



SUSTAINABLE. RELEVANT.

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ABOUT THIS REPORT

NORMA Group publishes both financial and non-financial information in its 2021 Annual Report. In addition to the Group Management Report and the Consolidated Financial Statements, the report also includes a Non-financial Group Report in accordance with Sections 315c of the German Commercial Code (HGB) in conjunction with Sections 289c to 289e HGB. → [NON-FINANCIAL REPORT](#) → [GLOBAL REPORTING INITIATIVE \(GRI\)](#) and → [UN GLOBAL COMPACT](#)

The Annual Report is published solely in digital form. It is available in PDF format and as an online report. www.normagroup.com NORMA Group's Annual Report is published in German and English. In the event of any deviations, the German version takes precedence. Due to commercial rounding, minor changes may occur in the disclosure of amounts or percentage changes at various points in this report.

When persons are mentioned in this publication, this always refers to female, male and diverse (for example transsexual and intersexual) persons. For reasons of better readability and/or formal or technical reasons such as limited space or the better findability of web texts, not all variants are always mentioned.

The following symbols indicate important information:

→ Further information can be found elsewhere in the Annual Report.  Further information can be found on the NORMA Group website.

⋮ These contents are part of the Non-financial Group Report and were subject to a separate limited assurance examination.
→ [NON-FINANCIAL REPORT](#)

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Data and reporting standards

The reporting period covers the fiscal year from January 1 to December 31, 2021. To ensure the greatest possible timeliness, all relevant information available up to the issuance of the assurance by the legal representatives on March 10, 2022, is included. The Consolidated Financial Statements and the Group Management Report have been prepared in accordance with the International Financial Reporting Standards (IFRS), as applicable in the European Union (EU), as well as in accordance with the German Commercial Code (HGB). Sustainability reporting fulfils the “core” option of the standards of the Global Reporting Initiative (GRI). → [GRI](#) and → [UN GLOBAL COMPACT](#)

Independent auditing

The Consolidated Financial Statements prepared by NORMA Group consisting of the Consolidated Statement of Financial Position, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and the Notes to the Consolidated Financial Statements, as well as the Group Management Report → [INDEPENDENT AUDITOR'S REPORT](#) and the Non-financial Group Report → [ASSURANCE REPORT](#) were audited by PricewaterhouseCoopers (PwC) Wirtschaftsprüfungsgesellschaft.

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Financial figures		2021	2020	Change in % ¹
Order situation				
Order book ²	EUR million	508.4	391.3	29.90
Income statement				
Revenue	EUR million	1,091.9	952.2	14.7
Material cost ratio	%	45.8	43.8	n/a
Personnel cost ratio	%	26.1	31.3	n/a
Adjusted EBITA ³	EUR million	122.5	54.6	124.3
Adjusted EBITA margin ³	%	11.2	5.7	n/a
EBITA	EUR million	121.0	51.1	136.6
EBITA margin	%	11.1	5.4	n/a
Adjusted EBIT ³	EUR million	113.8	45.3	151.2
Adjusted EBIT margin ³	%	10.4	4.8	n/a
EBIT	EUR million	92.1	20.1	n/a
EBIT margin	%	8.4	2.1	n/a
Financial result	EUR million	-12.4	-14.8	n/a
Adjusted tax rate	%	28.6	20.3	n/a
Adjusted profit for the period ³	EUR million	72.3	24.3	197.3
Adjusted earnings per share ³	EUR	2.27	0.77	194.4
Profit for the period	EUR million	56.1	5.5	n/a
Earnings per share	EUR	1.76	0.18	n/a
NORMA Value Added (NOVA)	EUR million	16.0	-46.4	n/a
Return on Capital Employed (ROCE) ⁴	%	11.9	4.6	n/a
Balance sheet²				
Total assets	EUR million	1,498.2	1,414.7	5.9
Equity	EUR million	668.6	589.5	13.4
Equity ratio	%	44.6	41.7	n/a
Net debt	EUR million	318.5	338.4	-5.9
Cash flow				
Cash flow from operating activities	EUR million	108.4	133.5	-18.8
Cash flow from investing activities	EUR million	-45.2	-39.1	15.5
Cash flow from financing activities	EUR million	-71.1	-81.0	-12.2
Net operating cash flow	EUR million	99.8	78.3	27.5

1_Change rates higher than 200% are not reported.

2_Figures as at balance sheet date Dec 31.

3_Adjusted for PPA items.

4_Adjusted EBIT in relation to the average capital employed.

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Non-financial figures

		2021	2020	Change in %
General information				
Core workforce		6,191	6,635	- 6.7
Temporary workers		2,012	2,155	-6.6
Total workforce		8,203	8,790	-6.7
Number of invention applications		25	22	13.6
Governance / Integrity				
Number of employees who were trained on compliance topics online		1,114	2,091	- 46.7
Defective parts	PPM (parts per million)	4.9	5.1	- 3.9
Customer complaints	average per month per entity	5.1	4.7	8.5
Environment				
CO ₂ emissions (Scope 1 and 2)	t CO ₂ e	43,449	49,813	- 12.8
Energy consumption	kWh/EUR thousand of revenue	119.2	124.2	- 4.0
Water consumption	liter/EUR thousand of revenue	147.1	154.8	- 5.0
Hazardous waste	kg/EUR thousand of revenue	0.6	0.6	- 9.0 ⁴
Non-hazardous waste	kg/EUR thousand of revenue	11.2	11.0	2.3
Share of manufacturing locations certified according to ISO 14001	%	92.6	93.0	n/a
Social				
Accident rate	accidents / 1,000 employees	6.2	4.2	46.7
Share of manufacturing locations certified according to ISO 45001	%	77.8	71.4	n/a
Training hours	average hours per employee	29.6	20.9	41.6
Share of female employees in core workforce	%	37.1	36.0	n/a
Share data				
Initial public offering		April 2011		
Stock exchange		Frankfurt Stock Exchange		
Market segment		Regulated Market (Prime Standard), SDAX		
ISIN		DE000A1H8BV3		
Security identification number		A1H8BV		
Ticker symbol		NOEJ		
Highest price 2021 ²	EUR	49.36		
Lowest price 2021 ²	EUR	31.60		
Closing price ^{1,2}	EUR	33.88		
Market capitalization ¹	EUR million	1,079.5		
Dividend ³	EUR	0.75		
Payout ratio ³	%	33.0		
Number of shares issued		31,862,400		

1_Figures as at balance sheet date Dec 31. 2_Xetra price. 3_Subject to approval by the Annual General Meeting.

4_The percentage change is based on unrounded absolute figures.

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NORMA GROUP

NORMA Group is an international market and technology leader in joining and fluid-handling technology and offers more than 40,000 high-quality products and solutions to around 10,000 customers in more than 100 countries. NORMA Group's joining products are used in various industries and can be found in vehicles, ships, trains, aircraft, domestic appliances, engines and water systems as well as in applications for the pharmaceutical and biotechnology industry. From its headquarters in Maintal near Frankfurt, Germany, the Company coordinates a global network consisting of 26 production facilities as well as numerous sales and distribution sites across Europe, the Americas, and Asia-Pacific.

Two strong distribution channels

Engineered Joining Technology (EJT)

The business area of EJT focuses on customized, engineered solutions that meet the specific requirements of original equipment manufacturers (OEM). For these customers, NORMA Group develops innovative, value-adding solutions for a wide range of application areas and various industries in the area of mobility and new energy. No matter whether it's a single component, a multi-component unit or a complex system, all products are individually tailored to the exact requirements of the industrial customers while simultaneously guaranteeing the highest quality standards, efficiency and assembly safety. NORMA Group's EJT products are built on the Company's extensive engineering expertise and proven leadership in this field.

Standardized Joining Technology (SJT)

In the area of SJT, NORMA Group sells a wide range of high-quality, standardized joining technology products for various applications through different distribution channels. Among its customers are distributors, OEM aftermarket customers, technical wholesalers and hardware stores. Furthermore, the area of SJT includes NORMA Group's water business with applications for stormwater management, drip irrigation and joining solutions for infrastructure in the water area. NORMA Group's extensive geographic presence, its global manufacturing, distribution and sales capacities, its strong brands and high service quality set NORMA Group apart from its competitors. NORMA Group markets its joining technology products under its well-known brand names:



