply bottlenecks will ease and, as a result, exports will pick up again. While private investment is likely to pick up in the second half of 2022, particularly in construction and equipment, government investment is assumed to rise sharply in defense, among other areas. However, this scenario assumes that there is no further aggravation in connection with the continuation and impact of the Ukraine war. If, on the other hand, energy supplies from Russia are discontinued or further sharply reduced in a negative scenario, economic output is likely to slump significantly. Accordingly, there is currently an increased economic risk. In light of this situation, the German Bundesbank expects Germany's gross domestic product to grow moderately by 1.9% (ifo: 2.5%, IfW: 2.1%). According to current estimates, the IMF also expects growth in Germany of 1.2%.

Forecast for gdp Growth (Real)

in %	2021[1]	2022e	2023e
World[2]	6.1	3.2	2.9
USA [3]	5.7	2.3	1.0
China[4]	8.1	3.3	4.6
Euro zone[5]	5.3	2.6	1.2
Germany[6]	2.6	1.9	2.4

1_Revised data; 2_IMF; 3_US Department of Commerce; 4_National Bureau of Statistics (NBS), 5_Eurostat / ECB; 6_German Bundesbank; Data as of July 29, 2022.

Mechanical and plant engineering with positive trend thanks to high order backlog and investment programs

The mechanical engineering sector is currently operating in a perceptible field of tension. On the one hand, the prospects have deteriorated due to the turnaround in interest rates and flatter production trends in important customer industries; in addition, the war in Ukraine and its negative consequences and the resulting geopolitical instability are dampening European demand for capital goods. On the other hand, the industry continues to benefit from government investment programs launched in the wake of the corona crisis. Furthermore, not only is investment in digitalization, climate protection and the energy turnaround likely to be driven forward, but demand for machinery and equipment in the industrialized countries in favor of regionally closed value chains should also increase. Nevertheless, the previous production target of the German Engineering Federation (VDMA) for German machinery and plant production of 4% in real terms in 2022 is no longer achievable. This is due to the strain caused by supply chain problems and the consequences of the war in Ukraine. Instead, machinery and equipment production is now expected to increase by 1% in real terms in the second half of 2022, supported by the high order backlog – provided there is no abrupt interruption to energy supplies.

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

in %	2021	Q1 2022	Q2 2022
Production[1]	7.2	– 0.8	April: – 5.8 May: – 2.2
According to VDMA[2]	6.4	– 0.4[3]	–
Order inflow[2]	32.0	7.0	5M: 5.0
Domestic	18.0	9.0	5M: 4.0
Abroad	39.0	6.0	5M: 6.0

1_German Central Bank / Destatis. (adjusted for working days).
2_VDMA.
3_VDMA-Forecast for production from May 30, 2022.

Automotive remains a growth industry, but with lower volume potential

According to current estimates by LMC Automotive (LMCA), the outlook for the automotive industry has deteriorated most recently. Although sales and production volumes are expected to pick up in the second half of 2022, the automotive industry is likely to remain under considerable pressure for the time being. The war in Ukraine and supply chain problems in particular will remain negative drivers. According to the LMCA, other influencing factors, especially for the long-term outlook, result not only from the poor economic situation, but also from potential new material bottlenecks. These include in particular the availability of lithium for electric drive batteries. On the customer side, demand is also forecast to cloud over due to high inflation combined with rising interest rates. On this basis, LMCA expects low growth coupled with low annual volumes, which in the light vehicles (LV) segment are expected to decline by around 5 million per year by 2034. In total, the experts forecast global production of 81.5 million LVs in 2022, an increase of 6.0% compared to the previous year. While a decline of 1.0% is expected for vehicles with conventional combustion engines, a double-digit increase is expected in the area of electric vehicles (EVs). This estimate thus also implies that the global production share of vehicles with classic powertrains is likely to drop to 76.9% in 2022 (2021: 83.1%). By comparison, production in the commercial vehicles (CV) sector is expected to decline by 11.1% in 2022 as a result of the economic situation.

Automotive Industry: Global Production and Sales Development

in %	2021[1]	2022e	2023e
Production of light vehicles	2.9	6.0	4.9
Traditional combustion engines	– 5.0	– 1.0	2.4
PHEV	77.5	36.8	19.4
BEV	105.3	52.4	39.7
Sales of light vehicles	4.7	– 0.2	5.9
Truck production	– 0.1	– 11.1	14.8
Truck sales	4.0	– 13.6	12.3

1_ Revised data according to LMC; source: LMC Automotive.

Construction industry in China under pressure, significant slowdown expected in Europe

The situation in China's construction industry remains very tense due to liquidity problems and high debt. Even though the volume of all building investments currently under construction has only fallen slightly so far despite the lockdowns, new construction starts in the first half of 2022 have slumped massively. The decline was 35.4% in the area of residential construction. Commercial construction also showed a similar trend. This signals trends of a sharp decline in Chinese construction output in the upcoming months of 2022. For Europe, the Euroconstruct industry network (including ifo) forecasts a cooling of industry growth in 2022 after the strong prior year, due to both the war in Ukraine and the multiple burdens from higher interest rates and material costs. Accordingly, real construction output is expected to increase moderately by 2.3% in 2022 (Western Europe: +2.3%; Eastern Europe: +0.9%). Above-average growth is expected primarily in the UK, Ireland, Spain and France. By comparison, Germany's construction output is estimated to stagnate at a high level according to the latest analyses.

End of the boom in US residential construction foreseeable due to rising interest rates, water industry continues growth course

In the US, the construction boom continues to be driven by private residential construction. Accordingly, building permits (896 thousand units, +2.2%) and housing starts (840 thousand units, +5,9%) significantly exceeded the volume of completions (646 thousand units, – 0.6%) in the first six months of 2022. Additional impetus is coming from commercial construction and the healthcare sector. Accordingly, the current key data signals an intact upswing. Notwithstanding this, a noticeable cooling of the construction boom is to be expected. One reason for this is the year-on-year increase in construction costs and mortgage interest rates.

The experts at JBREC (John Burns Real Estate Consulting) recently revised their growth forecast for the housing market for the full year 2022 to 3% (prior forecast: 5%). A key driver of the more moderate growth forecast is also relaxed corona restrictions, which contribute to a greater proportion of disposable income being spent on other or non-construction activities.

According to estimates by FMI Corporation, a leading provider of consulting and investment banking services for the construction industry, the strong growth in residential construction investment will slow to 5% in 2022 (2021: +8%). This will particularly affect the single-family housing and renovation sectors. In this context, water supply is one of the few segments in the non-residential construction segment that is expected to grow at 5% in 2022. This is due in particular to spending under the so-called "US Infrastructure Investment & Jobs Act."

The recently published Nonresidential Construction Index (NRCI) indicates continued optimism at 53.8 points, although this had stood at 54.8 points in the previous quarter. The positive sentiment is supported by continued strong demand as well as the expansion of the order backlog, whereas the challenges lie mainly in ongoing economic uncertainty as well as high material and labor costs.

Construction Industry:
Development of European Construction Industry

in %	2021[1]	2022e[2]	2023e[2]
Western Europe[3]	5.7	2.3	1.3
Eastern Europe[3]	3.4	0.9	2.3
Europe[3]	5.6	2.3	2.3

1_Revised values; 2_Euroconstruct / ifo Institute (forecast as of June 2022); 3_Euroconstruct / ifo Institute

Future development of NORMA Group SE

NORMA Group does not plan any material changes to its company objectives and strategy. A detailed description of the strategic objectives is provided in the → 2021 ANNUAL REPORT.

