



# INTERIM STATEMENT THIRD QUARTER 2020

NORMA GROUP SE  
MAINTAL

# Overview of Key Figures

|   |             | Q3 2020 <sup>1</sup>                     | Q3 2019 <sup>1</sup> | Q1 – Q3 2020 <sup>1</sup> | Q1 – Q3 2019 <sup>1</sup> |
|---|-------------|--|----------------------|---------------------------|---------------------------|
| <b>Order situation</b>                                |             |  |                      |                           |                           |
| Order book (Sep 30)                                   | EUR million | –  | –                    | 377.3                     | 370.2                     |
| <b>Income statement</b>                               |             |  |                      |                           |                           |
| Revenue   | EUR million | 245.9                                    | 274.0                | 691.0                     | 838.6                     |
| Gross profit  | EUR million | 140.4                                    | 159.0                | 391.3                     | 487.3                     |
| Adjusted EBITA  | EUR million | 28.7                                     | 38.7                 | 33.3                      | 119.3                     |
| Adjusted EBITA margin                                 | %           | 11.7                                     | 14.1                 | 4.8                       | 14.2                      |
| EBITA   | EUR million | 27.9                                     | 35.0                 | 31.0                      | 104.6                     |
| EBITA margin  | %           | 11.4                                     | 12.8                 | 4.5                       | 12.5                      |
| Adjusted EBIT   | EUR million | 26.3                                     | 36.5                 | 26.7                      | 112.9                     |
| Adjusted EBIT margin                                  | %           | 10.7                                     | 13.3                 | 3.9                       | 13.5                      |
| EBIT  | EUR million | 20.3                                     | 27.1                 | 7.9                       | 81.4                      |
| EBIT margin   | %           | 8.3                                      | 9.9                  | 1.1                       | 9.7                       |
| Adjusted profit for the period                        | EUR million | 15.8                                     | 23.3                 | 8.6                       | 74.2                      |
| Adjusted EPS  | EUR         | 0.50                                     | 0.73                 | 0.27                      | 2.33                      |
| Profit for the period                                 | EUR million | 11.4                                     | 16.4                 | – 5.5                     | 51.2                      |
| EPS   | EUR         | 0.36                                     | 0.52                 | – 0.17                    | 1.61                      |
| NORMA Value Added (NOVA)                              | EUR million | – 2.8                                    | 8.1                  | – 43.5                    | 29.2                      |
| <b>Cash flow</b>                                      |             |  |                      |                           |                           |
| Cash flow from operating activities                   | EUR million | 50.2                                     | 38.4                 | 89.1                      | 75.2                      |
| Cash flow from investing activities                   | EUR million | – 6.1                                    | – 11.3               | – 21.5                    | – 39.5                    |
| Cash flow from financing activities                   | EUR million | – 32.1                                   | – 8.1                | – 41.0                    | – 62.8                    |
| Net operating cash flow                               | EUR million | 40.6                                     | 37.4                 | 49.2                      | 65.9                      |
| <b>Balance sheet</b>                                  |             |  |                      |                           |                           |
|   |             | Sep 30, 2020                             | Dec 31, 2019         |                           |                           |
| Total assets  | EUR million | 1,451.8                                  | 1,514.3              |                           |                           |
| Equity  | EUR million | 593.6                                    | 629.5                |                           |                           |
| Equity ratio  | %           | 40.9                                     | 41.6                 |                           |                           |
| Net debt  | EUR million | 370.8                                    | 420.8                |                           |                           |
| <b>Employees</b>                                      |             |  |                      |                           |                           |
| Core workforce  |             | 6,516                                    | 6,523                |                           |                           |
| <b>Non-financial control parameters</b>               |             |  |                      |                           |                           |
|   |             | Q1 – Q3 2020                             | Q1 – Q3 2019         |                           |                           |
| Number of invention applications                      |             | 17                                       | 17                   |                           |                           |
| Defective parts per million (PPM)                     |             | 5  | 7                    |                           |                           |
| Quality-related customer complaints per month         |             | 4  | 6                    |                           |                           |
| <b>Share data</b>                                     |             |  |                      |                           |                           |
| IPO   |             | April 2011                               |                      |                           |                           |
| Stock exchange  |             | Frankfurter Wertpapierbörse, Xetra       |                      |                           |                           |
| Market segment  |             | Regulierter Markt (Prime Standard), SDAX |                      |                           |                           |
| ISIN  |             | DE000A1H8BV3                             |                      |                           |                           |
| Security identification number/ticker symbol          |             | A1H8BV/NOEJ                              |                      |                           |                           |
| Highest price Q3 2020 <sup>2</sup>                    | EUR         | 29.94                                    |                      |                           |                           |
| Lowest price Q3 2020 <sup>2</sup>                     | EUR         | 22.04                                    |                      |                           |                           |
| Closing price as of Sep 30, 2020 <sup>2</sup>         | EUR         | 26.50                                    |                      |                           |                           |
| Market capitalization as of Sep 30, 2020 <sup>2</sup> | EUR million | 844.4                                    |                      |                           |                           |
| Number of shares                                      |             | 31,862,400                               |                      |                           |                           |

1\_Adjustments are described on → PAGE 8.

2\_Xetra price

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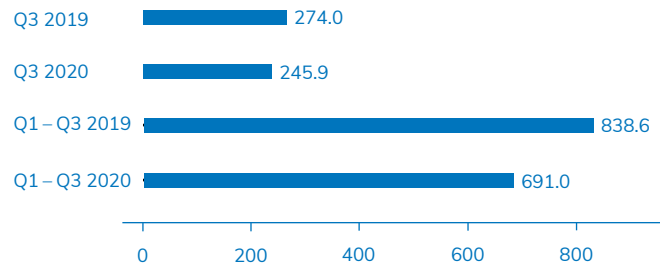
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# Highlights Q1 – Q3 2020<sup>1</sup>

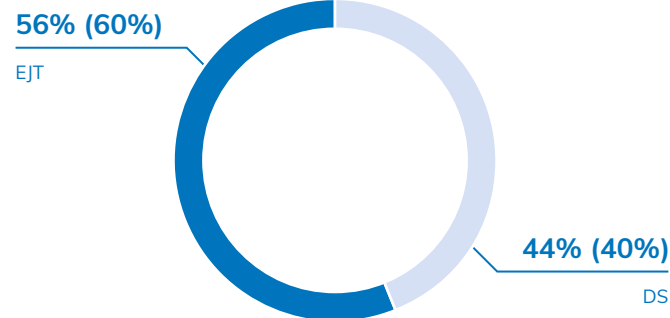
## Development of Sales

in EUR million



## Distribution of Sales by Sales Channels

in %, previous year in brackets



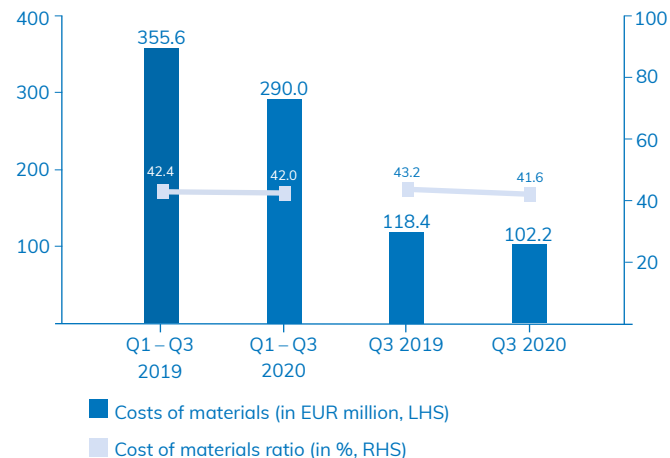
## Effects on Group Sales

|                                 | in EUR million | Share in %    |
|---------------------------------|----------------|---------------|
| Group sales Q1 – Q3 2019        | 838.6          |               |
| Organic growth                  | - 143.2        | - 17.1        |
| Currency effects                | - 4.5          | - 0.5         |
| <b>Group sales Q1 – Q3 2020</b> | <b>691.0</b>   | <b>- 17.6</b> |

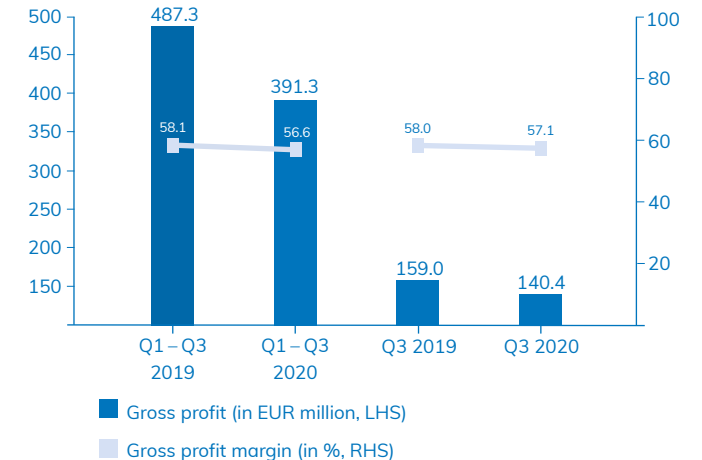
## Development of Sales Channels

|                              | Engineered Joining Technology (EJT) |              | Distribution Services (DS) |              |
|------------------------------|-------------------------------------|--------------|----------------------------|--------------|
|                              | Q1 – Q3 2020                        | Q1 – Q3 2019 | Q1 – Q3 2020               | Q1 – Q3 2019 |
| Group sales (in EUR million) | 384.8                               | 504.7        | 303.3                      | 330.3        |
| Growth (in %)                | - 23.7                              |              | - 8.2                      |              |
| Share of sales (in %)        | 55.9                                | 60.4         | 44.1                       | 39.6         |