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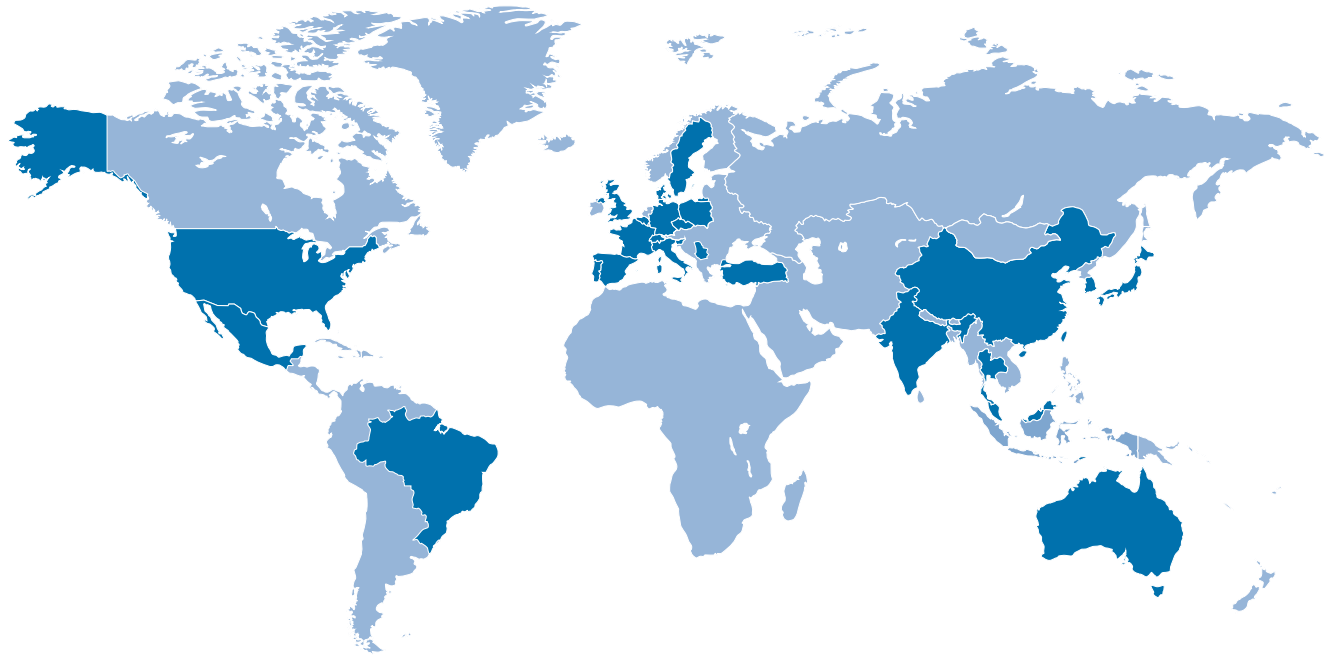
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NORMA Group worldwide

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	M ¹	D ²		M ¹	D ²
EMEA			Americas		
Germany	■	■	Brazil	■	■
France	■	■	Mexico	■	■
Italy		■	USA	■	■
Poland	■	■			
Portugal	■	■	Asia-Pacific		
Sweden	■	■	Australia		■
Switzerland	■	■	China	■	■
Serbia	■		India	■	■
Spain		■	Japan		■
Czech Republic	■		Malaysia	■	■
Turkey		■	Singapore		■
United Kingdom	■	■	South Korea		■
			Thailand		■

1_Manufacturing sites
2_Sales and distribution sites

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TP FLEX

Lightweight and space-saving – efficient solution especially for pipe-line systems for temperature regulation of batteries in electric cars.

TO OUR SHARHOLDERS

The Management Board



Dr. Michael Schneider
Chief Executive Officer (CEO)

Annette Stieve
Chief Financial Officer (CFO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

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Letter from the Management Board

Dear shareholders, customers and business partners,

Behind us lie another stormy twelve months and a fiscal year with mixed impulses. Despite the ongoing corona pandemic, the economic environment brightened significantly again in 2021. We saw a pleasing recovery in demand in the customer industries of importance to us in the first half of the year. The renewed flare-up of the corona pandemic caused uncertainty in the second half of 2021, however. In addition, the global shortage of materials due to continuing disruptions in global supply chains weighed particularly heavily on the international markets. This resulted in further impacts which noticeably dominated the business of many industries in fiscal year 2021.

Like the entire industry, NORMA Group was also confronted with extensive challenges. The shortage of materials resulting from the distortions in the supply chains entailed a sharp rise in the price level for production materials, particularly in the second half of 2021. In conjunction with this, the cost of freight and transport services also rose to unprecedented levels. Against this backdrop, we had to adjust our forecast for operating earnings in fiscal year 2021 in September 2021. In addition, we also felt the resulting market adversities in a volatile ordering behavior of our customers in the automotive industry, who called off lower volumes or postponed orders due to the shortage of electronic components. The challenging environment led to a situation that required not only great flexibility, but also a high degree of discipline. By implementing a series of countermeasures, we succeeded in containing the negative effects on our business as best we could.

With organic sales growth of 16.2% to EUR 1,091.9 million, we were in line with the assumption of low double-digit organic Group sales growth published in March 2021, despite the difficult and uncertain environment. In the Americas and Asia-Pacific regions, sales in fiscal year 2021 even noticeably exceeded the level of the pre-crisis year 2019. Our water business once again grew strongly, accounting for around 24% of total sales. Thanks to the good development of our sales, our operating result, adjusted EBIT, at EUR 113.8 million also significantly exceeded the figure for the corona-laden previous year, but the earnings development was burdened by the ongoing bottlenecks in the supply and logistics chains, particularly in the fourth quarter of 2021. The adjusted

EBIT margin was 10.4%, developing in line with our revised expectations in September 2021. These successes are the achievement of our dedicated employees and evidence of well-coordinated teamwork.

The year 2021 thus showed once again that we are solidly positioned with our broadly diversified setup and our two sales channels, Engineered Joining Technology and Standardized Joining Technology. At the same time, it became clear that agility is one of the key prerequisites for success. We are focusing on this with our 'Get on track' change program, which we launched in 2019. Three key steps were achieved in this regard in fiscal year 2021. Firstly, we successfully consolidated our sites in the Asia-Pacific region by integrating Fengfan's production from the Shaoxing site into a plant in Changzhou. This means that local business activities can now be even better aligned to the strategic business fields of Mobility and New Energy as well as Industrial Applications. Secondly, in connection with the closure of the Gerbershausen site by the end of 2022 that we announced in June 2020, the first product groups have already been successfully transferred to the Czech Republic and Sweden. Thirdly, we have once again further expanded our digital commerce activities. This includes in particular the expansion of the NORMA Group web shop, which was newly opened in the previous year, to include distribution customers in the Benelux countries, thus creating new sales potential in the EMEA region.

The topics of digitalization and smart innovations are moving the globe. This is happening with increasing momentum. NORMA Group is focusing in particular on the specific requirements of its customers. We not only focus on this in sales, but also in our own production and increasingly in our products. With our excellent team of developers and product engineers, we also focus on constantly strengthening our innovative capacity and offering our customers intelligent solutions. One example is the recently launched SR QR Code quick connector. With it, we enable our customers to further digitalize their manufacturing processes. In all our activities, proximity to the customer is an equally essential factor for us. As part of NORMA Group's growth and localization strategy, we successfully completed the expansion of production capacities at our site in Wuxi, China, in March 2021, nearly tripling our production area. Against the backdrop of increasing

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customer demand, this now enables us to offer a broader product range for each market segment; at the same time, it supports the local market launch of new products, especially innovative fluid components.

All of these steps are – in line with the title of our Annual Report 2021 – ‘Sustainable. Relevant.’ for us. But these attributes can also be applied to our business model in particular. With our strategy focused on value enhancement, we have already set an important course for a successful future. We have a sustainable business model that is aligned to the relevant megatrends of climate change and resource scarcity. This enables us to address our customers’ specific requirements. Based on this, we are focusing on continuous further development in our strategic business units: Water Management, Industrial Applications, as well as Mobility and New Energy. Corporate responsibility and sustainability are integral parts of our strategy. We live up to this claim with our innovative and sustainable products and by continuously optimizing our production processes. We are continuously working on reducing our ecological footprint and in particular greenhouse gas emissions in a targeted manner by implementing measures at our global sites. One of these includes the deployment and use of climate-neutral electricity. Thereby, and also with a focus on the careful use of resources, we succeeded in significantly reducing our CO₂ emissions by 12.8% in the past fiscal year compared to the corona-burdened previous year.

Dear shareholders, the developments in fiscal year 2021 and the associated turbulence are also reflected in the performance of the NORMA Group share. Spurred on by the general brightening of the global economy, the NORMA Group share initially reached its highest level of the year at the beginning of June 2021. In the course of the second half of the year, the share price corrected in line with the overall market, which could not be fully compensated for by the end of the year. The NORMA Group share closed the fiscal year 2021 at a closing price of EUR 33.88, 19.1% lower than at the end of 2020.

Predictions are very difficult in an environment that continues to be characterized by major uncertainties. The year 2022 will remain challenging. Here, we are looking at the events and potential effects in connection with the military Russia-Ukraine crisis in particular. 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%. However, it is currently impossible to fully assess how the military Russia-Ukraine crisis will affect the global economy and thus NORMA Group in the long term. What is certain, however, is that the issue of disrupted supply chains will continue to occupy us, especially in the first half of 2022. The corona pandemic also remains present.

Nevertheless, we are confident that NORMA Group will continue to develop well. Our order books are well filled and our innovative products are in demand with our customers. By implementing targeted measures, we are actively creating the conditions for further growth and successively increasing our profitability. We therefore remain committed to our mission of being the world market leader for joining and fluid-handling technology in existing and future markets.

We also want you, our shareholders, to participate appropriately in our company’s success. We will therefore propose a dividend of EUR 0.75 per share at this year’s virtual Annual General Meeting on May 17, 2022. This equates to a payout ratio of around 33% of our adjusted net income for the period in line with our sustainable dividend strategy.

We would like to express our sincere thanks to our more than 8,200 employees. Through their tireless commitment, flexibility and solidarity, they have all shown resilience and great stamina in these challenging times.

Let’s continue on this growth path together – ‘Sustainable. Relevant.’