The development of NORMA Group's key operating earnings figures was negatively impacted by a number of factors in the first half of 2022. The main reasons for this are unexpected further increases in the cost of materials due to the sharp rise in gas and energy prices, which could not be fully compensated for by increases in selling prices, a continued rise in high inflation, the ongoing effects of the war in Ukraine, the risk of further lockdowns in China as well as higher logistics and other operating costs, including IT implementation costs.

The Management Board does not expect the challenging situation to ease significantly in the second half of 2022 either and therefore adjusted its forecast for the adjusted EBIT margin and net operating cash flow on July 21, 2022, taking the above-mentioned factors into account and based on current figures for the second quarter of 2022 and the expected sales performance for the remainder of fiscal year 2022.

Accordingly, the management now expects an adjusted EBIT margin of around 8% for fiscal year 2022 (previous forecast: "around 11%"). For net operating cash flow, the management expects a figure of around EUR 60 million in fiscal year 2022 (previous forecast: "around EUR 100 million").

With regard to the development of organic Group sales, the Management Board is sticking to the forecast published in the 2021 Annual Report and confirmed in the interim statement for the first quarter of 2022 ("mid to high single-digit organic Group sales growth"). In the EJT business, the Management Board now expects mid single-digit organic sales growth for the full year 2022 (previously: "mid to high single-digit organic sales growth"), while the Management Board now forecasts high single-digit organic sales growth (previously: "mid to high single-digit organic sales growth") for the SJT business.

Taking into account the reasons and factors outlined above, a higher cost of materials ratio (previously: "stable cost of materials ratio") is anticipated for the financial year 2022. By contrast, the personnel cost ratio is expected to improve compared with the previous year (previously: "stable personnel cost ratio"), assuming that sales continue to develop well.

With regard to NOVA (NORMA Value Added) the Management Board assumes, based on current knowledge, that it will reach a value in the corridor between EUR – 20 million and EUR 10 million in the full year 2022 (previously: "Between EUR 20 million and EUR 40 million").

With regard to adjusted earnings per share, management now expects a significant decrease in fiscal year 2022 (previously: "Significant increase in adjusted earnings per share").

The other key financial figures do not deviate from the values forecast in the 2021 Annual Report. The Management Board's assumptions on the development of the key performance indicators in fiscal year 2022 are shown in the table below.

Forecast for Fiscal Year 2022

Organic Group sales growth	Mid to high single-digit organic Group sales growth
	EJT: Mid single-digit organic sales growth
	SJT: High single-digit organic sales growth
	EMEA: Mid single-digit organic sales growth
	Americas: Mid to high single-digit organic sales growth
	APAC: Mid to high single-digit organic sales growth
Cost of materials ratio	Higher cost of materials ratio compared to previous year
Personnel cost ratio	Improvement of personnel cost ratio compared to previous year
R&D investment ratio	Around 3% of sales
Adjusted EBIT margin	Around 8%
NORMA Value Added (NOVA)	Between EUR – 20 million and EUR 10 million
Financial result	Up to EUR – 10 million
Tax rate	Between 27% and 29%
Adjusted earnings per share	Significant decrease in adjusted earnings per share
Investment ratio (excluding acquisitions)	Investment ratio between 5% and 6% of Group sales
Net operating cash flow	Around EUR 60 million
Dividend / payout ratio	Approx. 30% to 35% of adjusted Group earnings
CO_2 emissions	Less than 10,000 metric tons of CO_2 equivalents
Number of invention applications	More than 20
Number of defective parts rejected by the customer (parts per million / PPM)	5.5

1_Due 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).

However, the updated forecast is made under the assumption that in the further course of the year 2022 no significant negative additional effects related to the corona pandemic, such as pandemic-related lockdowns in China, for example, or other influencing factors occur that could lead to a strong weakening of the global economy and to significant pressure on how the business develops for NORMA Group.

Potential influencing factors include, for example, the military activities as well as economic sanction measures in connection with the Russia-Ukraine crisis. NORMA Group does not operate any production or sales sites in Ukraine or Russia and the share of business with customers in Russia and Ukraine in NORMA Group's total sales is less than 1%. Nevertheless, how the Russia-Ukraine crisis will affect the global economy and thus NORMA Group in the long term cannot be fully assessed at present.

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 financial, asset 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 risks and opportunities, NORMA Group considers identifying, assessing, and managing opportunities and risks to be a fundamental component of executing its strategy, securing the short and long-term success of the company and sustainably increasing shareholder value. In order to achieve this over the long term, NORMA Group encourages its employees in all areas of the company to remain conscious of risks and opportunities. A detailed description of the current assessments of the opportunities and risks of the NORMA Group can be found in the 2021 Annual Report. → 2021 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 relates the financial impact of a risk or opportunity 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 risks and opportunities assessment published in the 2021 Annual Report, the only changes with regard to the probability of occurrence or financial impact of the risks are in the areas of economic and cyclical risks and raw material prices.

The corona pandemic – particularly against the backdrop of continuing high infection rates and further waves of the pandemic – continues to impact global economic and cyclical development. It can therefore be assumed that the economy will continue to be adversely affected in part or in the long term, particularly as a result of direct and indirect potential macroeconomic effects on the global value and transport chains. These could be caused, among other developments, by possible shortages of personnel and further possible lockdowns, especially in China. Continuing material bottlenecks, significantly rising inflation rates and the interest rate increases already observed could have a significant negative impact on economic growth and even lead to a recession. The Russia-Ukraine war also made a significant contribution to further material shortages in the first half of the year – especially with regard to the production facilities located in Ukraine. As a result, NORMA Group's customers also reduced their production volumes at least temporarily. Further effects of the Russia-Ukraine war on the global economy and the overall economic developments cannot be fully assessed at present. Nevertheless, NORMA Group currently classifies economic and cyclical risks as likely (Annual Report 2021: possible), however the financial impact, taking countermeasures into account, continues to be moderate.

There is still an increased risk situation in the area of raw material prices, in particular due to currently persistent or potentially further rising inflation, driven among other factors by gas and energy prices. Overall, the realization of risks in the area of raw material prices is therefore still regarded as very likely. Taking countermeasures already implemented and planned into account, the potential financial impact is now assessed as moderate (2021 Annual Report: low).

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

The business activities with original equipment manufacturers for passenger cars and commercial vehicles as well as customers in the aftermarket segment continue to represent the most important end markets for NORMA Group in terms of sales. The current market situation with reduced vehicle production - among other factors due to the still prevailing supply bottlenecks, in particular for semiconductors and microchips – also has an impact on NORMA Group's sales. Overall, however, the industry-specific risks are still assessed as possible. Taking the countermeasures taken as well as planning assumptions made into account, the potential financial impact with regard to industry-specific risks continues to be classified as moderate.

The current macroeconomic situation suggests 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 debt capital. NORMA Group continues to assess interest rate risks as probable. Taking the countermeasures taken in the area of financial management into account, the financial impact associated with potential changes in interest rates continues to be assessed as low.

Risk and Opportunity Profile of NORMA Group [1]

		Probability of occurrence					Financial impact				
		Unlikely	possible	likely	very likely	Change comp. to Dec. 2021	Low	moderate	significant	high	Change comp. to Dec 2021
Financial risks and opportunities											
Default risk				■		►	■				►
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	Risks				■	►		■			▲
	Opportunities	■				►	■				►
Suppliers	Risks			■		►	■				►
	Opportunities		■			►	■				►
Quality	Risks		■			►	■				►
Processes	Risks		■			►	■				►
	Opportunities		■				■				►
Customers	Risks		■			►		■			►
	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	Risks		■			►		■			►
Social and environmental standards	Risks		■			►	■				►
	Opportunities		■			►	■				►
Property rights	Risks			■		►	■				►
	Opportunities		■			►	■				►

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

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 2022.