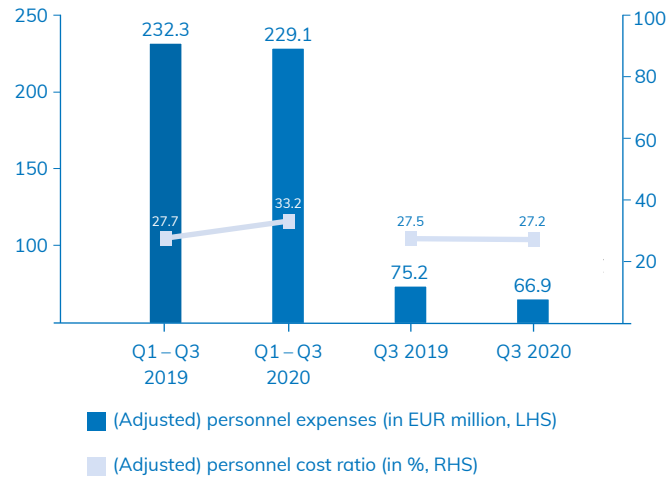
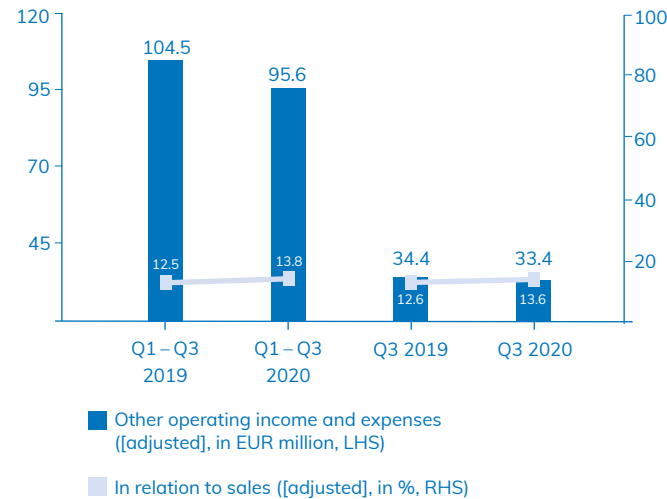
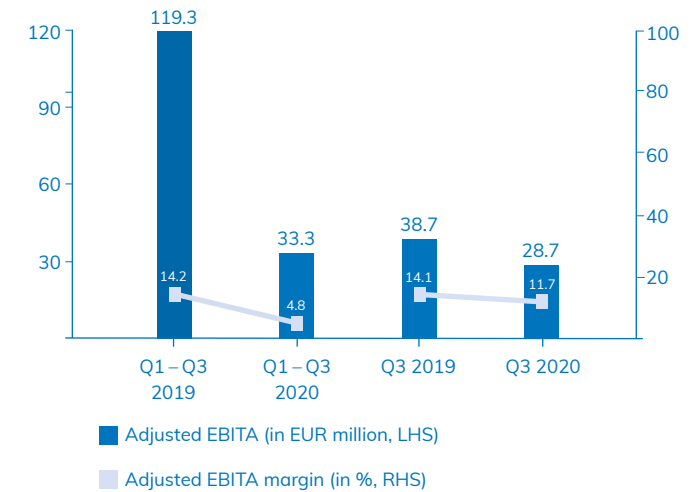
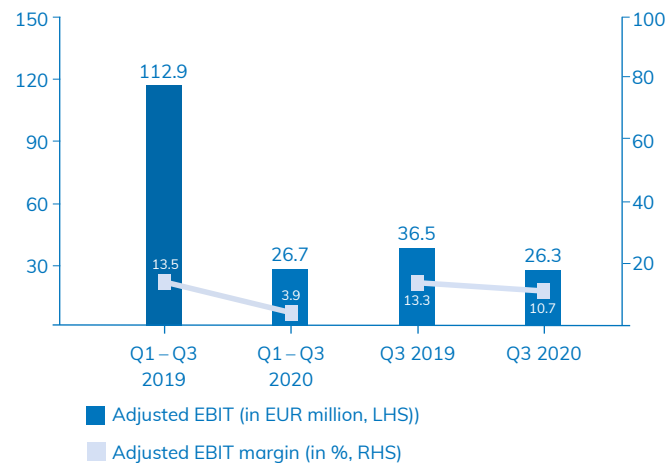
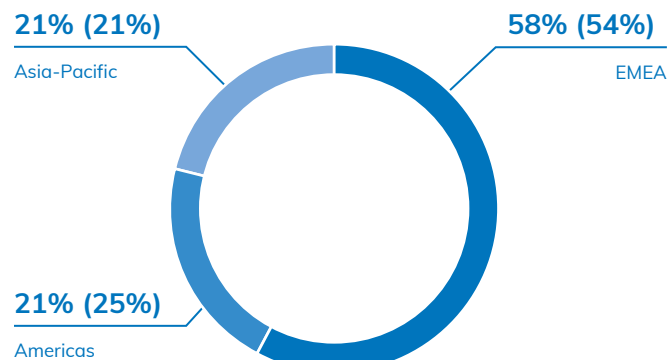
## (Adjusted) Costs of Materials and Cost of Materials Ratio



## (Adjusted) Gross Profit and Gross Profit Margin



1\_Adjustments are described on → PAGE 8.

**(Adjusted) Personnel Expenses and Personnel Cost Ratio****(Adjusted) Other Operating Income and Expenses as well as in Relation to Sales****Adjusted EBITA and Adjusted EBITA Margin****Adjusted EBIT and Adjusted EBIT Margin****Core Workforce by Segment**

As of September 30, 2020

**Net Operating Cash Flow**

| in EUR million                      | Q1 – Q3 2020 | Q1 – Q3 2019 |
|-------------------------------------|--------------|--------------|
| (Adjusted) EBITDA                   | 66.6         | 150.6        |
| Change in working capital           | 4.2          | – 49.9       |
| Investments from operating business | – 21.6       | – 34.7       |
| Net operating cash flow             | 49.2         | 65.9         |

# Interim Statement

## Course of Business and Significant Developments

### Business development affected by corona pandemic

The development of NORMA Group's business was severely affected by the corona pandemic in the first nine months of fiscal year 2020. The global decline in demand for joining technology, especially in the automotive industry, led to a massive drop in sales, mainly in the area of Engineered Joining Technology (EJT). While the decline in sales here in the second quarter of 2020 due to the temporary lockdowns was particularly strong, a clear recovery set in already in the third quarter of 2020. The Distribution Services (DS) segment also suffered from the generally weak demand situation, however this was offset by the continued growth of the US water business, which was excluded from the lockdown in the first half of the year due to its classification as a system-critical business field.

### Personnel changes in the Management Board and Supervisory Board

In June 2020, the Supervisory Board appointed Annette Stieve as the new Chief Financial Officer of NORMA Group. She assumed her role on October 1, 2020, and has since been responsible for NORMA Group's finance department. Mrs. Stieve thus took over the CFO function from Dr. Michael Schneider, who was appointed CFO of NORMA Group in 2015 and CEO in November 2019. The distribution of responsibilities on the Management Board can be found on the company's website.

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

Günter Hauptmann took over as Chairman of the Supervisory Board of NORMA Group with effect from September 1, 2020. He succeeded Lars Berg, who resigned from his position as Chairman and member of the Supervisory Board for health reasons with effect from the end of August 31, 2020.

### Measures from the 'Get on track' program initiated

In June 2020, NORMA Group announced the first far-reaching measures to restore its competitiveness and increase efficiency as part of its 'Get on track' program.

In September 2020, the management and employee representatives agreed on a social collective agreement to implement the measures. These provide for the closure of the production site in Gerbershausen (Thuringia) by the end of 2022 and a socially acceptable reduction of up to 100 jobs at the plant in Maintal.

By launching the 'Get on track' program, NORMA Group is countering the effects of the fundamental structural change in the automotive industry. From 2023 on, the change program is expected to generate annual savings of around EUR 50 million and make NORMA Group more flexible and profitable in the long term. The costs associated with the 'Get on track' measures largely relate to personnel costs and burdened the result in the nine-months period.