Sincerely,

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

- › NORMA Group share ends 2021 stock market year down 19.1%
- › Annual General Meeting 2021 approves dividend of EUR 0.70
- › Investor Relations work captures first place in the SDAX and second place in the overall Investors' Darling ranking

Indices worldwide end turbulent 2021 stock market year by posting new all-time highs

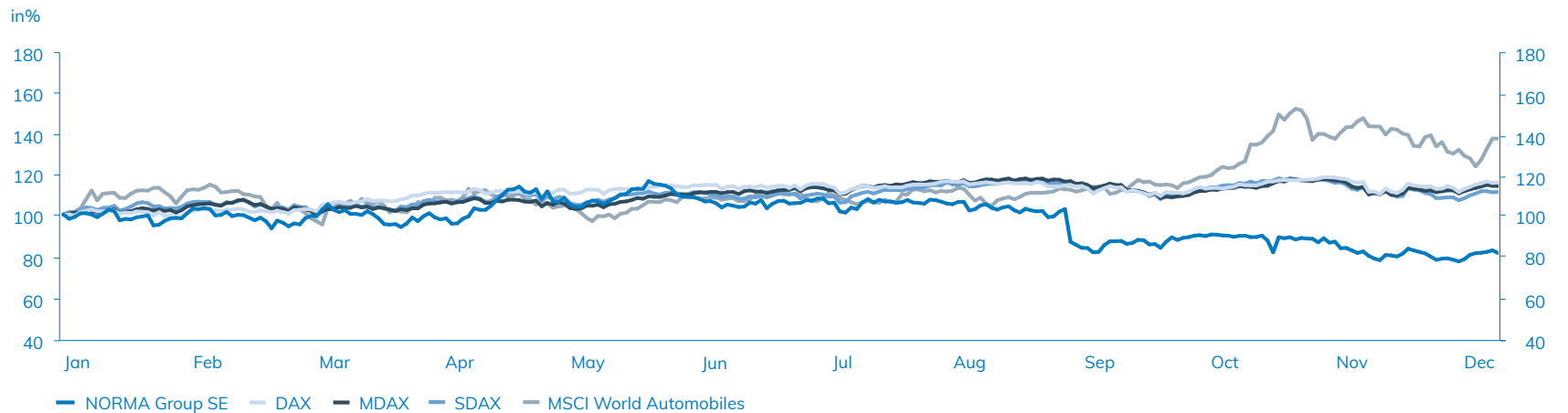
The 2021 stock market year presented a two-fold picture and in some cases caused surprises on the global stock markets. The ongoing pandemic remained one of the main influencing factors. Initial concerns in connection with the global lockdowns in the winter months were offset by a veritable stock market euphoria in the spring of 2021 with the start of global vaccination campaigns. Important impetus also came from the continuing expansionary monetary and fiscal policies of governments and central banks worldwide. As a result of the significant recovery in the economic environment, the majority of international stock indices posted gains. Global demand and world trade picked up noticeably. Nevertheless, the

enormous upward trend and the rapid ramp-up of the economy put certain industries under severe pressure, which was exacerbated by the occurrence of further negative factors, including extreme weather events. In this context, a shortage of raw materials and supplies also became increasingly apparent, resulting in sharp price increases on the one hand and significant supply bottlenecks on the other. In particular, the worsening semiconductor shortage presented the automotive industry with special challenges in fiscal year 2021. Despite the distortions in the global supply chains, the material shortages that arose and the appearance of the new Omicron variant of the coronavirus, indices worldwide reached new record highs in some cases towards the end of the year. They nevertheless ended the 2021 stock market year by posting significant price gains in an environment characterized by uncertainties and in addition to very high global inflation.

The German stock market can also look back on a turbulent and equally successful year. The DAX, Germany's leading index, which was expanded to comprise 40 companies in 2021, reached a new all-time high above the 16,000-point mark at the beginning of November 2021. It closed 2021 at a level of 15,885 points

Index-based comparison of NORMA Group's share price performance in 2021 with DAX, MDAX, SDAX and MSCI World Automobiles

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with an increase of 15.8% compared to the end of 2020. This was the ninth consecutive year of positive performance for Germany's leading index. The MDAX also rose significantly by 14.1% to end December 2021 at 35,123 points. The SDAX, which also includes the NORMA Group share, stood at 16,415 points at the end of 2021. Compared to the year-end level in 2020, this equated to an increase of 11.2%.

Although the US indices suffered some sharp setbacks in fiscal year 2021, they nevertheless showed a positive development overall. The Dow Jones index ended 2021 by posting a strong gain of 18.7%. The broader S&P500 Index rose by a total of 26.9% and reached a new record high. The MSCI World Automobiles Index, which is regarded as a trend indicator for the global automotive market, also recorded a significant increase, reaching 381 points at the end of December 2021 – an increase of 37.9% compared to the year-end level in 2020.

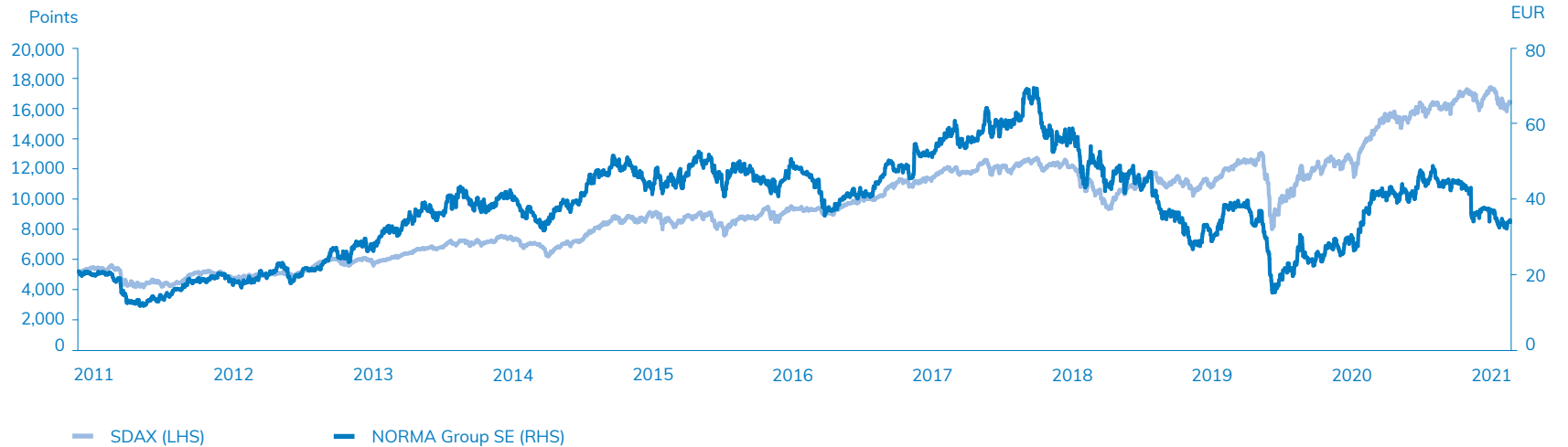
Performance of the NORMA Group share

The NORMA Group share started the new year on January 4, 2021, at a price of EUR 41.88 and initially showed a highly volatile sideways movement in the first

quarter of 2021. Spurred on by the general brightening of the global economy, a noticeably positive trend then set in, similar to other stocks in the automotive sector. In this environment, the NORMA Group share reached its highest level of the year at EUR 49.36 on June 2, 2021. In the second half of 2021, the continued limited availability of materials and the increased raw material prices, as well as the distortions in the global supply chains and the coronavirus, had a particularly negative impact on global stock markets. In this context, a slight downward trend also emerged for the NORMA Group share, which resulted in a significant price loss in the wake of the profit warning on September 14, 2021, that had only partially been compensated for by the end of 2021. On December 20, 2021, the NORMA Group share reached its lowest level in the past stock market year at EUR 31.60 and ended a turbulent 2021 at a closing price of EUR 33.88, a 19.1% decline.

As of December 30, 2021, the market capitalization amounted to approximately EUR 1.08 billion (2020: EUR 1.33 billion) based on an unchanged number of shares of 31,862,400 compared to the previous year. Measured by the free float market capitalization relevant for determining index membership, which has been 100% since 2013, the NORMA Group share ranked 24th out of 70 in the SDAX at the end of December 2021 (December 2020: 12th out of 70 in the SDAX).

Share price development of the NORMA Group share since the IPO compared to the SDAX



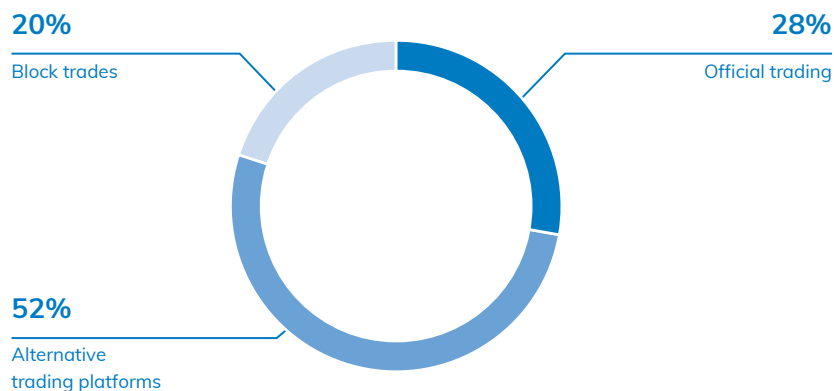
Trading volume decreased

The average daily Xetra trading volume of the NORMA Group share was 58,324 shares (2020: 88,689 shares). Thus, the average daily trading volume in terms of value (number of shares traded multiplied by the respective closing price of the day on which they were traded) of EUR 2.3 million was at the level of the previous year (2020: EUR 2.4 million).