Maintal, August 10, 2022

NORMA Group SE

The Management Board

Dr. Michael Schneider
Chief Executive Officer (CEO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

Annette Stieve
Chief Financial Officer (CFO)

CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Consolidated Statement of Comprehensive Income for the period from January 1 to June 30, 2022

in EUR thousand	Note	H1 2022	H1 2021
Revenue	(5)	622,289	568,067
Changes in inventories of finished goods and work in progress		2,843	5,969
Other own work capitalized		1,205	1,326
Cost of materials	(5)	– 296,097	– 249,477
Gross profit		**330,240**	**325,885**
Other operating income	(6)	13,469	9,829
Other operating expenses	(6)	– 105,109	– 89,868
Employee benefits expenses	(7)	– 157,531	– 146,396
Depreciation		– 39,454	– 37,159
Operating profit		**41,615**	**62,291**
Financial income		244	260
Financial expenses		– 4,776	– 6,419
Financial result	**(8)**	**– 4,532**	**– 6,159**
Profit before income taxes		**37,083**	**56,132**
Income taxes		– 10,384	– 15,036
Result for the period		**26,699**	**41,096**
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		**41,128**	**16,813**
Adjustment item for translation differences (foreign operations)		37,701	16,340
Cash flow hedges, net of taxes		3,427	473
Other comprehensive income for the period that cannot be reclassified to profit or loss, net of taxes		**2,084**	**2**
Remeasurement of post-employment benefit obligations, net of taxes		2,084	2
Other comprehensive income for the period, net of taxes		**43,212**	**16,815**
Total comprehensive income for the period		**69,911**	**57,911**
Profit attributable to			
Shareholders of the parent company		26,645	41,026
Non-controlling interests		54	70
Total comprehensive income attributable to			
Shareholders of the parent company		69,876	57,848
Non-controlling interests		35	63
		69,911	57,911
(Un)diluted earnings per share (in EUR)	**(9)**	**0.84**	**1.29**

Consolidated Statement of Financial Position

as of June 30, 2022

Assets

in EUR thousand	Note	June 30, 2022	June 30, 2021	Dec 31, 2021
Non-current assets				
Goodwill	(11)	409,571	383,238	392,745
Other intangible assets	(11)	214,340	215,237	212,815
Property, plant and equipment	(11)	298,658	268,455	277,685
Other non-financial assets		2,258	2,069	2,209
Other financial assets		1,419	0	1,135
Contract assets		83	606	0
Derivative financial assets	(13)	4,631	0	0
Income tax assets		1,012	766	939
Deferred income tax assets		20,481	18,311	18,113
		952,453	**888,682**	**905,641**
Current assets				
Inventories	(12)	230,548	179,327	208,008
Other non-financial assets		29,072	23,061	20,366
Other financial assets		5,744	3,426	3,528
Derivative financial assets	(13)	371	293	453
Income tax assets		4,421	3,956	5,610
Trade and other receivables	(12), (13)	221,471	190,752	162,009
Contract assets		851	516	849
Cash and cash equivalents	(18)	155,101	168,744	185,719
Assets classified as held for sale		0	5,893	6,043
		647,579	**575,968**	**592,585**
Total assets		**1,600,032**	**1,464,650**	**1,498,226**

Equity and liabilities

in EUR thousand	Note	June 30, 2022	June 30, 2021	Dec 31, 2021
Equity				
Subscribed capital		31,862	31,862	31,862
Capital reserve		210,323	210,323	210,323
Other reserves		50,915	– 17,118	9,768
Retained earnings		421,646	399,787	416,296
Equity attributable to shareholders of the parent company		**714,746**	**624,854**	**668,249**
Non-controlling interests		230	263	335
Total equity	**(14)**	**714,976**	**625,117**	**668,584**
Liabilities				
Non-current liabilities				
Pension benefit obligations	(16)	13,415	16,970	15,913
Provisions	(15)	5,480	16,399	5,525
Loans	(13)	399,477	391,533	393,747
Other non-financial liabilities	(17)	816	476	817
Contract liabilities		103	331	217
Lease liabilities	(13)	37,039	23,992	22,295
Derivative financial liabilities	(13)	0	0	247
Deferred income tax liabilities		60,110	55,472	57,590
		516,440	**505,173**	**496,351**
Current liabilities				
Provisions	(15)	20,345	18,942	21,460
Loans	(13)	81,226	88,117	69,490
Other non-financial liabilities	(17)	42,100	42,089	37,686
Contract liabilities	(2)	754	382	427
Lease liabilities	(13)	11,137	8,912	8,520
Other financial liabilities	(13)	5,263	7,497	8,407
Derivative financial liabilities	(13)	3,755	731	1,498
Income tax liabilities		6,608	6,261	5,269
Trade and other payables		197,428	161,429	180,534
		368,616	**334,360**	**333,291**
Total liabilities		**885,056**	**839,533**	**829,642**
Total equity and liabilities		**1,600,032**	**1,464,650**	**1,498,226**

Consolidated Statement of Changes in Equity for the period from January 1 to June 30, 2022

		Attributable to equity holders of the parent company						
in EUR thousand	Note	Subscribed capital	Capital reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance as of Jan 1, 2021		**31,862**	**210,323**	**– 33,938**	**381,063**	**589,310**	**200**	**589,510**
Changes in equity for the period								
Result for the period					41,026	41,026	70	41,096
Adjustment item for translation differences (foreign operations)				16,347		16,347	– 7	16,340
Cash flow hedges, net of taxes	(13)			473		473		473
Remeasurement of post-employment benefit obligations, net of taxes					2	2		2
Total comprehensive income for the period		**0**	**0**	**16,820**	**41,028**	**57,848**	**63**	**57,911**
Dividends paid	(14)				– 22,304	– 22,304		– 22,304
Total transactions with owners for the period		**0**	**0**	**0**	**– 22,304**	**– 22,304**	**0**	**– 22,304**
Balance as of June 30, 2021	**(14)**	**31,862**	**210,323**	**– 17,118**	**399,787**	**624,854**	**263**	**625,117**
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								
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
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
Total comprehensive income for the period		**0**	**0**	**41,147**	**28,729**	**69,876**	**35**	**69,911**
Stock options					518	518		518
Dividends paid	(14)				– 23,897	– 23,897		– 23,897
Dividends paid to non-controlling interests	(14)					0	– 140	– 140
Total transactions with owners for the period		**0**	**0**	**0**	**– 23,379**	**– 23,379**	**– 140**	**– 23,519**
Balance as of June 30, 2022	**(14)**	**31,862**	**210,323**	**50,915**	**421,646**	**714,746**	**230**	**714,976**