### Forecast for fiscal year 2020 published

On October 20, 2020, NORMA Group published its forecast for fiscal year 2020 based on the preliminary figures for the third quarter. → [FORECAST, P. 20.](#)

## Consolidated Statement of Comprehensive Income

for the period from January 1 to September 30, 2020

| in EUR thousands  | Q3 2020        | Q3 2019        | Q1 – Q3 2020   | Q1 – Q3 2019   |
|---|----------------|----------------|----------------|----------------|
| Revenue   | 245,930        | 273,978        | 690,958        | 838,648        |
| Changes in inventories of finished goods and work in progress                               | -4,050         | 2,233          | -12,284        | 525            |
| Other own work capitalized  | 794            | 1,182          | 2,619          | 3,735          |
| Raw materials and consumables used  | -102,233       | -118,542       | -289,971       | -355,687       |
| <b>Gross profit</b>   | <b>140,441</b> | <b>158,851</b> | <b>391,322</b> | <b>487,221</b> |
| Other operating income  | 3,244          | 3,040          | 14,776         | 9,340          |
| Other operating expenses  | -36,641        | -38,741        | -110,382       | -116,549       |
| Employee benefits expense   | -66,918        | -76,672        | -229,130       | -241,482       |
| Depreciation and amortization   | -19,826        | -19,332        | -58,655        | -57,106        |
| <b>Operating profit</b>   | <b>20,300</b>  | <b>27,146</b>  | <b>7,931</b>   | <b>81,424</b>  |
| Financial income  | 169            | 285            | 377            | 774            |
| Financial costs   | -3,828         | -4,220         | -11,398        | -11,993        |
| <b>Financial costs – net</b>  | <b>-3,659</b>  | <b>-3,935</b>  | <b>-11,021</b> | <b>-11,219</b> |
| <b>Profit before income tax</b>   | <b>16,641</b>  | <b>23,211</b>  | <b>-3,090</b>  | <b>70,205</b>  |
| Income taxes  | -5,290         | -6,836         | -2,401         | -19,055        |
| <b>Profit for the period</b>  | <b>11,351</b>  | <b>16,375</b>  | <b>-5,491</b>  | <b>51,150</b>  |
| <b>Other comprehensive income for the period, net of tax</b>                                |                |                |                |                |
| <b>Other comprehensive income that can be reclassified to profit or loss, net of tax</b>    | <b>-18,798</b> | <b>16,114</b>  | <b>-27,970</b> | <b>18,417</b>  |
| Exchange differences on translation of foreign operations                                   | -19,023        | 16,353         | -27,072        | 20,286         |
| Cash flow hedges, net of tax  | 225            | -239           | -893           | -1,902         |
| Costs of hedging, net of tax  | -5             | -53            | -5             | 33             |
| <b>Other comprehensive income that cannot be reclassified to profit or loss, net of tax</b> | <b>-19</b>     | <b>-41</b>     | <b>5</b>       | <b>-19</b>     |
| Remeasurements of post-employment benefit obligations, net of tax                           | -19            | -41            | 5              | -19            |
| <b>Other comprehensive income for the period, net of tax</b>                                | <b>-18,817</b> | <b>16,073</b>  | <b>-27,965</b> | <b>18,398</b>  |
| <b>Total comprehensive income for the period</b>  | <b>-7,471</b>  | <b>32,395</b>  | <b>-33,456</b> | <b>69,548</b>  |
| <b>Profit attributable to</b>   |                |                |                |                |
| Shareholders of the parent  | 11,413         | 16,419         | -5,368         | 51,221         |
| Non-controlling interests   | -62            | -44            | -123           | -71            |
|   | <b>11,351</b>  | <b>16,375</b>  | <b>-5,491</b>  | <b>51,150</b>  |
| <b>Total comprehensive income attributable to</b>   |                |                |                |                |
| Shareholders of the parent  | -7,582         | 32,614         | -33,647        | 69,732         |
| Non-controlling interests   | 111            | -219           | 191            | -184           |
|   | <b>-7,471</b>  | <b>32,395</b>  | <b>-33,456</b> | <b>69,548</b>  |
| <b>(Un)diluted earnings per share (in EUR)</b>  | <b>0.36</b>    | <b>0.52</b>    | <b>-0.17</b>   | <b>1.61</b>    |

## Adjustments

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

In the period from January to September 2020, no adjustments (Q1 – Q3 2019: EUR 12.1 million) were made for expenses within EBITDA (earnings before interest, taxes, depreciation and amortization). Within EBITA, expenses totaling EUR 2.3 million were presented as adjusted (Q1 – Q3 2019: EUR 2.6 million). These relate to depreciation of property, plant and equipment in connection with step-up effects from purchase price allocations. Amortization of intangible assets from purchase price allocations in the amount of EUR 16.5 million (Q1 – Q3 2019: EUR 16.8 million) was adjusted within EBIT.

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

The following table shows earnings adjusted for these effects:

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

| in EUR thousands  | Q1 – Q3 2020<br>unadjusted | Total<br>adjustments | Q1 – Q3 2020<br>adjusted |
|---|----------------------------|----------------------|--------------------------|
| <b>Revenue</b>  | <b>690,958</b>             | <b>0</b>             | <b>690,958</b>           |
| Changes in inventories of finished goods and work in progress | – 12,284                   | 0                    | – 12,284                 |
| Other own work capitalized                                    | 2,619                      | 0                    | 2,619                    |
| Raw materials and consumables used                            | – 289,971                  | 0                    | – 289,971                |
| <b>Gross profit</b>   | <b>391,322</b>             | <b>0</b>             | <b>391,322</b>           |
| Other operating income and expenses                           | – 95,606                   | 0                    | – 95,606                 |
| Employee benefits expense                                     | – 229,130                  | 0                    | – 229,130                |
| <b>EBITDA</b>   | <b>66,586</b>              | <b>0</b>             | <b>66,586</b>            |
| Depreciation  | – 35,598                   | 2,290                | – 33,308                 |
| <b>EBITA</b>  | <b>30,988</b>              | <b>2,290</b>         | <b>33,278</b>            |
| Amortization  | – 23,057                   | 16,518               | – 6,539                  |
| <b>Operating profit (EBIT)</b>                                | <b>7,931</b>               | <b>18,808</b>        | <b>26,739</b>            |
| Financial costs – net   | – 11,021                   | 0                    | – 11,021                 |
| <b>Profit before income tax</b>                               | <b>– 3,090</b>             | <b>18,808</b>        | <b>15,718</b>            |
| Income taxes  | – 2,401                    | – 4,708              | – 7,109                  |
| <b>Profit for the period</b>                                  | <b>– 5,491</b>             | <b>14,100</b>        | <b>8,609</b>             |
| Non-controlling interests                                     | – 123                      | 0                    | – 123                    |
| <b>Profit attributable to shareholders of the parent</b>      | <b>– 5,368</b>             | <b>14,100</b>        | <b>8,732</b>             |
| <b>Earnings per share (in EUR)</b>                            | <b>– 0.17</b>              | <b>0.44</b>          | <b>0.27</b>              |

1\_Deviations in decimal places may occur due to commercial rounding.



## Notes to the Development of Sales and Earnings

### Order backlog remains at a high level

As of September 30, 2020, NORMA Group's order backlog totaled EUR 377.3 million and was thus EUR 7.1 million higher than in the same period of the previous year (September 30, 2019: EUR 370.2 million).

### Significant decline in sales for the nine-month period, but significant recovery in the third quarter

Group sales in the period from January to September 2020 amounted to EUR 691.0 million and were thus 17.6% below the level of the same period of the previous year (Q1 – Q3 2019: EUR 838.6 million). This includes a 17.1% decline in organic sales. In addition, translation effects from changes in exchange rates reduced net sales by 0.5%. The significant decrease in net sales is mainly due to the corona pandemic and the temporary lockdown in the spring of 2020, which resulted in a drastic drop in net sales, particularly in the second quarter of 2020.

NORMA Group's business picked up again in the third quarter of 2020 due to the increasing demand from the automotive industry and the sustained strong water business in the US. NORMA Group's sales amounted to EUR 245.9 million, a decrease of 10.2% compared to the same quarter of the previous year (Q3 2019: EUR 274.0 million). In the third quarter 2020, organic sales decreased by 7.5%. Currency effects had an additional negative impact of 2.7% on sales.

### EJT business posts slow recovery, Asia-Pacific shows solid growth

NORMA Group's EJT business generated sales of EUR 384.8 million in the first nine months of 2020, a 23.7% decline compared to the

same period of the previous year (Q1 – Q3 2019: EUR 504.7 million). This includes a 23.1% decrease in organic sales and negative currency effects of 0.6%.

EJT sales totaled EUR 145.3 million in the third quarter of 2020, down 12.5% compared to the same period of the previous year (Q3 2019: EUR 166.0 million).

Positive impulses for the development of the EJT business came in particular from the Asia-Pacific region, where NORMA Group's EJT business has already been more stable since the second quarter of 2020 due to the recovery in demand from the automotive sector, especially in China, and even recorded organic growth of 11.5% in the third quarter.

The EMEA and Americas regions also saw a gradual recovery of the automotive sector in the course of the third quarter of 2020 and, as a result, a significant increase in demand for joining solutions, albeit at a much slower pace. → [SEGMENT REPORTING, P. 17](#)

### DS division strengthened by the US water business

NORMA Group's DS division contributed EUR 303.3 million to total sales in the period January to September 2020. This represents a decrease of 8.2% compared to the same period of the previous year (Q1 – Q3 2019: EUR 330.3 million). This includes a 7.7% decline in organic sales and negative currency effects of 0.4%.