The total number of shares traded on average per trading day in 2021 was 242,255 (2020: 266,646). Trading was distributed among the various trading venues as follows:

Distribution of trading activity in 2021

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Voting rights notifications in 2021

Based on the voting rights notifications received by the end of 2021, shares of NORMA Group designated as free floating and exceeding 3% are held by the following institutional investors:

Voting rights notifications

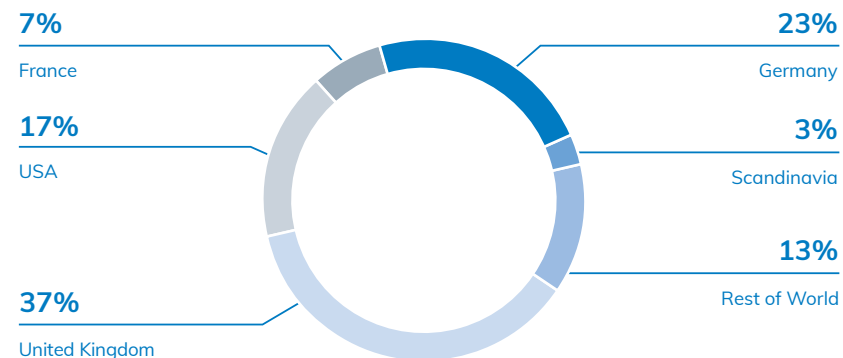
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Allianz Global Investors GmbH, Frankfurt/Main, Germany	14.87%
thereof Allianz SE, Munich, Germany	5.03%
Ameriprise Financial Inc., Wilmington, DE, USA	7.26%
Threadneedle (Lux), Bertrange, Luxembourg	4.90%
T. Rowe Price Group, Inc., Baltimore, Maryland, USA	4.84%
AVGP Limited, St. Helier, Jersey Channel Island	3.29%
Impax Asset Management Group plc, London, UK	3.05%
Aberdeen Asset Managers Limited, Aberdeen, UK	3.02%
ABRDN Investment Management Limited, Edinburgh, UK	3.02%

As of December 31, 2021. Please refer to the → [APPENDIX TO THE NOTES](#) for further information on the voting rights notifications received. All voting rights notifications are published on the company's website. WWW.NORMAGROUP.COM

Free float by region

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2021 Annual General Meeting

The Annual General Meeting of NORMA Group SE was held in Frankfurt/Main on May 20, 2021. Due to the COVID-19 pandemic, the Annual General Meeting was held for the second time in a row as a purely virtual event without shareholders or their proxies being physically present. Of the 31,862,400 shares with voting rights, a total of 18,931,496 shares and thus approximately 59% of the registered share capital of NORMA Group SE were represented. Thirty shareholders participated live in the virtual Annual General Meeting via the shareholder portal of NORMA Group SE. At the 2021 Annual General Meeting, the shareholders of NORMA Group discharged both the Supervisory Board and the Management Board by a clear majority. The proposal of the Supervisory Board and the Management Board to distribute a dividend of EUR 0.70 per share was approved by the Annual General Meeting by a majority of 99.79%. The total amount distributed thus amounted to around EUR 22.3 million (2020: EUR 1.3 million). This resulted in a payout ratio of 91.7% of the adjusted consolidated net income, which amounted to EUR 24.3 million in fiscal year 2020. NORMA Group thus compensated to some extent for the low dividend of the previous year, which was only distributed as a statutory minimum dividend of EUR 0.04 per share. Furthermore, the 2021 Annual General Meeting approved all other agenda items, which included the election of Miguel Ángel López Borrego as a member of the Supervisory Board, by a large majority.

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

Directors' Dealings

Three transactions were reported as Directors' Dealings in fiscal year 2021. These can be found in the Corporate Governance Report. → [CORPORATE GOVERNANCE REPORT](#)

Sustainable Investor Relations activities

NORMA Group's Investor Relations activities seek to further increase awareness of the Company on the capital market, strengthen long-term confidence in its share and achieve a realistic and fair valuation of the Company. This implies commenting on the strategy of NORMA Group SE, the operational business development as well as the prospects of the Company. For this reason, the management and the Investor Relations officers hold discussions with institutional

investors, financial analysts and private shareholders over the course of the year. The Company's goal is to maintain constant, transparent and reliable communication with private and institutional investors as well as financial analysts.

The traditional communication formats include, on the one hand, legally required mandatory components such as Quarterly Statements, Half-year and Annual Reports, investor presentations and announcements. In this way, the Company regularly informs its shareholders about the strategic and business development of the Group. On the other hand, NORMA Group's Investor Relations team also focuses on continuously developing the digital communication formats and voluntary components of communication, such as the Online Annual Report, in line with the needs of the target audience.

The Management Board and the Investor Relations team conducted 16 mostly virtual roadshows with current and potential new investors in fiscal year 2021. NORMA Group was also represented at the following conferences:

- Baader Investment Conference, Munich
- Bank of America SMID Conference, virtual
- Commerzbank & ODDO BHF Corporate Conference, virtual
- Commerzbank German Investment Seminar, virtual
- dbAccess Conference, virtual
- DZ Bank Equity Conference, Frankfurt/Main, virtual
- Jefferies Pan-European Mid-Cap Conference, virtual
- Kepler Cheuvreux German Corporate Conference, virtual
- ODDO BHF Forum, virtual
- Quirin Champions Conference, virtual

Broadly diversified shareholder structure

NORMA Group's share has gained international recognition in recent years through active IR work. As a result, the importance of foreign investors has also increased continuously. NORMA Group SE has a broadly diversified regional shareholder base with a high share of international investors, primarily from the UK, Germany, the USA, France and Scandinavia.

At the end of the current reporting year, 0.07% (2020: 0.06%) of the shares were held by the management (Management Board in its current composition). An additional 3.6% (2020: 4.0%) were held by private investors. The remaining share of around 96% was held by institutional investors. The number of private investors

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(excluding the Management Board in its current composition and the Supervisory Board) increased slightly during fiscal year 2021 and stood at 5,067 at the end of December 2021 (December 31, 2020: 5,019).

Analysts covering NORMA Group

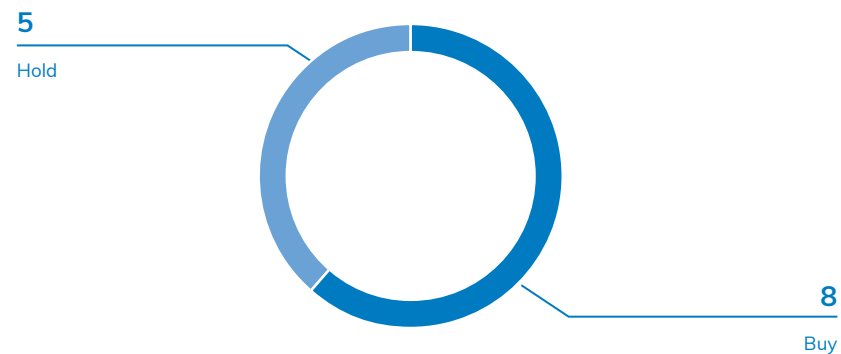
A key element of IR work is the continuous and transparent dialogue with analysts, as already mentioned. As of December 31, 2021, NORMA Group was covered by 13 analysts from various banks and research companies. Of these, eight analysts recommended buying the share and five recommended holding the share, as of December 31, 2021. The average target price at the end of December 2021 was EUR 43.46 (2020: EUR 32.15).

Analysts covering NORMA Group T003

Baader Bank	Peter Rothenaicher
Bankhaus Metzler	Jürgen Pieper
Berenberg Bank	Philippe Lorrain
Deutsche Bank AG	Nikolai Kempf
DZ Bank AG	Thorsten Reigber
Pareto Bank ASA	Tim Schuldt
Hauck & Aufhäuser	Christian Glowa
HSBC	Richard Schramm
Kepler Cheuvreux	Dr. Hans-Joachim Heimbürger
Stifel	Alexander Wahl
ODDO BHF	Harald Eggeling
Quirin Privatbank	Daniel Kukalj
Warburg Research GmbH	Mustafa Hidir

Analyst recommendations

G006



as of December 31, 2021

NORMA Group's Investor Relations work receives another award

NORMA Group's IR activities were once again recognized in fiscal year 2021. The Company ranked first out of 70 in the SDAX segment in the Investors' Darling competition and second overall among all DAX, MDAX and SDAX members. The quality of NORMA Group's Annual Report and investor presentation, as well as the digital formats, were particularly highlighted. The latter includes, in particular, the Online Annual Report, which was expanded in 2020 and 2021 to include further addressee-oriented content. NORMA Group's Annual Report and Online Annual Report were also awarded "GOLD" in the FOX Finance Awards.

Key issues in capital market communications

The main content points of the capital market communication from NORMA Group's point of view were the pandemic and its effects. Among other topics, these are related to the challenges within the global supply chains. Other important communicative topics resulting from this were the sharp increase in raw material and freight costs due to the limited availability of materials and freight capacities as well as the volatile ordering behavior of customers. In contrast, there were equally positive developments to report relating to the increasing growth of the Group and rising end-customer demand.