Consolidated Statement of Cash Flows for the period from January 1 to June 30, 2022

in EUR thousand	Note	H1 2022	H1 2021
Operating activities			
Result for the period		**26,699**	**41,096**
Depreciation and amortization		39,454	37,159
Gain (–) / loss (+) on disposal of property, plant and equipment		– 1,746	29
Change in provisions		– 737	– 2,652
Change in deferred taxes		– 5,483	– 1,775
Change in inventories, trade receivables and other assets not attributable to investing or financing activities		– 73,663	– 56,967
Change in trade payables and other liabilities not attributable to investing or financing activities		14,728	12,406
Change in liabilities from reverse factoring programs		3,273	7,493
Disbursements for share-based payments		– 578	– 365
Interest expenses for the period		4,880	5,231
Income (–) / expenses (+) from the measurement of derivatives		2,415	36
Other non-cash expenses (+) / income (–)		– 2,100	157
Cash inflow from operating activities	(18)	**7,142**	**41,848**
thereof from interest received		243	222
thereof from income taxes		– 13,464	– 13,084
Investing activities			
Acquisition of intangible assets and property, plant and equipment		– 21,385	– 23,038
Proceeds from the sale of property, plant and equipment		6,828	209
Cash outflow for investing activities	(18)	**– 14,557**	**– 22,829**
Financing activities			
Interest paid		– 3,394	– 3,447
Dividends paid to shareholders	(14)	– 23,897	– 22,304
Dividends distributed to non-controlling interests	(14)	– 140	0
Proceeds from loans		18,402	0
Repayment of loans	(13)	– 13,259	– 7,740
Proceeds from / repayment of hedging derivatives	(13)	– 269	108
Repayment of lease liabilities		– 7,523	– 4,935
Cash outflow / inflow from financing activities	**(18)**	**– 30,080**	**– 38,318**
Net change in cash and cash equivalents		**– 37,495**	**– 19,299**
Cash and cash equivalents at the beginning of the fiscal year		185,719	185,109
Effects of foreign exchange rates on cash and cash equivalents		6,877	2,934
Cash and cash equivalents at the end of the period	**(18)**	**155,101**	**168,744**

Condensed Notes to the Consolidated Interim Financial Statements

1. Principles of Preparation

These condensed Consolidated Interim Financial Statements of NORMA Group as of June 30, 2022, have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union.

It is recommended that these financial Statements be read in connection with the Consolidated Interim Financial Statements in the 2021 Annual Report. These are available on the Internet at WWW.NORMAGROUP.COM. All IFRS effective since January 1, 2022, 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 10, 2022.

2. Accounting Principles and Valuation Methods

The same accounting methods and consolidation principles have been applied in preparing these condensed Consolidated Interim Financial Statements as in the Consolidated Interim Financial Statements as of December 31, 2021. A detailed description of these methods is published in the Notes to the Consolidated Interim Financial Statements in the 2021 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 principles.

Valuation methods

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

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

The 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, 2022, the Consolidated Interim Financial Statements comprise six domestic and 44 foreign companies, unchanged from the end of 2021.

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 2022. As in the previous year, depreciation of property, plant and equipment from purchase price allocations of EUR 603 thousand (H1 2021: EUR 714 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 10,440 thousand (H1 2021: EUR 9,990 thousand) within adjusted EBIT.

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

The following table shows earnings net of these effects:

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
Cost of materials		– 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 expenses	(7)	– 157,531		0	– 157,531
EBITDA		**81,069**	**0**	**0**	**81,069**
Depreciation of property, plant and equipment		– 25,004	603	603	– 24,401
EBITA		**56,065**	**603**	**603**	**56,668**
Amortization of intangible assets		– 14,450	10,440	10,440	– 4,010
Operating profit (EBIT)		**41,615**	**11,043**	**11,043**	**52,658**
Financial result	(8)	– 4,532		0	– 4,532
Profit before income taxes		**37,083**	**11,043**	**11,043**	**48,126**
Income taxes		– 10,384	– 2,771	– 2,771	– 13,155
Result for the period		**26,699**	**8,272**	**8,272**	**34,971**
Non-controlling interests		54		0	54
Profit for the period attributable to shareholders of the parent company		**26,645**	**8,272**	**8,272**	**34,917**
Earnings per share (in EUR)		**0.84**			**1.10**

in EUR thousand	Note	H1 2021 unadjusted	Step-up effects from purchase price allocations	Total adjustments	H1 2021 adjusted
Revenue	(5)	568,067		0	568,067
Changes in inventories of finished goods and work in progress		5,969		0	5,969
Other own work capitalized		1,326		0	1,326
Cost of materials		– 249,477		0	– 249,477
Gross profit		**325,885**	**0**	**0**	**325,885**
Other operating income and expenses	(6)	– 80,039		0	– 80,039
Employee benefits expenses	(7)	– 146,396		0	– 146,396
EBITDA		**99,450**	**0**	**0**	**99,450**
Depreciation of property, plant and equipment		– 22,460	714	714	– 21,746
EBITA		**76,990**	**714**	**714**	**77,704**
Amortization of intangible assets		– 14,699	9,990	9,990	– 4,709
Operating profit (EBIT)		**62,291**	**10,704**	**10,704**	**72,995**
Financial result	(8)	– 6,159		0	– 6,159
Earnings before income taxes		**56,132**	**10,704**	**10,704**	**66,836**
Income taxes		– 15,036	– 2,693	– 2,693	– 17,729
Result for the period		**41,096**	**8,011**	**8,011**	**49,107**
Non-controlling interests		70		0	70
Profit for the period attributable to shareholders of the parent company		**41,026**	**8,011**	**8,011**	**49,037**
Earnings per share (in EUR)		**1.29**			**1.54**

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

	EMEA		America		Asia-Pacific		Consolidated Group	
in EUR thousand	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021
Engineered Joining Technology (EJT)	179,790	187,256	104,442	87,775	54,334	57,268	338,566	332,299
Standardized Joining Technology (SJT)	63,961	66,456	182,900	139,636	31,873	26,629	278,734	232,721
Other revenue	2,384	1,777	2,240	999	365	271	4,989	3,047
	246,135	**255,489**	289,582	**228,410**	86,572	**84,168**	622,289	**568,067**

At EUR 622,289 thousand, net sales revenue in the first six months of 2022 was 9.5% higher than in the first six months of 2021 (EUR 568,067 thousand). In organic terms, sales revenue rose by 3.8% or EUR 21,475 thousand compared to the same period of the previous year. Organic growth and positive currency effects from the Americas region in particular contributed to the positive development of revenue. An increase in revenue was recorded in the water business in particular.

Revenue by category

in EUR thousand	H1 2022	H1 2021
Revenue from the sale of goods	615,910	564,594
Revenue from other services	748	439
Other revenue	5,631	3,034
	622,289	**568,067**

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 2022 includes income from the reversal of refund liabilities recognized in the prior period in the amount of EUR 552 thousand (H1 2021: EUR 918 thousand). The reversals represent the difference between the expected volume discounts and annual bonuses for customers recognized as of December 31, 2021, 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 47.6% (H1 2021: 43.9%), the ratio of cost of materials to sales, excluding changes in inventories, was above the level of the prior-year period. As a percentage of total operating performance, the cost of materials was also up year on year at 47.3% (H1 2021: 43.4%), due to increased logistics costs on the input side and increasing price pressure on the raw material markets.

6. Other Operating Income and Other Operating Expenses

Overall, other operating income of EUR 13,469 thousand is EUR 3,640 thousand higher than in the first six months of fiscal year 2021 (EUR 9,829 thousand). Other operating income mainly includes foreign currency gains from operating activities (H1 2022: EUR 6,388 thousand; H1 2021: EUR 3,721 thousand) as well as income from the reversal of liabilities (H1 2022: EUR 3,207 thousand; H1 2021: EUR 2,774 thousand) and income from the disposal of non-current assets in the amount of EUR 2,021 thousand, which mainly resulted from the sale of a plot of land with buildings in the United States (H1 2021: EUR 196 thousand).