In the third quarter of 2020, net sales in the DS division amounted to EUR 99.6 million, down 6.8% compared to the same period of the previous year (Q3 2019: EUR 106.9 million).

Positive impulses came mainly from the Americas region, which achieved organic growth of 2.7% in the DS division in the third quarter of 2020. This development is mainly due to NDS's continued strong water business, which, after an

already good second quarter of 2020 (+ 6.0%), again achieved significant organic sales growth of 10.6% in the third quarter. → [SEGMENT REPORTING, P. 17](#)

### Material prices and cost of materials ratio

The cost of materials amounted to EUR 290.0 million in the first nine months of 2020, down 18.4% compared to the same period of the previous year (Q1 – Q3 2019: adjusted EUR 355.6 million).

This was mainly due to significantly lower sales and inventory reductions. The ratio of cost of materials to sales for the first nine months of 2020 was 42.0%, a slight decrease compared to the same period of the previous year (Q1 – Q3 2019: 42.4%).

The cost of materials ratio in relation to total operating performance was 42.6% (Q1 – Q3 2019: 42.2%).

### Optimized inventory reduction influences gross margin

Gross profit (net sales less cost of materials plus changes in inventories and other own work capitalized) amounted to EUR 391.3 million in the first three quarters of 2020 compared to EUR 487.3 million in the same period of the previous year, a 19.7% decline. The gross margin resulting from the cost of materials in relation to sales was 56.6% in the nine-month period (Q1 – Q3 2019: adjusted 58.1%). The gross profit of EUR 140.4 million in the third quarter of 2020 (Q1 – Q3 2019: adjusted EUR 159.0 million) resulted in a gross margin of 57.1% (Q3 2019: adjusted 58.0%). The gross margin was particularly influenced by the optimized reduction of inventories in the second and third quarter of 2020 as a consequence of the corona crisis, the sale of products in stock and by write-offs on inventories.

### Personnel cost ratio increased

As of September 30, 2020, NORMA Group employed 8,250 people worldwide, including temporary workers (September 30, 2019: 8,731). Of these, 6,516 employees are attributable to the core workforce (September 30, 2019: 6,665). Accordingly, the total number of permanent employees decreased by 2.2% compared to the previous year. The total number of employees decreased by 5.5% compared to previous year.

Employee benefit expenses amounted to EUR 229.1 million in the first three quarters of 2020, down 1.3% compared to the same period of the previous year (Q1 – Q3 2019: adjusted EUR 232.3 million). This includes additional personnel expenses of EUR 20.8 million from the 'Get on track' program, which were mainly incurred in the second quarter of 2020 and had a negative impact on personnel expenses.

The ratio of personnel expenses to net sales amounted to 33.2% in the nine-month period and thus increased significantly compared to the same period of the previous year (Q1 – Q3 2019: adjusted 27.7%) due to the significantly lower net sales level, reduced business activity and the aforementioned additional costs from the 'Get on track' program.

NORMA Group countered this development by reducing overtime, taking advantage of government support measures, such as short-time working, or the temporary reduction in social security contributions, as well as by temporarily releasing employees from work. However, this could not fully compensate for the effects of the COVID-19 pandemic.

Personnel expenses amounted to EUR 66.9 million in the third quarter of 2020 and were thus 11.0% lower than in the previous year (Q3 2019: adjusted EUR 75.2 million). The personnel cost ratio was 27.2% and thus slightly below the level of the previous year (Q3 2019: adjusted 27.5%).

### Development of Personnel Figures

|  | Sep 30, 2020 | Sep 30, 2019 |
|--|--------------|--------------|
| EMEA   | 3,785        | 3,614        |
| Americas                                     | 1,361        | 1,680        |
| Asia-Pacific                                 | 1,370        | 1,371        |
| <b>Employees excluding temporary workers</b> | <b>6,516</b> | <b>6,665</b> |
| Temporary workers                            | 1,734        | 2,066        |
| <b>Employees including temporary workers</b> | <b>8,250</b> | <b>8,731</b> |

### Other operating income and expenses down

The balance of other operating income and expenses amounted to EUR –95.6 million in the first nine months of 2020 and was thus also down 8.5% compared to the same period of the previous year (Q1 – Q3 2019: adjusted EUR –104.5 million). Due to the decline in business activity compared to the same period of the previous year, variable costs in the area of other operating expenses in particular were lower.

The ratio of other operating income and expenses to sales revenues was 13.8% in the first nine months of the current fiscal year (Q1 – Q3 2019: adjusted 12.5%).

Other operating income includes in particular foreign exchange gains from operating activities of EUR 7.1 million (Q1 – Q3 2019: EUR 4.7 million) and income from the reversal of provisions and liabilities of EUR 4.7 million (Q1 – Q3 2019: EUR 1.8 million). Other operating expenses include foreign exchange losses of EUR 7.6 million (Q1 – Q3 2019: EUR 4.3 million).

In the third quarter of 2020, the balance of other operating income and expenses was EUR –33.4 million, down 2.9% compared to the same quarter of the previous year (Q3 2019: adjusted EUR –34.4 million). Due to the lower sales volume, this nevertheless resulted in a higher ratio of 13.6% (Q3 2019: adjusted 12.6%) compared to the same quarter of the previous year.

### Adjusted EBITA impacted by consequences of the corona crisis and additional costs from the 'Get on track' program

Adjusted EBITA amounted to EUR 33.3 million for the nine-month period (Q1– Q3 2019: EUR 119.3 million) and thus declined by 72.1%. The adjusted EBITA margin resulting from the ratio of EBITA to sales was 4.8% in the current reporting period (Q1 – Q3 2019: 14.2%).

Adjusted EBITA in the first three quarters of the fiscal year was particularly affected by the effects of the corona crisis. This was compounded by additional expenses totaling EUR 23.7 million incurred as part of the 'Get on track' program, which reduced adjusted EBITA even further.

In the course of the slowly progressing economic recovery and the revival of demand from important customer industries, as well as due to the lower expenses from the 'Get on track' program (EUR 1.5 million) compared to the second quarter of 2020, NORMA Group was able to significantly improve its operating result and margin in the third quarter of 2020 compared to the second quarter. Adjusted EBITA in the third quarter of 2020 amounted to EUR 28.7 million (Q3 2019: EUR 38.7 million). The adjusted EBITA margin for the same period was 11.7% (Q3 2019: 14.1%).

### Development of adjusted Operating Result

| EUR million                         | Q1–Q3 2020  | Q1–Q3 2019   | Change (in %) | Q3 2020     | Q3 2019     | Change (in %) |
|-------------------------------------|-------------|--------------|---------------|-------------|-------------|---------------|
| <b>EBITDA</b>                       | <b>66.6</b> | <b>150.6</b> | - 55.8        | <b>40.1</b> | <b>49.4</b> | - 18.7        |
| <b>EBITDA margin (in %)</b>         | <b>9.6</b>  | <b>18.0</b>  |               | <b>16.3</b> | <b>18.0</b> |               |
| Depreciation                        | - 33.3      | - 31.3       |               | - 11.5      | - 10.6      |               |
| <b>Adjusted EBITA</b>               | <b>33.3</b> | <b>119.3</b> | - 72.1        | <b>28.7</b> | <b>38.7</b> | - 25.9        |
| <b>Adjusted EBITA margin (in %)</b> | <b>4.8</b>  | <b>14.2</b>  |               | <b>11.7</b> | <b>14.1</b> |               |
| Amortization                        | - 6.5       | - 6.4        |               | - 2.4       | - 2.2       |               |
| <b>Adjusted EBIT</b>                | <b>26.7</b> | <b>112.9</b> | - 76.3        | <b>26.4</b> | <b>36.5</b> | - 28.0        |
| <b>Adjusted EBIT margin (in %)</b>  | <b>3.9</b>  | <b>13.5</b>  |               | <b>10.7</b> | <b>13.3</b> |               |

### NORMA Value Added (NOVA)

NORMA Value Added (NOVA) amounted to EUR – 43.5 million in the first three quarters of 2020, a significant deterioration compared to the previous year (Q1 – Q3 2019: EUR 29.1 million). This was mainly due to the significantly worse adjusted EBIT as a result of the corona crisis.

### Slightly improved financial result

The financial result for the months January to September 2020 amounted to EUR – 11.0 million and thus improved slightly by 1.8% compared to the previous year (Q1 – Q3 2019: EUR – 11.2 million). This is mainly due to lower net interest expense of EUR 7.9 million when compared to the previous year (Q1 – Q3 2019: EUR 9.6 million). The financial result also includes negative currency effects of EUR – 0.4 million (Q1 – Q3 2019: EUR +0.3 million).

At EUR 3.7 million, the financial result for the third quarter was slightly below the level of the same quarter of the previous year (Q3 2019: EUR 3.9 million).

### Adjusted income taxes and tax rate

Adjusted income taxes for the period January to September 2020 amounted to EUR 7.1 million (Q1 – Q3 2019: EUR 27.5 million). Measured against adjusted pre-tax earnings of EUR 15.7 million (Q1 – Q3 2019: EUR 101.7 million), the tax rate was 45.2% (Q1 – Q3 2019: 27.1%). The tax rate in the first nine months of 2020 was mainly influenced by non-tax-deductible expenses and non-creditable foreign withholding taxes. Furthermore, losses incurred in the current fiscal year for which no deferred tax assets were recognized had an impact on the tax rate.