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Service for shareholders

The Investor Relations website contains extensive information on NORMA Group and the NORMA Group share. In addition to financial reports and presentations, which are available for download, all important financial market dates can be found there. The conference calls on the Quarterly and Annual Reports are recorded and offered in audio format. Shareholders and interested parties can register for the mailing list by e-mail. The contact details of the IR team are also available on the Company's website. WWW.NORMAGROUP.COM

Key figures for NORMA Group

	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Closing price on Dec 31 (in EUR)	33.88	41.88	38.00	43.18	55.97	40.55	51.15	39.64	36.09	21.00
Highest price (in EUR)	49.36	42.38	49.26	70.15	63.79	51.54	53.30	43.59	39.95	23.10
Lowest price (in EUR)	31.60	14.38	26.36	40.44	39.95	35.20	38.82	30.76	21.00	15.85
Score of the comparison index ¹ as of Dec 31	16,414.67	14,764.89	12,511.89	21,588.09	26,200.77	22,188.94	20,774.62	16,934.85	16,574.45	11,914.37
Number of unweighted shares as of Dec 31	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400
Market capitalization (in EUR million)	1,079	1,334	1,211	1,376	1,783	1,292	1,630	1,263	1,150	669
Average daily Xetra volume										
Shares	58,324	88,689	97,960	95,624	96,906	73,571	88,888	73,932	86,570	54,432
EUR million	2.3	2.4	3.6	5.4	4.7	3.2	4.1	2.8	2.5	1.0
Earnings per share (in EUR)	1.76	0.18	1.83	2.88	3.76	2.38	2.31	1.72	1.74	1.78
Adjusted earnings per share (in EUR)	2.27	0.77	2.76	3.61	3.29	2.96	2.78	2.24	1.95	1.94
Dividend per share (in EUR)	0.75 ²	0.70	0.04	1.10	1.05	0.95	0.90	0.75	0.70	0.65
Dividend yield (in %)	2.2 ²	1.7	0.1	2.5	1.9	2.3	1.8	1.9	1.9	3.1
Distribution rate (in %)	33.0 ²	91.7	1.5	30.5	31.9	32.0	32.3	33.4	35.9	33.5
Price-earnings ratio	19.3 ³	232.5	20.8	15.0	14.9	17.0	22.1	23.0	20.7	11.8

Selected Indices SDAX, CDAX, Classic All Share, Prime All Share, MIDCAP MKT PR, STXE Total Market Small Index, STOXX All Europe Total Market, STOXX Europe Total Market Industrials Engineering, STOXX Europe Industrial Goods and Services, EURO STOXX Total Market Price

1_Until 2018 (including) MDAX score and since 2019 SDAX score due to the relegation to the SDAX in September 2019.

2_In accordance with the Management Board's proposal for the appropriation of profits, subject to approval by the Annual General Meeting on May 17, 2022.

3_Related to the unadjusted earnings per share. The price-earnings ratio related to the adjusted earnings per share is 14.9

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Supervisory Board Report

The Supervisory Board of NORMA Group SE monitored and advised on the activities of the Management Board in fiscal year 2021 in accordance with the legal regulations, the German Corporate Governance Code and NORMA Group SE's Articles of Association.

Supervisory Board Meetings in 2021

The Management Board begins each regular Supervisory Board meeting by reporting on the overall economic situation and sector-specific economic expectations. It reports on the current business performance of NORMA Group and explains the earnings situation based on key indicators and their development compared to the previous year and the budget.

The Management Board presents a detailed risk report at each regular meeting of the Supervisory Board and the Audit Committee. In this context, the risks affecting NORMA Group are assessed in each case at the level of the previous quarter with regard to their probability of occurrence and potential impact, taking into account countermeasures already initiated and any provisions. In 2021, the risk reports and risk management were adapted to the requirements of the amended IDW PS 340. This regular risk reporting provides the Supervisory Board and the Audit Committee with a clear picture of the possible risks that could have a negative impact on the company's assets, financial and earnings position.

Work-related accidents and measures implemented to improve occupational safety were also discussed at each Supervisory Board meeting, as were quality issues and aspects related to delivery reliability. Other topics discussed on an ongoing basis by the Supervisory Board and Management Board, in 2021 in particular, included the ongoing effects of the corona pandemic, the status of the 'Get on track' program, the introduction of ERP systems, and measures aimed at improving the development of earnings. The respective Chairmen reported to the Supervisory Board on the committee meetings. Following the meetings with the Management Board, the Supervisory Board held regular internal meetings at which the Management Board was not in attendance.

In 2021, the Supervisory Board held meetings on March 18, May 20, July 15, September 17, October 29 and November 26. Due to the corona pandemic, most of the meetings of the Supervisory Board and its committees were attended by all or several participants via videoconferencing.



Günter Hauptmann
Chairman of the Supervisory Board

The topics discussed at the meeting held on March 18, 2021, included the Consolidated and Separate Financial Statements for 2020 and the Non-financial Group Report, the forecast for fiscal year 2021, the proposal for the appropriation of net income, preparations for the 2021 Annual General Meeting and the EU taxonomy.

The meeting that took place on May 20, 2021, dealt in particular with the agenda for the 2021 Annual General Meeting, the sale of a building in the United States and the expansion of a site in China.

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At the closed meeting on July 15, 2021, the Supervisory Board dealt, among other matters, with NORMA Group's strategy, the personnel structure of the organization, financing topics and another new plant in China.

At its meeting held on September 17, 2021, the newly appointed Executive Vice President HR and Integrity introduced himself and presented the 'Human Resources Roadmap.' In addition, the Rules of Procedure for the Management Board were updated.

Focus of the meeting on October 29, 2021, was the development of the earnings situation, as well as measures to improve the company's operating performance and how to deal with sharply rising purchasing prices. These topics had already been discussed at the meeting held by the Audit Committee on September 24, 2021, that was attended by other members of the Supervisory Board as guests.

At the Supervisory Board meeting held on November 26, 2021, the topics discussed included budget for 2021 and medium-term planning up to 2026, a new NDS plant in the United States and M&A matters. The President of the APAC region also introduced himself at this meeting.

Outside of their meetings and conference calls, the Management Board reports to the Supervisory Board on a monthly basis on how the business is developing for NORMA Group SE and the Group and provided an outlook for the current fiscal year. In addition to these monthly reports and the Supervisory Board meetings, the Chairman of the Management Board and the Chairman of the Supervisory Board regularly exchanged views on important topics.

New Member of the Supervisory Board

The Supervisory Board of NORMA Group SE is normally comprised of six members. After the former Chairman of the Supervisory Board, Lars Berg, resigned from his position in 2020 and stepped down from the Supervisory Board, Miguel Ángel López Borrego was recruited to serve as a new member of the Supervisory Board. He was first appointed by the court and then elected to the Supervisory Board of NORMA Group SE at the Annual General Meeting on May 20, 2021. Mr. López has also been a member of the Audit Committee since April 1, 2021.

Attendance of Meetings, Training Activities, no Conflicts of Interest

All members of the Supervisory Board attended five of the six Supervisory Board meetings and conference calls in 2021. Mr. López was unable to attend one meeting because he had been appointed to the Supervisory Board by the court at short notice immediately beforehand and was therefore unable to change a scheduling conflict at short notice. The other members of the Supervisory Board attended all meetings.

The eight meetings of the Audit Committee in 2021 were attended by all of its members, Dr. Michelberger (Chairman), Mr. Wilhelms and, from April 2021 on, Mr. López.

The three meetings of the General and Nomination Committee in 2021 were attended by all of its members, Mr. Hauptmann (Chairman), Mrs. Schulte and Dr. Michelberger.

Similarly, all members of the Strategy Committee, Mrs. Forst (Chairwoman), Mr. Wilhelms and Mrs. Schulte, attended the three meetings of the Strategy Committee in 2021.

Educational and training measures in 2021 focused on the new regulatory conditions. In addition, members of the Supervisory Board attended seminars offered by auditing companies and law firms, among other events, on topics related to accounting and auditing, as well as sustainability issues and corporate governance. Most of these training measures took place virtually in 2021. In addition, extensive corporate law documents and current strategic information were made available on the occasion of Mr. López's inauguration.

There were no conflicts of interest between members of the Supervisory Board and the company in fiscal year 2021.

Main Activities of the Audit Committee in 2021

One of the main focuses of the Audit Committee's activities is the audit of the financial statements, including assessing the quality of the audit. The Audit Committee discussed the focus, procedure and results of the audit of the individual and Consolidated Financial Statements of NORMA Group SE with the auditors and prepared the resolutions of the Supervisory Board. In addition, the Audit Committee decided on certain permissible non-audit services to be provided by the

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auditors (PwC). The Audit Committee monitored the effectiveness of the internal control system, the risk management system and the internal auditing system as well as the compliance management system and approved the audit plan for internal auditing. Furthermore, the Audit Committee discussed the quarterly publications with the Management Board. In 2021, the Audit Committee also dealt in particular with the quality assurance system of the statutory audit and the quality of performance of the statutory audit, respectively, the amendments to IDW PS 340 (new version), financing issues, the budget and mid-term planning, foreign currency hedging, as well as the effects of the Act to Strengthen Financial Market Integrity (Gesetz zur Stärkung der Finanzmarktintegrität, FISG).

Besides Mrs. Stieve, who attended all Audit Committee meetings, senior executives from Accounting & Reporting, Treasury, Compliance, Internal Audit and Risk Management in particular also presented to the Audit Committee.

In addition to the Audit Committee meetings, regular face-to-face and telephone consultations took place between the Committee Chairman and Mrs. Stieve and the auditors (also without the presence of the Management Board); the content of the consultations included possible focal points for the audit of the Annual Financial Statements for 2021 and the main focuses for the work of the Audit Committee in 2022.

Main activities of the General and Nomination Committee

The General and Nomination Committee dealt in particular with the search for a new Supervisory Board member and the compensation of the Management Board and prepared the relevant resolutions of the Supervisory Board.

Main Activities of the Strategy Committee

The Strategy Committee dealt in particular with NORMA Group's long-term orientation towards the various end markets and megatrends. This committee also deals with the effects of climate change on NORMA Group's business as a key topic. The committee deals with the international expansion of the strategic business units Water Management, Industry Applications, and Mobility and New Energy in the regions. The structures and resources required for this were also discussed. In fiscal year 2021, the committee also dealt with NORMA Group's innovation process, the strategy process and the status of digitalization, among other topics.

Besides the Chairman of the Management Board, who attended all meetings, the managers responsible also took part in the Strategy Committee meetings on the respective topics.