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

Other operating expenses

in EUR thousand	H1 2022	H1 2021
Consulting and marketing	**– 10,551**	**– 8,696**
Expenses for temporary workforce and other personnel-related expenses	– 24,892	– 22,000
Freights	– 20,262	– 21,780
IT and telecommunications	– 16,504	– 10,696
Rent and other building expenses	– 3,984	– 3,348
Travel and entertainment	– 3,231	– 1,228
Currency losses from operating activities	– 5,016	– 4,424
Research and development	– 1,187	– 1,165
Company vehicles	– 1,217	– 984
Maintenance	– 1,502	– 1,737
Commissions payable	– 2,659	– 2,416
Non-income-related taxes	– 1,552	– 1,421
Insurance	– 1,976	– 1,940
Office supplies and services	– 1,194	– 1,102
Depreciation of and allowances for trade receivables	– 50	– 649
Warranties	– 2,181	– 1,248
Other administrative expenses	– 6,039	– 4,202
Other	– 1,112	– 832
	– 105,109	**– 89,868**

At EUR 105,109 thousand, other operating expenses were 17.0% higher than in the first six months of 2021 (EUR 89,868 thousand).

Other operating expenses include, among other things, expenses for IT and telecommunications. The increase in this area compared with the prior-year period is mainly attributable to the Group-wide implementation of a new ERP system and the resulting greater need for consulting services and license fees.

Due to the decline in the COVID-19 pandemic, both travel and entertainment costs and the costs of company vehicles rose. Higher foreign currency losses from operating activities also had an increasing impact on the development of other operating expenses.

In relation to total operating performance, other operating expenses increased at a rate of 16.8% (H1 2021: 15.6%).

7. Employee Benefits Expenses

Employee benefits expenses amounted to EUR 157,531 thousand in the first six months of 2022 compared to EUR 146,396 thousand in the same period of the previous year, an increase of EUR 11,135 thousand. The increase is mainly related to currency effects, in particular the development of the US dollar against the euro, and to an increase in labor costs in the first half of 2022.

In relation to total operating performance, employee benefits expenses decreased from 25.4% in the first half of 2021 to 25.2% in the first half of 2022. This development was also influenced by inflation-related price increases and the related rise in sales.

The average headcount was 6,263 in the first six months of 2022 (H1 2021: 6,518).

8. Financial Result

The financial result amounted to EUR – 4,532 thousand in the first six months of 2022, an increase of EUR 1,627 thousand compared to the first six months of 2021 (EUR – 6,159 thousand). Net currency gains / losses (including income / expenses from the valuation of currency hedging derivatives) amounted to EUR 619 thousand in the first six months of 2022 (H1 2021: EUR – 515 thousand).

Net interest expenses (including interest expenses from leases) decreased by EUR 403 thousand to EUR 4,428 thousand in the first half of 2022 compared to the first half of 2021 (EUR 4,831 thousand). The financial result improved in the first half of 2022 compared to the same period of the previous year due to the positive currency result from financing activities and lower interest expenses for loans.

In the first six months of 2022, interest expenses of EUR 528 thousand from leases (H1 2021: EUR 418 thousand) were recognized in the financial result.

9. Earnings per Share

Earnings per share are calculated by dividing the net profit for the period attributable to the shareholders of NORMA Group by the weighted average number of shares issued in the reporting period. NORMA Group has only issued ordinary shares. The weighted average number of shares in the first six months of 2022 was 31,862,400 (H1 2021: 31,862,400).

Earnings per share for the first six months of 2022 were as follows:

Earnings per share

	H1 2022	H1 2021
Profit attributable to shareholders of the parent company (in EUR thousand)	26,645	41,026
Number of weighted shares	31,862,400	31,862,400
Earnings per share (undiluted) (in EUR)	**0.84**	**1.29**

Earnings per share in the first six months of 2022 were negatively impacted by the heavily burdened operating profit.

10. Taxes / Deferred Income Taxes

In the first six months, income tax expenses of EUR 10,384 thousand (H1 2021: income tax expenses of EUR 15,036 thousand) were recognized on positive earnings before income taxes of EUR 37,083 thousand (H1 2021: positive earnings before income taxes of EUR 56,132 thousand). The tax rate for the first six months of 2022 was 28.0% (H1 2021: 26.8%).

11. Property, Plant and Equipment and Intangible Assets

Intangible assets can be broken down as follows:

Goodwill and other intangible assets – carrying amounts

in EUR thousand	June 30, 2022	Dec 31, 2021
Goodwill	409,571	392,745
Customer lists	140,528	138,151
Licenses, rights	131	137
Software acquired externally	671	1,647
Trademarks	41,263	38,728
Patents and technology	21,411	22,714
Internally generated intangible assets	8,642	9,775
Other intangible assets	1,712	1,663
Total	**623,911**	**605,560**

The increase in goodwill from EUR 392,745 thousand as of December 31, 2021, to EUR 409,571 thousand as of June 30, 2022, resulted from positive exchange rate effects, from the US dollar region in particular.

Goodwill developed as follows:

Change in goodwill

in EUR thousand	
Balance as of Dec 31, 2021	**392,745**
Currency effects	16,826
Balance as of June 30, 2022	**409,571**

Details on the historical development of accumulated depreciation and impairment losses can be found in the → 2021 ANNUAL REPORT.

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

Property, plant and equipment – carrying amounts

in EUR thousand	June 30, 2022	Dec 31, 2021
Land and buildings	60,231	59,842
Machinery and technical equipment	142,327	140,518
Other equipment	15,039	14,187
Assets under construction	30,262	30,037
Right of use assets		
Land and buildings	46,053	28,819
Machinery and technical equipment	70	113
Forklifts and warehouse equipment	1,895	1,352
Office and IT equipment	322	392
Company cars	2,459	2,425
Total	**298,658**	**277,685**

EUR 19,756 thousand (H1 2021: EUR 21,879 thousand) was invested in non-current assets, including own work capitalized of EUR 1,205 thousand (H1 2021: EUR 1,326 thousand).

The main investments were made in the United States, China, the Czech Republic, Serbia, Poland and Germany.

In the Americas segment, the sale of a plot of land, including an office and production building, with a subsequent lease agreement for parts of the asset sold (sale and leaseback) was concluded in the first quarter of 2022. The carrying amount of the property sold, including the office and production building, amounted to EUR 6,043 thousand.

In addition, EUR 19,359 thousand (H1 2021: EUR 3,356 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, 2022, increased by 9.3% compared to December 31, 2021. One driving factors here was the sharp increase in trade receivables. Besides the seasonal increase, the reduction in receivables sold under the ABS and factoring programs compared to the end of the previous year (decrease of EUR 7,738 thousand) led to an increase in trade receivables.

Inventories also increased by EUR 22,540 thousand, or 10.8%, compared to December 31, 2021. In addition to the seasonal development, the increase in inventories also resulted from currency effects and price increases on the procurement market. In addition, a further increase in inventory reserves was initiated to counteract previously announced price increases.

On the other hand, cash and cash equivalents declined by EUR 30,618 thousand or 16.5% from EUR 185,719 thousand at the end of the year to EUR 155,101 thousand as of June 30, 2022, also due to the payment of the dividend in the amount of EUR 23,897 thousand to the shareholders of NORMA Group in May 2022. A detailed reconciliation of the change in cash and cash equivalents can be found in the Consolidated Statement of Cash Flows.

Compared to June 30, 2021, trade receivables increased significantly by 16.1%. Both the increase in sales compared to the same period of the corresponding previous year and currency effects had an impact here.