Adjusted income taxes in the third quarter of 2020 amounted to EUR 6.8 million (Q3 2019: EUR 9.3 million), representing a tax rate of 30.0% (Q3 2019: 28.5%) measured against adjusted pre-tax earnings of EUR 22.6 million (Q3 2019: EUR 32.6 million).

### Adjusted earnings for the period and adjusted earnings per share burdened by the corona pandemic and the 'Get on track' program

Influenced by the effects of the corona pandemic as well as the expenses from the 'Get on track' program, adjusted profit for the period (after taxes) amounted to EUR 8.6 million in the current reporting period, 88.4% below the previous year's level (Q1 – Q3 2019: EUR 74.2 million). Based on an unchanged number of 31,862,400 shares, adjusted earnings per share of EUR 0.27 for the nine-month period were 88.2% below last year's figure (Q1 – Q3 2019: EUR 2.33).

Influenced by the economic recovery, adjusted profit for the third quarter was EUR 15.8 million, down 32.0% compared to the previous year (Q3 2019: EUR 23.3 million). The resulting adjusted earnings per share of EUR 0.50 were 31.9% below the same quarter of the previous year (Q3 2019: EUR 0.73).

## Consolidated Statement of Financial Position

### Assets

| in EUR thousands              | Sep 30, 2020     | Dec 31, 2019     | Sep 30, 2019     |
|-------------------------------|------------------|------------------|------------------|
| <b>Non-current assets</b>     |                  |                  |                  |
| Goodwill                      | 385,562          | 393,087          | 398,834          |
| Other intangible assets       | 237,661          | 265,407          | 277,561          |
| Property, plant and equipment | 270,307          | 290,843          | 286,968          |
| Other non-financial assets    | 2,572            | 2,792            | 3,360            |
| Contract assets               | 108              | 0                | 0                |
| Derivative financial assets   | 0                | 120              | 476              |
| Income tax assets             | 1,011            | 1,173            | 1,143            |
| Deferred income tax assets    | 19,271           | 9,375            | 7,636            |
|                               | <b>916,492</b>   | <b>962,797</b>   | <b>975,978</b>   |
| <b>Current assets</b>         |                  |                  |                  |
| Inventories                   | 153,525          | 173,249          | 183,088          |
| Other non-financial assets    | 16,771           | 21,933           | 24,678           |
| Other financial assets        | 2,202            | 4,792            | 1,966            |
| Derivative financial assets   | 54               | 330              | 133              |
| Income tax assets             | 5,096            | 8,607            | 9,835            |
| Trade and other receivables   | 156,194          | 162,386          | 189,153          |
| Contract assets               | 537              | 525              | 1,174            |
| Cash and cash equivalents     | 200,922          | 179,721          | 167,733          |
|                               | <b>535,301</b>   | <b>551,543</b>   | <b>577,760</b>   |
| <b>Total assets</b>           | <b>1,451,793</b> | <b>1,514,340</b> | <b>1,553,738</b> |

### Equity and Liabilities

| in EUR thousands                           | Sep 30, 2020     | Dec 31, 2019     | Sep 30, 2019     |
|--|------------------|------------------|------------------|
| <b>Equity</b>                              |                  |                  |                  |
| Subscribed capital                         | 31,862           | 31,862           | 31,862           |
| Capital reserve                            | 210,323          | 210,323          | 210,323          |
| Other reserves                             | -18,315          | 9,850            | 21,047           |
| Retained earnings                          | 369,435          | 375,843          | 370,152          |
| <b>Equity attributable to shareholders</b> | <b>593,305</b>   | <b>627,878</b>   | <b>633,384</b>   |
| Non-controlling interests                  | 275              | 1,576            | 1,489            |
| <b>Total equity</b>                        | <b>593,580</b>   | <b>629,454</b>   | <b>634,873</b>   |
| <b>Liabilities</b>                         |                  |                  |                  |
| <b>Non-current liabilities</b>             |                  |                  |                  |
| Retirement benefit obligations             | 17,296           | 15,890           | 13,644           |
| Provisions                                 | 18,130           | 5,984            | 6,369            |
| Borrowings                                 | 425,482          | 495,927          | 430,774          |
| Other non-financial liabilities            | 412              | 356              | 361              |
| Contract liabilities                       | 144              | 103              | 119              |
| Lease liabilities                          | 29,947           | 30,168           | 31,278           |
| Other financial liabilities                | 0                | 1,630            | 2,017            |
| Derivative financial liabilities           | 1,507            | 684              | 878              |
| Deferred income tax liabilities            | 62,961           | 69,562           | 72,711           |
|  | <b>555,879</b>   | <b>620,304</b>   | <b>558,151</b>   |
| <b>Current liabilities</b>                 |                  |                  |                  |
| Provisions                                 | 14,996           | 8,543            | 10,144           |
| Borrowings                                 | 95,438           | 45,971           | 147,679          |
| Other non-financial liabilities            | 37,566           | 36,665           | 43,296           |
| Contract liabilities                       | 913              | 420              | 744              |
| Lease liabilities                          | 8,228            | 8,427            | 8,508            |
| Other financial liabilities                | 10,823           | 17,496           | 10,366           |
| Derivative financial liabilities           | 313              | 229              | 424              |
| Income tax liabilities                     | 6,663            | 3,712            | 5,691            |
| Trade and other payables                   | 127,394          | 143,119          | 133,862          |
|  | <b>302,334</b>   | <b>264,582</b>   | <b>360,714</b>   |
| <b>Total liabilities</b>                   | <b>858,213</b>   | <b>884,886</b>   | <b>918,865</b>   |
| <b>Total equity and liabilities</b>        | <b>1,451,793</b> | <b>1,514,340</b> | <b>1,553,738</b> |

## Notes to the Financial and Asset Position

### Total assets

Total assets amounted to EUR 1,451.8 million as of September 30, 2020, a decrease of 4.1% compared to the end of 2019 (Dec 31, 2019: EUR 1,514.3 million). Total assets thus declined by 6.6% compared to September 30, 2019 (EUR 1,553.7 million).

### Assets

Non-current assets amounted to EUR 916.5 million as of September 30, 2020, which means that they decreased by 4.8% compared to the end of 2019 (Dec 31, 2019: EUR 962.7 million). This is due to the EUR 48.3 million or 8.7% decline in other intangible assets and property, plant and equipment in total. Among other factors, this decline was influenced by negative developments of exchange rates. In addition, amortization of intangible assets and depreciation of property, plant and equipment exceeded investments. Goodwill decreased by EUR 7.5 million compared to the end of 2019 due to negative currency effects, especially from the US dollar zone.

The increase in deferred income tax assets by EUR 9.9 million had the opposite effect. This increase is mainly due to the recognition of deferred taxes on tax loss carryforwards from the first nine months of 2020. In addition, deferred tax assets were recognized for a restructuring provision of EUR 20.3 million that was not recognized for tax purposes.

Non-current assets accounted for 63.1% of total assets as of September 30, 2020 (Dec 31, 2019: 63.6%).

From January to September 2020, a total of EUR 22.6 million was invested in fixed assets (Q1 – Q3 2019: EUR 36.2 million). Furthermore, EUR 8.6 million for the capitalization of right-of-use assets for land and buildings were recorded as additions to fixed

assets (Q1 – Q3 2019: EUR 11.1 million). Investments included own work capitalized in the amount of EUR 2.6 million (Q1 – Q3 2019: EUR 3.7 million). Investment activities in the first nine months focused on Germany, Serbia, Poland, China, Mexico and the United States. There were no major disposals.

Current assets amounted to EUR 535.3 million as of the balance sheet date, a decrease of 2.9% compared to the end of 2019 (Dec 31, 2019: EUR 551.5 million).

This decrease is mainly due to the reduction in inventories (– 11.4%) and the reduction in trade and other receivables (– 3.8%).

By contrast, cash and cash equivalents increased (+ 11.8%).

Compared to the reporting date of the previous year, current assets declined by 7.3% (September 30, 2019: EUR 577.8 million). This development was mainly due to a significant decrease in inventories (– 16.1%) and trade and other receivables (– 17.4%). Cash and cash equivalents amounted to EUR 200.9 million as of September 30, 2020 (Dec 31, 2019: EUR 179.7 million). Current assets accounted for 36.9% of total assets as of September 30, 2020 (Dec 31, 2019: 36.4%).

### (Trade) working capital decreased

Trade working capital (inventories plus receivables less liabilities, each mainly trade) was EUR 182.3 million as of September 30, 2020, down 5.3% from the end of 2019 (Dec 31, 2019: EUR 192.5 million).

Compared to the previous year (September 30, 2019: EUR 238.4 million), trade working capital thus decreased by 23.5%.

The continued noticeable effects of the COVID-19 pandemic and the continuous optimization in the area of working capital were the main reasons for this reduction.