Information on the Auditor

The 2021 Annual Financial Statements of NORMA Group SE presented by the Management Board along with the Management Report and the respective Consolidated Financial Statements and Group Management Report were audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC). The audit mandate for the 2021 financial statements was issued on November 26, 2021. In addition, as part of the audit, the auditor also had to assess whether the electronic reproductions of the financial statements and management reports ("ESEF documents") prepared by the Management Board for disclosure purposes comply in all material respects with the requirements of Section 328 (1) of the German Commercial Code (Handelsgesetzbuch, HGB).

The auditors Stefan Hartwig and Richard Gudd attended three Audit Committee meetings and one Supervisory Board meeting on the respective agenda items relating to the audit of the financial statements and explained the audit.

Adoption of the 2021 Annual Financial Statements and the Separate Non-Financial Statement for the Group

The Consolidated Financial Statements of NORMA Group SE were prepared in accordance with Section 315e HGB on the basis of the International Financial Reporting Standards (IFRS) as applicable in the EU. The auditor issued unqualified audit opinions for the 2021 Annual Financial Statements, including the Management Report, the Consolidated Financial Statements and the Group Management Report of NORMA Group SE. Furthermore, the remuneration report was audited by the auditor without objections. The remuneration report is part of the management report. The documents relating to the financial statements and the Management Board's proposal for the appropriation of profits, as well as the two auditors reports, were submitted to the Supervisory Board. The Audit Committee and the Supervisory Board as a whole examined the reports in detail and discussed and scrutinized them at length in the presence and with the participation of the auditor. The Supervisory Board concurred with the results of the audit by the auditor. No objections were raised.

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The Supervisory Board then approved the 2021 Annual Financial Statements of NORMA Group SE and the 2021 Consolidated Financial Statements, together with their respective Management Reports at its meeting on March 17, 2022. The Supervisory Board approved the proposal on the appropriation of profits by the Management Board. NORMA Group SE's Annual Financial Statements are thereby adopted in accordance with Section 172 of the German Stock Corporation Act (Aktiengesetz, AktG).

The Audit Committee and the Supervisory Board also dealt with the separate Non-financial Group Report for NORMA Group prepared by the Management Board as of December 31, 2021. PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft conducted a limited assurance audit and issued an unqualified audit opinion. The Management Board explained the documents in detail at its meetings, while representatives of the auditor reported on the main findings of their audit and answered further questions from the members of the Supervisory Board. The Supervisory Board had no objections after reviewing these results.

Declaration of Conformity with the German Corporate Governance Code

The Supervisory Board and Management Board dealt with the requirements of the German Corporate Governance Code. The current Corporate Governance Declaration made by NORMA Group SE dated December 17, 2021, as well as the declarations from past years are available on the company's website at www.normagroup.com.

The Supervisory Board would like to thank the Management Board and all employees of NORMA Group all over the world for their personal commitment and successful work in this challenging past fiscal year. The Supervisory Board is confident that NORMA Group will develop positively in fiscal year 2022 and wishes the Management Board and employees every success in achieving their goals.

Günter Hauptmann
Chairman of the Supervisory Board

Corporate Governance Report and Declaration on Corporate Governance

The following is the Management Board's and Supervisory Board's report on the regulations of the German Corporate Governance Code. The management of NORMA Group is dedicated to achieving sustained economic success while complying with the company's social responsibility. Transparency, responsibility and sustainability are the principles that determine its actions.

Declaration of Conformity with the German Corporate Governance Code

The Supervisory Board and Management Board of NORMA Group SE have examined in detail which recommendations and suggestions of the German Corporate Governance Code NORMA Group SE should follow and explain which recommendations are deviated from and which reasons were decisive for this. The current Declaration of Conformity dated December 17, 2021, and all other previous Declarations of Conformity are published in the Investor Relations section of NORMA Group's website. www.normagroup.com

The declaration of December 17, 2021, reads as follows:

With the following exceptions, NORMA Group SE ("the Company") has complied since its last declaration was submitted, and will continue to comply, with the recommendations of the German Corporate Governance Code in the version of December 16, 2019, published on March 20, 2020, by the Federal Ministry of Justice in the official section of the Federal Gazette ('Bundesanzeiger'):

1. Change of control (G.13 1st sentence)

The service contracts of two members of the Management Board provide for a special right of termination in the event of a change of control. If these service contracts end as a consequence of such special termination right, the company shall pay severance at the termination date amounting to one and a half times the severance cap, but not more than the value of the remuneration for the remaining term of the service contract. This is a transitional arrangement. This special right of termination is no longer included in the service contract with the new member of the Management Board.

2. Remuneration of the Chair of the General and Nomination Committee (G.17)

Until the resolution passed at the annual general meeting dated May 20, 2021, the chairman of the general and nomination committee who is also chairman of the Supervisory Board did not receive any additional remuneration for being the chairman of this committee. Since May 21, 2021, the remuneration for Supervisory Board membership also takes account of the larger time commitment for the chair of the general and nomination committee so that there is now no longer any deviation from recommendation G.17

No recommendation of the German Corporate Governance Code was not applicable due to overriding statutory provisions.

Published documents on remuneration and auditor's opinion

The Remuneration Report for the last fiscal year, the auditor's opinion, the applicable remuneration system and the last resolution on remuneration are publicly available on the company's website. www.normagroup.com

Information on Corporate Governance practices

In addition to the statutory regulations on Corporate Governance practices, further internal regulations can be found in the Articles of Association of NORMA Group SE, the Rules of Procedure of the Supervisory Board and the Management Board www.normagroup.com Further rules of conduct result from the compliance guidelines presented below www.normagroup.com

Compliance

NORMA Group SE's compliance organization seeks to prevent violations of laws and other rules, in particular through preventive measures. Nevertheless, if there is evidence of violations, these matters are investigated promptly and thoroughly and the necessary consequences are taken. Findings are used to take steps to reduce the risk of future violations. Concrete steps are defined, implemented and tracked annually in a "Compliance Action Plan."

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Group-wide compliance activities are managed by the Chief Compliance Officer of NORMA Group SE, who reports to the Chairman of the Management Board. In addition to the Compliance Department in place at Group level, there are Compliance Delegates at the regional and individual company levels. The three regional Compliance Delegates for the EMEA, Americas and Asia-Pacific regions report to the Compliance department at NORMA Group. In addition, each operating Group company has its own local Compliance Delegate, who reports to the respective Regional Compliance Delegate. The Supervisory Board monitors compliance with the compliance rules vis-à-vis the Management Board.

The compliance organization conducts regular risk analyses together with the respective units, functions and departments in order to determine and monitor the risk profile of countries, Group companies and functions. Among other measures, an assessment system is used that takes both internal and external factors into account (Transparency International's Corruption Perception Index, for example). Based on the global and local risk analyses, the compliance organization identifies the respective need to take action and initiates the appropriate measures.

Employee training courses are held regularly on selected risk areas and important current topics or developments. In addition to training on specific focus topics, all employees worldwide are trained on the basic compliance rules and important content of the compliance policies. Participation in these training courses is monitored. Among the training courses of basic importance, which must be completed as basic training by all NORMA Group employees with a PC workstation, are the online training courses "Code of Conduct & Compliance Basics" and "Anti-Corruption." Depending on their job profile, employees are also required to take part in specific focus training courses (including "Antitrust and Competition Law"). In the past fiscal year, Compliance Safety Cards were developed for employees without a PC workstation, particularly those in the area of production. In the future, these will be made available in all relevant languages and will clearly communicate relevant compliance topics. The compliance organization also offers face-to-face training on an ad hoc basis. Employees also receive relevant, up-to-date compliance information regularly and on an ad hoc basis via various information channels, for example the intranet, brochures, e-mails and notices.

The → [COMPLIANCE GUIDELINES](#) of NORMA Group are an important means of communicating to employees NORMA Group's understanding of compliance and demonstrating their ethical and legal obligations. All compliance documents are reviewed regularly and, if necessary, adapted to new legal or social requirements

and thus always kept up to date. The compliance guidelines also include requirements in the area of → [HUMAN RIGHTS](#) (including forced and child labor, freedom of association and anti-discrimination).

Suppliers are subject to their own code of conduct ("Supplier Code of Conduct"), which was also fundamentally updated and published. The Supplier Code of Conduct is intended to help ensure that laws and ethical rules are also observed within NORMA Group's supply chain. The compliance guidelines are reviewed regularly to determine whether any changes are necessary and updated accordingly.

NORMA Group encourages its employees to report violations of regulations and internal guidelines, if necessary also across hierarchy levels. In addition to personally approaching superiors, the HR department or the Compliance Delegates, an Internet-based whistleblower system is available for this purpose ([INTRODUCTION OF BKMS-SYSTEM.NET](#)). This whistleblower system allows internal and external whistleblowers to report suspicious cases to NORMA Group's compliance organization and, if necessary, to maintain their anonymity. In cases where the electronic whistleblower system cannot be easily used by employees for technical or organizational reasons (for example, lack of PC access by employees in production), NORMA Group offers other suitable reporting channels, such as information boxes at production sites. In addition, any member of NORMA Group's compliance organization can be contacted at any time regarding all questions and issues related to compliance.

Both the suitability and the adequacy of the reporting system are reviewed regularly – with regard to the requirements of the "Directive (EU) 2019 / 1937 of the European Parliament and of the Council of October 23, 2019, on the protection of persons who report infringements of Union law" (the so-called "Whistleblower Protection Directive"), for example. The system is adapted if necessary. In view of the fact that in many cases the Whistleblower Protection Directive has not yet been transposed into the national law of the EU Member States, further developments are monitored closely and any adjustments necessary are made.