In the area of inventories (H1 2022: EUR 230,548 million; H1 2021: EUR 179,327 million), the increase compared to June 30, 2021, also resulted from effects at the end of fiscal year 2021. The high level of inventories at the end of fiscal year 2021 (EUR 208,008 million) resulted from the targeted build-up of strategic reserves in advance of the price increases for raw materials that were announced as part of coping with the challenges on the procurement side.

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:

Financial instruments – classes and categories as of June 30, 2022

in EUR thousand	Category IFRS 7.8 in accordance with IFRS 9	Carrying amount as of June 30, 2022	Measurement basis IFRS 9: Amortized cost	Measurement basis IFRS 9: At fair value through profit or loss	Measurement basis IFRS 9: Derivatives used for hedging purposes	Measurement basis IFRS 16	Fair value on June 30, 2022
Financial assets							
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n/a	4,631			4,631		4,631
Foreign currency derivatives – fair value hedges	n/a	371			371		371
Trade and other receivables	Amortized cost	167,301	167,301				167,301
Trade receivables – ABS / factoring program (mandatory valuation at FVTPL)	FVTPL	54,170		54,170			54,170
Other financial assets	Amortized cost	7,163	7,163				7,163
Cash and cash equivalents	Amortized cost	155,101	155,101				155,101
Financial liabilities							
Loans	FLAC	480,703	480,703				480,108
Derivative financial instruments – hedge accounting							
Foreign currency derivatives – cash flow hedges	n/a	46			46		46
Foreign currency derivatives – fair value hedges	n/a	3,709			3,709		3,709
Trade and other payables	FLAC	197,428	197,428				197,428
Lease liabilities	n/a	48,176				48,176	n/a
Other financial liabilities	FLAC	5,263	5,263				5,263
Totals per category							
Financial assets measured at amortized cost		329,565	329,565				329,565
Financial assets measured at fair value through profit or loss (FVTPL)		54,170		54,170			54,170
Financial liabilities measured at amortized cost (FLAC)		683,394	683,394				682,799

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Financial instruments – classes and categories as of December 31, 2021

			Measurement basis IFRS 9				
in EUR thousand	Category IFRS 7.8 in accordance with IFRS 9	**Carrying amount on Dec 31, 2021**	Amortized cost	At fair value through profit or loss	Derivatives used for hedging purposes	Measurement basis IFRS 16	**Fair value on Dec 31, 2021**
Financial assets							
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	305			305		305
Trade and other receivables	Amortized cost	142,283	142,283				142,283
Trade receivables – ABS / factoring program (mandatory valuation at FVTPL)	FVTPL	19,726		19,726			19,726
Other financial assets	Amortized cost	4,663	4,663				4,663
Cash and cash equivalents	Amortized cost	185,719	185,719				185,719
Financial liabilities							
Loans	FLAC	463,237	463,237				472,053
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	n/a	247			247		247
Foreign currency derivatives – fair value hedges	n/a	1,498			1,498		1,498
Trade and other payables	FLAC	180,534	180,534				180,534
Lease liabilities	n/a	30,815				30,815	n/a
Other financial liabilities	FLAC	8,407	8,407				8,407
Totals per category							
Financial assets measured at amortized cost		332,665	332,665				332,665
Financial assets measured at fair value through profit or loss (FVTPL)		19,874		19,874			19,874
Financial liabilities measured at amortized cost (FLAC)		652,178	643,771				660,994

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

Under the factoring agreement concluded in fiscal year 2017 with a maximum receivables volume of EUR 10 million, subsidiaries of NORMA Group in Germany, Poland and France sell trade receivables directly to the external buyers. Under this factoring program, receivables in the amount of EUR 7.3 million were sold as of June 30, 2022 (Dec 31, 2021: EUR 4.7 million), of which EUR 0.7 million (Dec 31, 2021: EUR 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 67 thousand (Dec 31, 2021: EUR 43 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 6 thousand (Dec 31, 2021: EUR 4 thousand).

NORMA Group established yet another factoring program in 2018. In the factoring agreement concluded in December 2018 with a maximum receivables volume of USD 24 million, a subsidiary of NORMA Group in the United States sells trade receivables directly to the non-Group acquirers. Receivables in the amount of EUR 4.5 million were sold under this factoring program as of June 30, 2022 (Dec 31, 2021: EUR 19.0 million), EUR 0.9 million (Dec 31, 2021: EUR 0 million) of which 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 have sold receivables in the amount of EUR 11.6 million as of June 30, 2022 (Dec 31, 2021: EUR 11.4 million), EUR 0.5 million (Dec 31, 2021: EUR 0.5 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 209 thousand (Dec 31, 2021: EUR 205 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guarantee and the expected interest payments until receipt of payment in relation to the carrying amount of the transferred receivables. The fair value of the guarantee or the interest payments to be assumed was recognized and included in profit or loss as other liability in the amount of EUR 165 thousand (Dec 31, 2021: EUR 164 thousand).

NORMA Group entered into yet another revolving receivables purchase agreement with Weinberg Capital Ltd. (special purpose entity) in fiscal year 2018 on the sale of trade receivables. The agreed structure provides for the sale of trade receivables of NORMA Group via an ABS transaction and was successfully initiated in December 2018. The receivables are sold by NORMA Group to 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 13.8 million as of June 30, 2022 (Dec 31, 2021: EUR 9.9 million), EUR 0.6 million of which were not paid out as purchase price retentions (Dec 31, 2021: EUR 0.5 million) held as security reserves and recognized as other financial assets.

A continuing involvement in the amount of EUR 277 thousand (Dec 31, 2021: EUR 199 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guarantee and the expected interest payments until receipt of payment in relation to the carrying amount of the transferred receivables. The fair value of the guarantee or the interest payments to be assumed was recognized and included in profit or loss as other liability in the amount of EUR 201 thousand (Dec 31, 2021: EUR 144 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, 2022, are as follows:

Maturities of bank loans as of June 30, 2022

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			256,596	
Promissory note loans, net	3,500	57,016	86,500	
Commercial paper	75,000			
Total	**78,500**	**57,016**	**343,096**	**0**

The maturities of the syndicated loans and the promissory note loans as of December 31, 2021, are as follows:

Maturity of bank borrowings as of Dec 31, 2021

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			246,858	
Promissory note loans, net	3,500	55,978	91,500	
Commercial paper	65,000			
Total	**68,500**	**55,978**	**338,358**	**0**

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, 2022, are as follows:

Maturity lease liabilities as of June 30, 2022

in EUR thousand	up to 1 year	> 1 year up to 5 years	> 5 years
Lease liabilities – nominal value	12,168	27,652	12,401
Lease liabilities – carrying amount	11,137	25,354	11,685

Maturity lease liabilities as of December 31, 2021

in EUR thousand	up to 1 year	> 1 year up to 5 years	> 5 years
Lease liabilities – nominal value	9,230	16,972	7,473
Lease liabilities – carrying amount	8,520	15,365	6,930

iii. Other financial liabilities

Other financial liabilities are as follows:

Other financial liabilities

in EUR thousand	June 30, 2022	Dec 31, 2021
Current		
Liabilities from ABS and factoring	4,912	7,737
Other liabilities	351	670
	5,263	8,407
Total other financial liabilities	**5,263**	**8,407**

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 553 thousand (Dec 31, 2021: EUR 447 thousand), liabilities from recognized fair values of default and interest rate guarantees in the amount of EUR 374 thousand (Dec 31, 2021: EUR 314 thousand) and liabilities from payments from customers for receivables already sold within the ABS and factoring programs. Liabilities from payments received from customers for receivables already sold within the ABS and factoring programs amount to EUR 3,985 thousand (Dec 31, 2021: EUR 6,976 thousand).

iv. Net debt

Net financial debt as of June 30, 2022, is as follows:

Net debt

in EUR thousand	June 30, 2022	Dec 31, 2021
Bank borrowings	480,703	463,237
Derivative financial instruments – hedge accounting	3,755	1,745
Lease liabilities	48,176	30,815
Other financial liabilities	5,263	8,407
Financial debt	**537,897**	**504,204**
Cash and cash equivalents	155,101	185,719
Net debt	**382,796**	**318,485**

NORMA Group's financial liabilities were 6.7% above the level as of December 31, 2021.