### Equity ratio once again at a high level

Group equity amounted to EUR 593.6 million as of September 30, 2020, a decrease of 5.7% compared to the end of 2019 (Dec 31, 2019: EUR 629.5 million). The equity ratio was 40.9% on the quarterly closing date (Dec 31, 2019: 41.6%). The development in equity is due to a decrease in retained earnings due to a negative net result for the period (EUR – 5.4 million) and a decrease in other reserves because of negative currency translation differences (EUR – 27.1 million). Furthermore, dividends paid to the shareholders of NORMA Group at the beginning of July 2020 reduced equity by EUR 1.3 million.

As a result of the acquisition of non-controlling interest of 20% in Fengfan Fastener (Shaoxing) Co., Ltd. as of September 30, 2020, non-controlling interests decreased by EUR 1.3 million.

### Lower net debt

Net debt as of September 30, 2020, was EUR 370.8 million compared to EUR 420.8 million at the end of 2019, a decrease of 11.9% or EUR 50 million.

The main reason for this was an increase in cash and cash equivalents by cause of net cash inflows from the sum of cash inflows from operating activities of EUR 89.5 million and net cash outflows from the procurement and sale of non-current assets of EUR – 21.9 million. This positive development was counteracted by current interest expenses in the first nine months of 2020, the increase in lease liabilities due to additions in the area of rights of use and the valuation-related increase in liabilities from derivatives.

Positive net currency effects from foreign currency loans, cash and cash equivalents and other financial liabilities had a positive impact on net debt.

At 0.6, gearing (net debt in relation to equity) was 0.1 below the level at the end of 2019 (Dec 31, 2019: 0.7). With the reduction in net debt as of September 30, 2020, leverage covenant (net debt excluding hedging derivatives in relation to the adjusted EBITDA of the last twelve months) amounted to 2.9 (Dec 31, 2019: 2.2).

NORMA Group's net financial debt is as follows:

### Net Debt

| in EUR thousands                                    | Sep 30, 2020   | Dec 31, 2019   |
|---|----------------|----------------|
| Bank borrowings, net                                | 520,920        | 541,898        |
| Derivative financial liabilities – hedge accounting | 1,820          | 913            |
| Lease liabilities                                   | 38,175         | 38,595         |
| Other financial liabilities                         | 10,823         | 19,126         |
| <b>Financial debt</b>                               | <b>571,738</b> | <b>600,532</b> |
| Cash and cash equivalents                           | 200,922        | 179,721        |
| <b>Net debt</b>                                     | <b>370,816</b> | <b>420,811</b> |

### Financial liabilities

At EUR 571.7 million, NORMA Group's financial liabilities as of September 30, 2020, decreased significantly by 4.8% compared to December 31, 2019 (EUR 600.5 million).

The decrease in loan liabilities is mainly due to the net repayment of loans in the first nine months of 2020. In addition, effects from exchange rate changes on the US dollar tranche reduced the liabilities from loans and borrowings.

At EUR 38.2 million, leasing liabilities were at the same level as at the end of 2019. The increase due to addition of right-of-use assets within the current fiscal year the changes were almost completely offset by repayments (contractual lease payments / rents) and currency effects.

The decline in other financial liabilities is mainly due to the repayment of liabilities from the ABS and factoring programs.

Non-current liabilities totaled EUR 555.9 million as of September 30, 2020, a decrease of 10.4% or EUR 64.4 million compared to the end of 2019 (Dec 31, 2019: EUR 620.3 million). The decrease is mainly due to the reclassification of non-current loan liabilities to current liabilities based on their respective maturities. On the other hand, non-current provisions increased by EUR 12.1 million or 203.0% compared to the end of 2019, mainly due to the recognition of a restructuring provision in connection with the 'Get on track' program. The decrease in deferred income tax liabilities by EUR 6.6 million or 9.5% mainly resulted from the amortization of intangible assets capitalized as part of purchase price allocations and the analogous release of the pro rata deferred tax liabilities.

Current liabilities amounted to EUR 302.3 million on the reporting date of the current quarter, a decrease of 14.3% or EUR 37.8 million compared to the end of 2019 (Dec 31, 2019: EUR 264.6 million).

### Other non-financial liabilities

Other non-financial liabilities are as follows:

#### Other Non-Financial Liabilities

| in EUR thousands   | Sep 30, 2020  | Dec 31, 2019  |
|--|---------------|---------------|
| <b>Non-current</b>   |               |               |
| Government grants  | 247           | 266           |
| Other tax liabilities  | 111           | 0             |
| Other liabilities  | 54            | 90            |
|  | <b>412</b>    | <b>356</b>    |
| <b>Current</b>   |               |               |
| Government grants  | 1,058         | 1,230         |
| Non-income tax liabilities                                     | 4,350         | 2,119         |
| Social liabilities   | 4,482         | 4,484         |
| Personnel-related liabilities (e.g. vacation, bonus, premiums) | 27,057        | 28,118        |
| Other liabilities  | 461           | 714           |
| Deferred income  | 158           | 0             |
|  | <b>37,566</b> | <b>36,665</b> |
| <b>Total other non-financial liabilities</b>                   | <b>37,978</b> | <b>37,021</b> |

The increase of other non financial liabilities is mainly attributable to tax liabilities, excluding income taxes, caused by increased liabilities from sales tax as well as wage tax as of the balance sheet date.

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

#### Maturity Bank Borrowings as of Sep 30, 2020

| in EUR thousands                | up to 1 year  | > 1 year up to 2 years | > 2 years up to 5 years | > 5 years     |
|---------------------------------|---------------|------------------------|-------------------------|---------------|
| Syndicated bank facilities, net |               |                        | 243,343                 |               |
| Promissory note, net            | 63,738        | 33,947                 | 107,604                 | 41,500        |
| Commercial Paper                | 30,000        |                        |                         |               |
| <b>Total</b>                    | <b>93,738</b> | <b>33,947</b>          | <b>350,947</b>          | <b>41,500</b> |

## Consolidated Statement of Cash Flows

for the period from January 1 to September 30, 2020

| in EUR thousands  | Q3 2020        | Q3 2019        | Q1 – Q3 2020   | Q1 – Q3 2019   |
|---|----------------|----------------|----------------|----------------|
| <b>Operating activities</b>   |                |                |                |                |
| <b>Profit for the period</b>  | <b>11,351</b>  | <b>16,375</b>  | <b>-5,491</b>  | <b>51,150</b>  |
| Depreciation and amortization   | 19,826         | 19,332         | 58,655         | 57,106         |
| Gain (-)/loss (+) on disposal of property, plant and equipment  | 416            | 46             | 485            | 12             |
| Change in provisions  | 1,506          | 777            | 20,355         | 2,068          |
| Change in deferred taxes  | -2,735         | -169           | -13,837        | -2,641         |
| Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities | -20,254        | -4,040         | 24,352         | -50,042        |
| Change in trade and other payables, which are not attributable to investing or financing activities                                     | 40,451         | 2,274          | 5,462          | 4,901          |
| Change in reverse factoring liabilities   | -2,137         | -272           | -10,345        | 2,689          |
| Payments for share-based payments   | 0              | 0              | -157           | -1,045         |
| Interest expenses in the period   | 2,853          | 3,823          | 9,452          | 11,271         |
| Income (-)/expenses (+) due to measurement of derivatives   | 8              | 78             | 42             | 96             |
| Other non-cash expenses (+)/income (-)  | -1,061         | 211            | 148            | -387           |
| <b>Cash flow from operating activities</b>  | <b>50,224</b>  | <b>38,435</b>  | <b>89,121</b>  | <b>75,178</b>  |
| thereof interest received   | 64             | 267            | 369            | 737            |
| thereof income taxes  | -4,151         | -11,927        | -9,351         | -25,715        |
| <b>Investing activities</b>   |                |                |                |                |
| Payments for acquisitions of subsidiaries, net  | 0              | 0              |                | -546           |
| Investments in property, plant and equipment and intangible assets  | -5,810         | -10,802        | -22,531        | -39,274        |
| Proceeds from the sale of property, plant and equipment   | -242           | -531           | 1,020          | 272            |
| <b>Cash flow from investing activities</b>  | <b>-6,052</b>  | <b>-11,333</b> | <b>-21,511</b> | <b>-39,548</b> |
| <b>Financing activities</b>   |                |                |                |                |
| Payments for the acquisition of non-controlling interests   | -560           | 0              | -560           |                |
| Interest paid   | -5,299         | -5,503         | -9,710         | -9,815         |
| Dividends paid to shareholders  | -1,274         | 0              | -1,274         | -35,049        |
| Dividends paid to non-controlling interests   | 0              | -1             | 0              | -43            |
| Proceeds from borrowings  | 4,995          | 0              | 53,740         | 0              |
| Repayment of borrowings   | -27,520        | -79            | -75,657        | -10,300        |
| Proceeds from/repayment of derivatives  | 27             | -9             | -17            | -106           |
| Repayment of lease liabilities  | -2,493         | -2,532         | -7,502         | -7,482         |
| <b>Cash flow from financing activities</b>  | <b>-32,124</b> | <b>-8,124</b>  | <b>-40,980</b> | <b>-62,795</b> |
| <b>Net change in cash and cash equivalents</b>  | <b>12,048</b>  | <b>18,978</b>  | <b>26,630</b>  | <b>-27,165</b> |
| Cash and cash equivalents at the beginning of the year  | 192,283        | 145,478        | 179,721        | 190,392        |
| Effect of foreign exchange rates on cash and cash equivalents   | -3,409         | 3,277          | -5,429         | 4,506          |
| <b>Cash and cash equivalents at the end of the period</b>   | <b>200,922</b> | <b>167,733</b> | <b>200,922</b> | <b>167,733</b> |

## Notes to the Consolidated Statement of Cash Flows

### Group-wide financial management

A detailed overview of the general financial management of NORMA Group can be found in the 2019 Annual Report.