In the past fiscal year, preparations were also made to further enhance the usability and user-friendliness of the electronic whistleblowing system; these changes are expected to be implemented in 2022. In addition to the expansion of the electronic whistleblowing system implemented last year to include a system-integrated case processing and documentation module, further compliance processes are to be gradually mapped in the system in the future. A comprehensive training concept was developed in the past fiscal year for the mapping of compliance-defined, mandatory approval processes in a workflow-supported IT system.

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The members of the compliance organization investigate any indications of compliance violations. If violations of compliance rules are discovered or if weaknesses in the organization are identified, the management initiates the necessary and appropriate measures in consultation with the compliance organization in a timely manner. These measures range, depending on the specific individual case, for example, from targeted training measures to changes in organizational procedures to disciplinary measures including termination of employment.

Corporate Responsibility and Responsibility for ESG

Corporate responsibility strategy and specific targets are explained in particular in the Non-financial Group Report. In the course of the growing importance of Corporate Responsibility and ESG topics, the Supervisory Board, Management Board and employees are paying more attention than ever to the resulting aspects. For example, NORMA Group is focusing on water management and the transformation to more environmentally friendly drive systems.

CFO Annette Stieve has been responsible for corporate responsibility and ESG on the Executive Board since January 2022. The Strategy Committee in particular regularly deals with the effects of climate change.

Description of the working methods of the Management Board and Supervisory Board as well as the composition and working methods of their committees

NORMA Group SE follows the dual management system. The Management and Supervisory Boards are separate bodies that have different functions and powers. The Management Board manages the company under its own responsibility. The Supervisory Board appoints, advises, monitors and dismisses members of the Management Board.

The Management Board provides the Supervisory Board with regular updates about its business policies, how business is developing, the position of the company and any transactions that could have a significant impact on profitability or liquidity. The Management Board reports the key figures of the Group and the current course of business to the Supervisory Board on a monthly basis, in particular with regard to the published guidance on the expected development of the company. Based on the written documents that were submitted to the Supervisory Board in

advance, the members of the Management Board report in great detail on business developments and provide an outlook on the expected future development of NORMA Group at the Supervisory Board meetings. Other recurring topics at all meetings include the monthly and quarterly figures, risk analysis and measures aimed at minimizing any risks that were identified, reports by the respective committee Chairpersons on the previous meetings held and strategic projects. All Management Board members participate in the Supervisory Board meetings. The Supervisory Board convenes separately before or after meeting with the Management Board.

The Chairmen of the Supervisory Board and the Management Board coordinate the collaboration of the two boards. They also remain in regular contact between Supervisory Board meetings and discuss current Corporate Governance issues. The Chairman of the Audit Committee and the CFO also consult with each other.

In accordance with the legal requirements, the bylaws of the Management Board and NORMA Group SE's Articles of Association, the Supervisory Board must approve certain important transactions before they can be executed by the Management Board and the company's employees. This applies not only for measures at NORMA Group SE, but also for measures at its subsidiaries. In order to ensure that the Management Board is promptly informed of corresponding matters involving subsidiaries so that it can request the approval of the Supervisory Board, a hierarchical system of approval requirements organized by functional areas, levels of responsibility and countries applies worldwide at NORMA Group.

Management Board and regional management

The Management Board of NORMA Group SE comprises three members: Dr. Michael Schneider (Chairman of the Management Board, CEO), Dr. Friedrich Klein (Chief Operating Officer) and Annette Stieve (Chief Financial Officer). The resumes of the three Board members are posted on the company's website.

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Responsibilities of the Management Board

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Member of the Management Board	Responsibilities 2021	Responsibilities 2022
<p>Dr. Michael Schneider Chief Executive Officer (CEO) since November 14, 2019 and Member of the Management Board since July 1, 2015</p> <p>Born in 1963 Nationality: German Last appointed: 2018 Appointed until: June 30, 2023 Term of current contract: June 30, 2023</p>	<p>Group Development Group Communications Regional Organization Sales Marketing Human Resources & Integrity Legal and M&A Corporate Responsibility and ESG (Environment, Social, Governance) Risk Management & Internal Auditing</p>	<p>Group Development Group Communications Regional Organization Sales Marketing Human Resources & Integrity Legal and M&A Product Development Research and Development Divisional Organization</p>
<p>Dr. Friedrich Klein Member of the Management Board (COO) since October 1, 2018</p> <p>Born in 1962 Nationality: German Last appointed: 2021 Term of current contract: September 30, 2024</p>	<p>Production Purchasing Supply Chain Management Operational Global Excellence Information & Communication Technology (ICT) Quality Assurance Environment, Health and Safety (EHS) Product Development Research and Development Divisional Organization</p>	<p>Production Purchasing Supply Chain Management Operational Global Excellence Information & Communication Technology (ICT) Quality Assurance Environment, Health and Safety (EHS) Product Management</p>
<p>Annette Stieve Member of the Management Board (CFO) since October 1, 2020</p> <p>Born in 1964 Nationality: German Last appointed: 2020 Term of current contract: September 30, 2023</p>	<p>Finance & Reporting Controlling Treasury & Insurances Investor Relations</p>	<p>Finance & Reporting Controlling Treasury & Insurances Investor Relations Corporate Responsibility and ESG (Environment, Social, Governance) Risk Management & Internal Auditing</p>

Resolutions of the Management Board are usually passed by simple majority. The Chairman has the deciding vote if the vote is tied. However, the members of the Management Board are required to make an effort to reach unanimous decisions. If a member of the Management Board cannot participate in a vote, their vote will be obtained at a later date. The entire Management Board is responsible for matters of particular importance. In accordance with the Management Board bylaws, these include the following areas: producing the Management Board reports for the purpose of informing the Supervisory Board and the quarterly and half-yearly reports, fundamental organizational measures, including the acquisition or disposal of significant parts of companies and strategic and business planning

issues, measures related to the implementation and supervision of a monitoring system pursuant to Section 91 (2) of the German Stock Corporation Act, issuing the Declaration of Conformity pursuant to Section 161 (1) of the German Stock Corporation Act, preparing the Consolidated and Annual Financial Statements and similar reports, convening the Annual General Meeting and inquiries and recommendations by the Management Board that are to be handled and resolved by the Annual General Meeting. In addition, every Management Board member may request that a specific issue be dealt with by the entire Management Board.

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Management Board meetings are usually held at least once a month. The Management Board has not formed any committees.

Every Management Board member is obliged to inform the Supervisory Board immediately, as well as the other members of the Management Board, of any conflicts of interest. No such conflicts of interest arose for a Board member in 2021.

The Supervisory Board must approve any transactions between NORMA Group companies on the one hand and a member of the Management Board, related parties or businesses on the other hand. No such transactions took place in 2021.

The Supervisory Board must also approve any secondary activities by a member of the Management Board. Details concerning ancillary activities can be found on the company's website. The remuneration of the Management Board is presented in the → [REMUNERATION REPORT](#).

As part of its long-term succession planning, the Supervisory Board has developed candidate profiles for all three positions on the Management Board together with external consultants since 2018 on the occasion of the search for the new members and the permanent appointment of the Chairman of the Management Board. It updates these profiles on a regular basis. The Supervisory Board's Rules of Procedure also stipulate that the Supervisory Board shall take diversity into account in the composition of the Management Board.

The Management Board conducts annual talent reviews in the regions and at Group level, during which measures for the development of managers are defined, and reports to the Supervisory Board on the results of these analyses and possible candidates for succession to the Management Board.

The age limit for members of the Management Board has been set at 65 in the Rules of Procedure for the Supervisory Board. No member of the Management Board currently reaches this age limit or will do so during the term of their current contract www.normagroup.com.

Local Presidents in the three regions of EMEA, the Americas and Asia-Pacific are responsible for managing the business on a day-to-day basis. Usually, the entire Management Board meets at least once a year with the Presidents and their managers at the regional headquarters – Singapore for the Asia-Pacific region, Auburn Hills, Michigan, for the Americas region and Maintal for the EMEA region. In 2021, some of these meetings were held virtually due to travel restrictions as a result of the corona pandemic. Furthermore, regular meetings of individual members of the

Management Board are usually held on site with their respective functional teams. In the past fiscal year, however, these meetings also took place mainly virtually due to the corona pandemic.

The managers at NORMA Group SE work in a matrix structure in which they have both a disciplinary as well as a technical superior.

Information on the internal control system can be found in the → [RISK AND OPPORTUNITY REPORT](#).

Supervisory Board: members, election, independence and length of Supervisory Board membership

The Supervisory Board of NORMA Group SE consisted of the following members at the end of 2021:

- Günter Hauptmann (Chairman of the Supervisory Board)
- Erika Schulte (Vice Chairwoman of the Supervisory Board)
- Rita Forst
- Miguel Ángel López Borrego (since March 2021)
- Dr. Knut J. Michelberger
- Mark Wilhelms

NORMA Group SE is not a codetermined company; therefore, worker representatives are not represented on its Supervisory Board. All members of the Supervisory Board were elected by the Annual General Meeting and are therefore shareholder representatives. The Supervisory Board temporarily had fewer than the required six members after former Supervisory Board Chairman Lars Berg stepped down from the Supervisory Board at his own request in 2020. Miguel Ángel López Borrego was recruited to fill the vacant position. He was first appointed by the court and then elected to the Supervisory Board of NORMA Group SE at the 2021 Annual General Meeting.

The Chairman of the Supervisory Board represents the Supervisory Board externally. He organizes the work of the Supervisory Board and chairs its meetings. Resolutions of the Supervisory Board may be adopted by simple majority, with the Chairman having the decisive vote in the event of a tied vote.