Loans amounting to EUR 10,000 thousand were repaid and loans amounting to EUR 15,075 thousand were taken out in the first six months of the fiscal year. Furthermore, cash-neutral currency effects on the foreign currency loans and accrued interest expenses increased 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 valuation-related increase in liabilities from derivatives also had an increasing effect on financial liabilities.

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

Net debt increased by EUR 64,311 thousand, or 20.2%, compared to December 31, 2021.

The main reason for this was a decrease in cash and cash equivalents due to net cash outflows from total cash inflows from operating activities of EUR 7,142 thousand, net cash outflows from the acquisition and sale of non-current assets of EUR 14,557 thousand, and from the payment of dividends in the amount of EUR 23,897 thousand.

Furthermore, current interest expenses in the first six months of 2022, the increase in liabilities from derivatives, the increase in lease liabilities, and non-cash currency effects 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

	June 30, 2022		Dec 31, 2021	
in EUR thousand	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges	4,631	0	0	247
Foreign currency derivatives – cash flow hedges	0	46	148	0
Foreign currency derivatives – fair value hedges	371	3,709	305	1,498
Total	5,002	3,755	453	1,745
Non-current portion	**4,631**	**0**	**0**	**247**
Current portion	**371**	**3,755**	**453**	**1,498**

Foreign currency derivatives

As of June 30, 2022, foreign currency derivatives with a positive fair value of EUR 0 thousand and foreign currency derivatives with a negative fair value of EUR 46 thousand were held to hedge cash flows. In addition, foreign currency derivatives with a positive market value of EUR 371 thousand and foreign currency derivatives with a negative market value of EUR 3,709 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, 2022, interest rate hedges with a positive fair value of EUR 4,631 thousand were held. The interest rate hedges had a notional amount of EUR 62,883 thousand (Dec 31, 2021: EUR 61,805 thousand). As of June 30, 2022, 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 2022 and 2021.

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

Change in hedging reserve before taxes

in EUR thousand	Reserve for hedging costs	Spot component of foreign currency derivatives	Interest rate swaps	Total
Balance as of Dec 31, 2021	**0**	**0**	**– 247**	**– 247**
Reclassification to profit or loss	0	0	272	272
Net change in value of the hedging instrument	0	0	4,606	4,606
Balance as of June 30, 2022	**0**	**0**	**4,631**	**4,631**

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 the hedging reserve in equity are short-term and are recognized effectively in profit or loss within one year.

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

Gains and losses from hedging changes in fair value

in EUR thousand	Q1–Q2 2022	Q1–Q2 2021
Losses (–) / gains (+) on hedged items	2,142	– 34
Gains (+) / losses (–) from hedging transactions	– 2,216	– 90
	– 74	**– 124**

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, 2022, and December 31, 2021, respectively:

Financial instruments – fair value hierarchy

in EUR thousand	Level 1[1]	Level 2[2]	Level 3[3]	Total as of June 30, 2022
Recurring fair value measurements				
Assets				
Interest rate swaps – cash flow hedges		4,631		4,631
Foreign currency derivatives – hedging of changes in fair value		371		371
Trade receivables – ABS / factoring programs		54,170		54,170
Total assets	**0**	**59,172**	**0**	**59,172**
Liabilities				
Foreign currency derivatives – cash flow hedges		46		46
Foreign currency derivatives – hedging of changes in fair value		3,709		3,709
Total liabilities	**0**	**3,755**	**0**	**3,755**

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, 2021
Recurring fair value measurements				
Assets				
Foreign currency derivatives – held for trading		148		148
Foreign currency derivatives – hedging of changes in fair value		305		305
Trade receivables – ABS / factoring programs		19,726		19,726
Total assets	**0**	**20,179**	**0**	**20,179**
Liabilities				
Cross-currency interest rate swaps – cash flow hedges				
Interest rate swaps – cash flow hedges		247		247
Foreign currency derivatives – hedging of changes in fair value		1,498		1,498
Total liabilities	**0**	**1,745**	**0**	**1,745**

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.

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

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

Financial instruments held for hedging purposes are recognized at their respective fair values. They are classified in full in Level 2 of the fair value hierarchy.

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

As of June 30, 2022 and December 31, 2021, no financial liabilities were assigned to Level 3 of the measurement hierarchy.

Financial instruments that are recognized in the Consolidated Statement of Financial Position at amortized cost but for which the fair value is disclosed in the notes are also classified in a three-level fair value hierarchy.

The fair values of the fixed-interest tranches of the promissory note loans, which are carried at amortized cost but for which the fair value is disclosed in the notes, are determined on the basis of the market yield curve using the zero coupon method, taking 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 equate to their respective fair values, as the effects of discounting are immaterial.

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

14. Equity

In the first six months of 2022, equity changed mainly due to the result for the period (EUR 26,699 thousand), currency translation differences (EUR 37,701 thousand) and cash flow hedges (EUR 3,427 thousand), the remeasurement of the net debt from benefit plans after taxes (EUR 2,084 thousand) and dividends (EUR – 23,897 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).

15. Provisions

Provisions decreased slightly to EUR 25,825 thousand as of June 30, 2022, compared to December 31, 2021 (EUR 26,985 thousand).

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

16. Pension Obligations

The decrease in provisions for pensions mainly resulted from the remeasurement of pensions in the current year as a consequence of the increased pension interest rate for Germany. As of June 30, 2022, the amount of the obligation was EUR 13,415 thousand (December 31, 2021: EUR 15,913 thousand).

17. Other Non-Financial Liabilities

Other non-financial liabilities are as follows:

Other non-financial liabilities

in EUR thousand	June 30, 2022	Dec 31, 2021
Non-current		
Government grants	630	637
Other liabilities	186	180
	816	**817**
Current		
Government grants	561	742
Tax liabilities (excluding income taxes)	5,998	3,293
Social security liabilities	5,281	4,360
Personnel-related liabilities (e.g. vacations, bonuses, awards)	29,483	28,871
Other liabilities	777	420
	42,100	**37,686**
Total other non-financial liabilities	**42,916**	**38,503**

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 inflow from operating activities of EUR 7,142 thousand (H1 2021: EUR 41,848 thousand) shows the changes in current assets, provisions and liabilities (excluding liabilities related to financing activities).

The company participates in a reverse factoring program, a factoring program and an ABS program. The liabilities in the reverse factoring program are reported under trade and similar payables. As of June 30, 2022, liabilities of EUR 21,580 thousand (Dec 31, 2021: EUR 18,307 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.

Cash inflow from operating activities in the first half of 2022 includes payments for share-based payments in the amount of EUR 578 thousand (H1 2021: EUR 365 thousand) resulting from the Short-Term-Incentive (STI) variable remuneration for members of the Management Board of NORMA Group (H1 2021: from the Matching Stock Program (MSP) for former members of the Management Board of NORMA Group).