→ [2019 ANNUAL REPORT, P. 164](#)

### Key figure: net operating cash flow

Net operating cash flow for the reporting period January to September 2020 was EUR 49.2 million. Net cash inflow thus decreased by EUR 16.8 million when compared to the same quarter of 2019 (Q1 – Q3 2019: EUR 65.9 million). Net operating cash flow was burdened in particular by the non-cash expenses in connection with restructuring provisions of EUR 20.3 million in connection with the 'Get on track' program.

Investments of EUR 21.6 million were made in the period from January to September 2020 (Q1 – Q3 2019: EUR 34.7 million). The main focus of investment was on the plants in Germany, Serbia, Poland, China, Mexico and the United States.

### Cash flow from operating activities

Cash flow from operating activities for the first nine months of 2020 reached EUR 89.1 million, an increase of EUR 13.9 million compared to same period of the previous year (Q1 – Q3 2019: EUR 75.2 million).

Cash flow from operating activities was influenced by changes in current assets, provisions and liabilities (excluding liabilities related to financing activities).

As in the previous year, the Company participated in a reverse factoring program, a factoring program and an ABS program. The liabilities from the reverse factoring program are reported as trade payables and similar liabilities. The cash flows from the reverse factoring, factoring and ABS programs are shown under cash flow from operating activities, as this best reflects the economic substance of the transactions.

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

### Cash flow from investing activities

Cash flow from investing activities for the first nine months of 2020 amounted to EUR – 21.5 million (Q1 – Q3 2019: EUR – 39.5 million) and includes net cash outflows of EUR 21.5 million (Q1 – Q3 2019: EUR 39.0 million) from the procurement and sale of non-current assets. This includes the change in liabilities for the acquisition of intangible assets and property, plant and equipment in the amount of EUR – 0.9 million (Q1 – Q3 2019: EUR – 4.5 million).

The first nine months of 2019 also include net payments for acquisitions in the amount of EUR – 0.5 million.

### Cash flow from financing activities

Cash flow from financing activities for the first nine months of 2020 was EUR – 41.0 million (Q1 – Q3 2019: EUR – 62.8 million). This mainly includes net payments from loans in the amount of EUR – 14.0 million (Q1 – Q3 2019: EUR – 2.4 million repayment of loans), repayments of lease liabilities in the amount of EUR – 7.5 million. (Q1 – Q3 2019: EUR – 7.5 million), repayments of ABS and factoring liabilities of EUR – 7.9 million (Q1 – Q3 2019:

EUR – 8.0 million), and interest payments (Q1 2020: EUR – 9.7 million; Q1 – Q3 2019: EUR – 9.8 million).

In addition, the first nine months included payments for dividends to NORMA Group shareholders of EUR – 1.3 million (Q1 – Q3 2019: EUR – 35.0 million) and payments in connection with the acquisition of non-controlling interests of EUR – 0.6 million (Q1 – Q3 2019: EUR 0 million).



## Segment Reporting

for the period from January 1 to September 30, 2020

| in EUR thousands   | EMEA            |                 | Americas        |                 | Asia-Pacific    |                 | Total segments  |                 | Central functions |                 | Consolidation   |                 | Group           |                 |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
|  | Q1 – Q3<br>2020 | Q1 – Q3<br>2019 | Q1 – Q3<br>2020 | Q1 – Q3<br>2019 | Q1 – Q3<br>2020 | Q1 – Q3<br>2019 | Q1 – Q3<br>2020 | Q1 – Q3<br>2019 | Q1 – Q3<br>2020   | Q1 – Q3<br>2019 | Q1 – Q3<br>2020 | Q1 – Q3<br>2019 | Q1 – Q3<br>2020 | Q1 – Q3<br>2019 |
| Total revenue  | 310,317         | 400,768         | 298,025         | 359,711         | 109,207         | 116,554         | 717,550         | 877,033         | 21,048            | 20,821          | -47,640         | -59,206         | 690,958         | 838,648         |
| thereof inter-segment revenue                            | 21,068          | 28,511          | 4,004           | 7,499           | 1,520           | 2,375           | 26,592          | 38,385          | 21,048            | 20,821          | -47,640         | -59,206         | 0               | 0               |
| <b>Revenue from external customers</b>                   | <b>289,249</b>  | <b>372,257</b>  | <b>294,021</b>  | <b>352,212</b>  | <b>107,687</b>  | <b>114,179</b>  | <b>690,958</b>  | <b>838,648</b>  | <b>0</b>          | <b>0</b>        | <b>0</b>        | <b>0</b>        | <b>690,958</b>  | <b>838,648</b>  |
| Contribution to consolidated Group sales                 | 41.9%           | 44.4%           | 42.6%           | 42.0%           | 15.6%           | 13.6%           | 100%            | 100%            |                   |                 |                 |                 |                 |                 |
| (Adjusted) gross profit <sup>1</sup>                     | 174,399         | 231,325         | 164,500         | 202,591         | 52,170          | 53,255          | 391,069         | 487,171         | n.a.              | n.a.            | 253             | 167             | 391,322         | 487,338         |
| <b>(Adjusted) EBITDA <sup>1</sup></b>                    | <b>15,582</b>   | <b>73,901</b>   | <b>39,667</b>   | <b>68,129</b>   | <b>20,420</b>   | <b>17,456</b>   | <b>75,669</b>   | <b>159,486</b>  | <b>-9,136</b>     | <b>-8,527</b>   | <b>52</b>       | <b>-335</b>     | <b>66,585</b>   | <b>150,624</b>  |
| (Adjusted) EBITDA margin <sup>1,2</sup>                  | 5.0%            | 18.4%           | 13.3%           | 18.9%           | 18.7%           | 15.0%           |                 |                 |                   |                 |                 |                 | 9.6%            | 18.0%           |
| Depreciation without PPA depreciation <sup>3</sup>       | -14,100         | -13,006         | -12,228         | -11,505         | -6,139          | -5,677          | -32,467         | -30,188         | -841              | -1,151          | 0               | 0               | -33,308         | -31,339         |
| <b>Adjusted EBITA <sup>1</sup></b>                       | <b>1,482</b>    | <b>60,895</b>   | <b>27,439</b>   | <b>56,624</b>   | <b>14,281</b>   | <b>11,779</b>   | <b>43,202</b>   | <b>129,298</b>  | <b>-9,977</b>     | <b>-9,678</b>   | <b>52</b>       | <b>-335</b>     | <b>33,277</b>   | <b>119,285</b>  |
| Adjusted EBITA margin <sup>1,2</sup>                     | 0.5%            | 15.2%           | 9.2%            | 15.7%           | 13.1%           | 10.1%           |                 |                 |                   |                 |                 |                 | 4.8%            | 14.2%           |
| <b>Adjusted EBIT</b>                                     | <b>-445</b>     | <b>58,827</b>   | <b>25,360</b>   | <b>54,327</b>   | <b>13,320</b>   | <b>11,499</b>   | <b>38,235</b>   | <b>124,653</b>  | <b>-11,549</b>    | <b>11,411</b>   | <b>52</b>       | <b>-335</b>     | <b>26,738</b>   | <b>112,907</b>  |
| Adjusted EBIT margin <sup>1,2</sup>                      | -0.1%           | 14.7%           | 8.5%            | 15.1%           | 12.2%           | 9.9%            |                 |                 |                   |                 |                 |                 | 3.9%            | 13.5%           |
| Assets (prior year as of Dec 31, 2019) <sup>4</sup>      | 582,504         | 632,012         | 633,269         | 655,301         | 248,773         | 258,943         | 1,464,546       | 1,546,256       | 268,077           | 301,560         | -280,830        | -333,476        | 1,451,793       | 1,514,340       |
| Liabilities (prior year as of Dec 31, 2019) <sup>5</sup> | 191,538         | 204,606         | 255,459         | 271,858         | 47,185          | 53,732          | 494,182         | 530,196         | 593,468           | 631,795         | -229,437        | -277,105        | 858,213         | 884,886         |
| CAPEX  | 10,819          | 16,588          | 6,369           | 10,033          | 4,706           | 8,378           | 21,894          | 34,999          | 662               | 1,207           | n.a.            | n.a.            | 22,556          | 36,206          |
| Number of employees <sup>6</sup>                         | 3,572           | 3,668           | 1,421           | 1,766           | 1,380           | 1,331           | 6,373           | 6,765           | 114               | 111             | n.a.            | n.a.            | 6,487           | 6,876           |

1\_For details regarding the adjustments, refer to → PAGE 8.

2\_Based on segment sales.

3\_Depreciation from purchase price allocations.

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

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

6\_Number of employees (average headcount).