The corrections for expenses from the measurement of derivatives of EUR 2,415 thousand (H1 2021: EUR 36 thousand) included in the cash inflow from operating activities relate to changes in the fair value of foreign currency derivatives and interest rate swaps recognized in profit or loss that are allocated to financing activities. The adjusted other non-cash income (–) / expenses (+) include expenses from the currency translation of external financing liabilities and intercompany monetary items amounting to EUR – 2,734 thousand (H1 2021: EUR 215 thousand).

Furthermore, non-cash income (–) / expenses (+) in the first half of 2022 include non-cash interest expenses from the application of the effective interest method in the amount of EUR 102 thousand (H1 2021: EUR 137 thousand).

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

Cash flows from investing activities include net cash outflows from the acquisition and disposal of non-current assets amounting to EUR 14,557 thousand (H1 2021: EUR 22,829 thousand). This includes the change in liabilities for the acquisition of intangible assets and property, plant and equipment of EUR – 3,472 thousand (H1 2021: EUR – 3,244 thousand).

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

Cash flows from financing activities in the first half of 2022 include payments for dividends to the shareholders of NORMA Group SE in the amount of EUR 23,897 thousand (H1 2021: EUR 22,304 thousand), interest payments (H1 2022: EUR 3,394 thousand; H1 2021: EUR 3,447 thousand), payments for the repayment of loans (H1 2022: EUR 10,000 thousand; H1 2021: EUR 7,234 thousand), a repayment of liabilities from ABS and factoring in the amount of EUR 3,259 thousand (H1 2021: EUR 506 thousand) and proceeds from derivatives of EUR 269 thousand (H1 2021: proceeds of EUR 108 thousand).

The figures for the first half of 2022 also include proceeds from loans in the amount of EUR 18,402 thousand (H1 2021: EUR 0 thousand). The cash inflows in the current reporting period include a cash inflow from a sale and leaseback transaction in the amount of EUR 3,327 thousand.

In addition, lease payments of EUR 7,523 thousand (H1 2021: EUR 4,935 thousand) are reported under cash flow from financing activities.

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

As of June 30, 2022, cash and cash equivalents included cash and demand deposits of EUR 148,522 thousand (Dec 31, 2021: EUR 179,276 thousand) and cash equivalents of EUR 6,579 thousand (Dec 31, 2021: EUR 6,443 thousand).

19. Segment Reporting

Segment Reporting

	EMEA		America		Asia Pacific		Total segments		Central functions		Consolidation		Group	
in EUR thousand	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021	**H1 2022**	H1 2021
Total revenue	261,811	276,724	295,203	232,569	90,837	87,511	647,851	596,804	19,877	16,924	– 45,439	– 45,661	622,289	568,067
thereof intersegment revenue	15,676	21,235	5,621	4,159	4,265	3,343	25,562	28,737	19,877	16,924	– 45,439	– 45,661		
Revenue from external customers	**246,135**	**255,489**	**289,582**	**228,410**	**86,572**	**84,168**	**622,289**	**568,067**					**622,289**	**568,067**
Contribution to external Group sales	40%	45%	46%	40%	14%	15%	100%	100%						
Adjusted gross profit[1]	136,202	158,664	152,472	124,197	43,212	43,729	331,886	326,590	n.a.	n.a.	– 1,646	– 705	330,240	325,885
Adjusted EBITDA[1]	**23,271**	**45,674**	**50,606**	**39,893**	**14,166**	**19,244**	**88,043**	**104,811**	**– 6,541**	**– 5,274**	**– 433**	**– 87**	**81,069**	**99,450**
Adjusted EBITDA margin[1,2]	8.9%	16.5%	17.1%	17.2%	15.6%	22.0%							13.0%	17.5%
Depreciation and amortization excluding PPA amortization[3]	– 9,793	– 9,405	– 9,638	– 7,844	– 4,463	– 4,121	– 23,894	– 21,370	– 507	– 376			– 24,401	– 21,746
Adjusted EBITA[1]	**13,478**	**36,269**	**40,968**	**32,049**	**9,703**	**15,123**	**64,149**	**83,441**	**– 7,048**	**– 5,650**	**– 433**	**– 87**	**56,668**	**77,704**
Adjusted EBITA margin[1,2]	**5.1%**	**13.1%**	**13.9%**	**13.8%**	**10.7%**	**17.3%**							**9.1%**	**13.7%**
Amortization of intangible assets excluding PPA-amortization[3]	– 1,147	– 2,120	– 1,524	– 1,390	– 300	– 305	– 2,971	– 3,815	– 1,039	– 894			– 4,010	– 4,709
Adjusted EBIT	**12,331**	**34,149**	**39,444**	**30,659**	**9,403**	**14,818**	**61,178**	**79,626**	**– 8,087**	**– 6,544**	**– 433**	**– 87**	**52,658**	**72,995**
Adjusted EBIT margin[1,2]	**4.7%**	**12.3%**	**13.4%**	**13.2%**	**10.4%**	**16.9%**							**8.5 %**	**12.8 %**
Assets (previous year's figures as of Dec 31, 2021)[4]	623,938	624,263	752,269	658,745	292,027	284,078	1,668,234	1,567,086	275,440	261,868	– 343,642	– 330,728	1,600,032	1,498,226
Liabilities (previous year's figures as of Dec 31, 2021)[5]	224,722	211,869	319,278	276,107	50,311	53,646	594,311	541,622	591,023	578,424	– 300,278	– 290,404	885,056	829,642
CAPEX[6]	8,332	7,931	7,256	8,553	3,958	4,787	19,546	21,271	240	518	n.a.	n.a.	19,786	21,789
Number of employees[7]	3,372	3,704	1,435	1,448	1,326	1,245	6,133	6,397	130	121	n.a.	n.a.	6,263	6,518

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).

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 (the Americas) and Asia-Pacific (APAC). NORMA Group's strategy is focused on regional growth targets, among other targets. Regional and local priorities are set in the sales channels. All three regions have networked regional and cross-company organizations with different functions. For this reason, the Group's internal management reporting and control system has a regional focus. The product portfolio does not vary significantly between the segments.

NORMA Group measures the performance of its segments primarily on the basis of the financial performance indicators "adjusted EBITDA," "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 benefits 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 corporate functions mainly comprise financial liabilities.

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

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

20. Contingent Liabilities and Commitments

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

Capital commitments

in EUR thousand	June 30, 2022	Dec 31, 2021
Property, plant and equipment	16,544	5,396

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 2022.

22. Events after the Balance Sheet Date

As of August 10, 2022, there were no events or developments that would have resulted in a material change in the recognition or measurement of the individual assets and liabilities items as of June 30, 2022.

Audit Review

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

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Consolidated Interim 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 10, 2022

NORMA Group SE

The Management Board

Dr. Michael Schneider Chief Executive Officer (CEO)	**Dr. Friedrich Klein** Chief Operating Officer (COO)	**Annette Stieve** Chief Financial Officer (CFO)

FINANCIAL CALENDAR, CONTACT AND IMPRINT

Financial calendar

Date	Event
November 2, 2022	Publication of Interim Statement Q3 2022
February 14, 2023	Preliminary Results 2022
March 28, 2023	(Group) Financial Statements, 2022 Annual Report
May 9, 2023	Interim Statement Q1 2023
May 11, 2023	Ordinary Annual General Meeting
August 8, 2023	Interim Report 2023
November 7, 2023	Interim Statement Q3 2023

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

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NORMA Group SE

Note on the Interim Report

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

Note on rounding

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

Forward-looking statements

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

Date of publication

August 10, 2022

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