## Notes to Segment Development

The share of sales generated by foreign Group companies amounted to 83.8% in the first nine months of 2020 (Q1 – Q3 2019: 82.7%)

### EMEA: Business development in the first nine months of 2020 burdened by the corona pandemic

External sales in the EMEA region for the period January to September 2020 amounted to EUR 289.2 million, down 22.3% on last year's figure (Q1 – Q3 2019: EUR 372.3 million). Only – 0.1% of this was due to currency effects, which means that organic sales growth was clearly negative at – 22.2%. The EMEA region accounted for 42% of total sales in the first nine months of 2020 (Q1 – Q3 2019: 44%).

Both distribution channels recorded a noticeable decline in sales. The production interruptions at all automobile manufacturers in the first half of 2020, the resulting lack of customer demand and the corona-related production interruptions at NORMA Group's European plants resulted in a significant decline in sales in the EJT division. This was particularly evident in the second quarter of 2020 (organic: – 52.6 %). The situation eased noticeably in the third quarter of 2020 due to the gradual recovery of the industry and the resulting recovery in customer demand, so that the organic decline in sales in the EMEA region in the third quarter was only – 11.9% compared to the same quarter of the previous year.

Organic sales in the DS division also declined by 17.6% in the period from January to September 2020, although the DS segment also gradually recovered during the course of the year as customer demand picked up again. The decline in sales in the third quarter of 2020 amounted to only 13.9%.

NORMA Group's total sales in the EMEA region amounted to EUR 102.9 million in the third quarter of 2020, a decrease of 12.6% compared to the same quarter of the previous year (Q3 2019: EUR 117.7 million).

Adjusted EBITA in the EMEA region amounted to EUR 1.5 million in the current reporting period (Q1 – Q3 2019: EUR 60.9 million) and was thus significantly impacted by the effects of the corona pandemic. However, after the slump in the first half of 2020, when additional expenses in connection with the 'Get on track' program had had a negative impact, the region showed positive growth again. This development was supported, among other factors, by the flexibilization of personnel expenses by making use of government-subsidized short-time working. The adjusted EBITA margin was positive in the first nine months of 2020 and amounted to 0.5% (Q1 – Q3 2019: 15.2%).

### The Americas: Automotive business shows slow recovery; US water business records double-digit organic growth in the third quarter

NORMA Group generated external sales of EUR 294.0 million in the Americas region in the first three quarters of 2020. Compared to the previous year (Q1 – Q3 2019: EUR 352.2 million), this represents a 16.5% decline in sales. At – 16.1%, organic sales were noticeably lower. In addition, translation effects had a negative impact of 0.4% on net sales. The Americas region accounted for around 43% of total net sales in the first nine months of 2020 (Q1 – Q3 2019: 42%).

The main reason for the decline in sales in the Americas region was also a decline in EJT business. This was due to the continued lower production and sales figures in the US automotive industry, exacerbated by the effects of the corona pandemic. However, over the course of the third quarter of 2020, a noticeable recovery of the automotive industry was also observed in the Americas region, resulting in a rebound in demand for joining solutions. Therefore, the organic decline in sales in the third quarter of 2020

amounted to only 18.6%, while sales in the second quarter of 2020 shrank by 64.5% .

Positive impetus for sales in the Americas region came primarily from the DS business. Following an already good second quarter (+ 6.0% in organic terms), the US subsidiary NDS with its water business was again able to report positive organic growth of 10.6% in the third quarter of 2020. The strong water business and the general recovery in demand in the DS division led to organic sales growth of 2.7% in the DS retail segment in the third quarter. The DS segment reported a slight organic sales decline of 1.0% for the nine-month period.

Total net sales in the Americas region amounted to EUR 101.3 million in the third quarter of 2020, a decrease of 11.8% compared to the same quarter of the previous year (Q3 2019: EUR 114.9 million).

In the Americas region, adjusted EBITA was also significantly negatively impacted by the ongoing effects of the corona pandemic. This reached a value of EUR 27.4 million in the first nine months of 2020 (Q1 – Q3 2019: EUR 56.6 million). The adjusted EBITA margin was 9.2% (Q1 – Q3 2019: 15.7%).

### **Asia-Pacific: Upswing in the automotive business continued in the third quarter; DS business still weak, but visibly improved**

At EUR 107.7 million, sales (external sales) in the Asia-Pacific region in the first nine months of 2020 were 5.7% below the previous year's figure (Q1 – Q3 2019: EUR 114.2 million). Of this, 2.5% is attributable to negative currency effects. Organic net sales in the Asia-Pacific region were down 3.2%. The Asia-Pacific region accounted for 15% of Group net sales (Q1 – Q3 2019: 14%).

Growth impulses in the Asia-Pacific region came from the good development of the Chinese automotive industry, which was already evident in the second quarter of 2020 and continued in the third quarter. The EJT division in the region benefited noticeably from this positive trend. Positive organic growth of 4.0% was recorded there after nine months, of which + 11.5% was attributable to the third quarter alone (Q2 2020 in organic terms: + 5.4%).

The good development in the EJT division compensated for the still weak DS business (Q3 2020 in organic terms: – 6.5%; Q2 2020 in organic terms: – 25.5%), so that the Asia-Pacific region achieved positive growth again for the first time in the third quarter. At EUR 41.7 million, sales in the region exceeded the level of the same quarter of the previous year (Q3 2019: EUR 41.4 million) by 0.8% (5.0% in organic terms).

The Asia-Pacific region reported adjusted EBITA of EUR 14.3 million in the period from January to September 2020 (Q1 – Q3 2019: EUR 11.8 million). After nine months of 2020, the adjusted EBITA margin was 13.1% compared to 10.1% in the same period of the previous year. In the first nine months of 2020, the region also benefited from government subsidies in the form of support packages, which mainly included support in the area of social security contributions from employers as well as government incentives for wage support.

## Forecast for Fiscal Year 2020 <sup>1</sup>

On October 20, 2020, NORMA Group published its forecast for the full year 2020 based on the preliminary figures for the third quarter of 2020.

Against the backdrop of the COVID-19 pandemic and based on the current state of knowledge, the Management Board now expects an organic decline in sales of around 16% for fiscal year 2020 compared to the previous year.

With regard to the adjusted EBITA margin, an increase of more than 5% and an adjusted EBIT margin of more than 4% are expected for fiscal year 2020. This includes unadjusted costs for the 'Get on track' change program in the amount of around EUR 30 million.

Furthermore, the Management Board expects net operating cash flow of over EUR 60 million for fiscal year 2020.

The outlook published is based on the assumption that the COVID-19 pandemic will not have any further significant negative effects that could lead to further weakening of the global economy in the remaining months of the fiscal year.

### Forecast for Fiscal Year 2020 <sup>1</sup>

|   |  |
|---|--|
| Group sales growth                                  | Decline in organic sales of around – 16% compared to previous year   |
|   | EMEA: significant organic decline<br>Americas: significant organic decline<br>APAC: noticeable organic decline<br>DS: noticeable decline<br>EJT: significant decline |
| Cost of materials ratio                             | Higher than in previous year   |
| Personnel cost ratio                                | Noticeable increase compared to previous year  |
| Investments in R&D (in relation to EJT sales)       | Around 5% of EJT sales   |
| Adjusted EBITA margin <sup>2</sup>                  | More than 5%   |
| Adjusted EBIT margin <sup>2</sup>                   | More than 4%   |
| NOVA  | Between EUR – 60 million and EUR – 45 million  |
| Financial result                                    | Up to EUR – 15 million   |
| Tax expense/income                                  | Between EUR – 12 million and EUR + 3 million   |
| Adjusted earnings per share                         | Strong decline compared to previous year   |
| Investment ratio (without acquisitions)             | Operative investments of around 5% of Group sales  |
| Net operating cash flow                             | Of more than EUR 60 million  |
| Dividend/dividend ratio <sup>3</sup>                | Approx. 30% to 35% of adjusted net profit for the period   |
| Number of invention applications                    | More than 20   |
| Number of defective parts (parts per million / PPM) | Below 20   |
| Number of quality-related complaints per month      | Below 8  |

1\_The outlook is based on the assumption that there will be no further significant negative effects in the further course of the COVID-19 pandemic, which could lead to further weakening of the global economy in the remaining months of the fiscal year.

2\_This includes unadjusted costs from the 'Get on track' change program of approximately EUR 30 million.

3\_To the extent permitted by the future economic situation, NORMA Group pursues a sustainable dividend policy based on a payout ratio of approximately 30% to a maximum of 35% of the adjusted consolidated net profit for the year.

## Financial Calendar, Contact and Imprint

### Financial Calendar 2021

| Date              | Event   |
|-------------------|---|
| February 17, 2021 | Publication of Preliminary Financial Results 2020 |
| March 24, 2021    | Publication of the Annual Report 2020             |
| May 5, 2021       | Publication of Interim Statement Q1 2021          |
| May 20, 2021      | Annual General Meeting 2021                       |
| August 4, 2021    | Publication of Interim Report Q2 2021             |
| November 3, 2021  | Publication of Interim Statement Q3 2021          |

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

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

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### Note on the Interim Statement

This Interim Statement 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 Statement contains certain future-oriented statements. Future-oriented statements include all statements that 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 Statement, no guarantee can be given that this will continue to be the case in the future.

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