The objectives for the composition of the Supervisory Board include that all members are independent, no member works for a competitor of NORMA Group, no member who is a member of the management board of a listed company holds

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more than two supervisory board mandates at listed companies, no member of the Supervisory Board has material conflicts of interest and each member complies with a standard limit of 15 years for the term of office. The age limit for Supervisory Board members is 75. In addition, the Supervisory Board shall pay attention to international activity and diversity when making proposals for the election of new members.

These objectives were all achieved in fiscal year 2021. Miguel López is a Spanish citizen. The other members of the Supervisory Board are German citizens. All members of the Supervisory Board of NORMA Group SE have been on the Supervisory Board for less than twelve years: Günter Hauptmann and Dr. Knut Michelberger since 2011, Erika Schulte since 2013, Rita Forst and Mark Wilhelms since 2018 and Miguel López since 2021. All members of the Supervisory Board are also under 75 years of age.

All members of the Supervisory Board, i.e. including the Chairman of the Supervisory Board, who is also the Chairman of the General and Nomination Committee, and the Chairman of the Audit Committee, are independent of the company and the Management Board within the meaning of the German Corporate Governance Code. No member of the Supervisory Board and no close family member was previously a member of the Management Board of NORMA Group SE or a member of the management of one of its predecessor companies, maintains or maintained in the year up to their appointment, directly or indirectly as a shareholder or in a responsible function of a company outside the Group, a material business relationship with NORMA Group SE or a company dependent on it, or is a close family member of a member of the Management Board.

NORMA Group SE does not have a controlling shareholder, therefore there are no dependencies in this regard either. The Chairman of the Audit Committee is accordingly independent of a controlling shareholder.

The competence profile for the Supervisory Board as a whole is fulfilled by the current members as a whole. For example, some members have special knowledge of the industry and the markets, in particular the automotive industry, and of NORMA Group's business model. The members have experience as executives or

members of supervisory boards as well as international experience. Of the members of the Supervisory Board, Dr. Knut Michelberger, Miguel López and Mark Wilhelms in particular have expertise as financial experts in the fields of accounting, auditing and in controlling. Other areas in which members of the Supervisory Board have particular expertise include risk management, internal control system and compliance, capital market law matters, and knowledge of IT systems, including ERP systems. The members of the Supervisory Board also have sufficient time available to perform their duties.

The professions and other mandates on supervisory boards or comparable supervisory bodies of the members of the Supervisory Board of NORMA Group SE exercised in fiscal year 2021 are shown in the following → [TABLE T006: "OTHER MANDATES OF MEMBERS OF THE SUPERVISORY BOARD"](#).

No Supervisory Board member who is not a member of the management board of a listed company has more than five supervisory board mandates at non-Group listed companies or comparable functions. Rita Forst do hold seats on the boards of five other companies. Dr. Knut Michelberger holds mandates in four other companies, including a chairmanship of the advisory board. In the case of Mrs. Forst, however, one of these companies is not listed, while in the case of Dr. Michelberger all of these companies are not listed. In each case, these are advisory board mandates that are not comparable to the duties and responsibilities of a supervisory board of a listed company. No member of the Supervisory Board who is a member of the management board of a listed company holds more than two supervisory board mandates or performs comparable functions.

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Other mandates of the Supervisory Board members

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Supervisory Board member, exercised profession

Other mandates on Supervisory Boards and comparable committees

Günter Hauptmann (Chairman), Consultant
Member since 2011

Member of the Advisory Board of Moon TopCo GmbH, Poing, Germany (not listed on the stock exchange, in liquidation)

Erika Schulte (Vice Chairwoman),
Managing Director of Hanau Wirtschaftsförderung GmbH
Member since 2013

No further mandates on Supervisory Boards or comparable committees

Rita Forst Consultant
Member since 2018

Member of the Board of Directors of AerCap Holdings N.V., Dublin, Ireland (listed on the stock exchange)
Member of the Board of Directors of Westport Fuel Systems Inc., Vancouver, Canada (listed on the stock exchange)
Member of the Supervisory Board of ElringKlinger AG, Dettingen an der Erms, Germany (listed on the stock exchange)
Member of the Supervisory Board (Non-Executive Director) of Johnson Matthey PLC, London, United Kingdom (listed on the stock exchange, since October 2021)
Member of the Advisory Board of iwis SE & Co. KG (formerly Joh. Winklhofer Beteiligungs GmbH & Co. KG), Munich, Germany (not listed)

Miguel Ángel López Borrego Chairman of the Board of Directors of Siemens Gamesa Renewable Energy S.A., Zamudio, Spain, and President and CEO of Siemens S.A., Spain, and of Siemens' Spanish operations
Member since 2021

No further mandates on Supervisory Boards or comparable committees

Dr. Knut J. Michelberger Consultant
Member since 2011

Member of the Supervisory Board of Weener Plastics Group, Ede, The Netherlands (not listed on the stock exchange)
Member of the Advisory Board (Deputy Chairman) of Racing TopCo GmbH, Troisdorf, Germany (not listed on the stock exchange)
Member of the Advisory Board of Moon TopCo GmbH, Poing, Germany (not listed on the stock exchange, in liquidation)
Chairman of the Advisory Board of Axxence TopCo GmbH (Accence Aromatics), Emmerich, Germany (not listed on the stock exchange, since July 2021)

Mark Wilhelms Chief Financial Officer of Stabilus S.A.
Member since 2018

Member of the Supervisory Board of Novem Group SA, Luxembourg / Vorbach, Germany (since July 2021, listed on the stock exchange)

There are no consulting or other service or work contracts between the companies of NORMA Group and any member of the Supervisory Board.

The Supervisory Board evaluates its work annually as part of a self-assessment. The last such evaluation took place in November 2021. This review was carried out in a joint discussion on the basis of a questionnaire and without the involvement of any other external advisors.

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All members of the Supervisory Board are required to declare any conflicts of interest. Material and not merely temporary conflicts of interest in the person of a Supervisory Board member shall lead to termination of the mandate. There were no conflicts of interest on the Supervisory Board in 2021.

Transactions between companies of NORMA Group on the one hand and a member of the Supervisory Board or persons or companies related to him on the other hand must be approved by the Supervisory Board in advance. No such transactions were concluded in 2021.

Six meetings of the Supervisory Board were held in fiscal year 2021. All members of the Supervisory Board took part in five meetings. Only one conference call could not be attended by Miguel López because it took place immediately after he had been appointed by the court. Details of the meetings can be found in the → [SUPERVISORY BOARD REPORT](#).

Supervisory Board committees: responsibilities, membership and meetings

The Supervisory Board has three committees: the Audit Committee, the General and Nomination Committee and the Strategy Committee.

The Audit Committee deals in particular with monitoring the accounting process and the effectiveness of the internal control and risk management systems as well as the audit of the Annual Financial Statements, in particular through the independence of the auditor, the additional services rendered by the auditor, engaging the auditor, determining areas of audit emphasis and agreeing to the auditor’s fees. The Audit Committee accompanies the collaboration between NORMA Group SE and the auditors and ensures that opportunities for improvement identified during the audit are implemented promptly. It is responsible for preparing the accounting documents and adopting the Supervisory Board’s resolution on the Consolidated and Separate Financial Statements. Moreover, it is responsible for compliance and reviews the adherence to statutory provisions and the internal guidelines.

Dr. Knut Michelberger is the Chairman of the Audit Committee. Its other members are Mark Wilhelms and, since 2021, Miguel López. Dr. Knut Michelberger, Miguel López and Mark Wilhelms are independent financial experts within the meaning of Section 100 para. 5 of the German Stock Corporation Act (AktG). Due in particular to their many years of experience as a Chief Financial Officer and Managing Director, they have special knowledge and experience in the application of accounting principles and internal control procedures within the meaning of the FISG.

Eight meetings of the Audit Committee were held in fiscal year 2021. All Audit Committee members took part in the meetings.

The General and Nomination Committee prepares personnel-related decisions for the Supervisory Board with regard to the composition of the Management Board and the Supervisory Board. This committee has the following specific responsibilities: preparing Supervisory Board resolutions regarding the formation, amendment and termination of contracts with members of the Management Board in accordance with the remuneration system approved by the Supervisory Board, preparing Supervisory Board resolutions regarding legal applications to reduce the remuneration of a Management Board member pursuant to Section 87 (2) AktG, preparing Supervisory Board resolutions regarding the structure of the remuneration system for the Management Board, acting as representatives of the company to Management Board members who have left the company pursuant to Section 112 AktG, approving secondary employment and external activities for Management Board members pursuant to Section 88 AktG, granting loans to the persons specified in Section 89 AktG (loans to members of the Management Board) and Section 115 AktG (loans to members of the Supervisory Board), approving contracts with members of the Supervisory Board pursuant to Section 114 AktG and proposing suitable candidates to the Annual General Meeting when there is a vote on Supervisory Board members.

The General and Nomination Committee is comprised of the Chairman of the Supervisory Board, Günter Hauptmann (Chairman), Dr. Knut Michelberger and Erika Schulte. The committee held three meetings in 2021, and all members participated in them.

Rita Forst is Chairwoman of the Strategy Committee, other members are Erika Schulte and Mark Wilhelms. This committee held three meetings in 2021, each of which was attended by all members.

Further information on the work of the committees in the fiscal year can be found in the → [SUPERVISORY BOARD REPORT](#).

Shareholders and Annual General Meeting

The shareholders exercise their co-administration and control rights at the Annual General Meeting. The Annual General Meeting resolves among other topics on how earnings are to be distributed, the discharge of the Management Board and Supervisory Board, the election of the auditor, but also on amendments to the Articles of Association and elects the members of the Supervisory Board.

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NORMA Group SE's shares are registered shares. Each share entitles the bearer to one vote. There are no special voting rights. Shareholders entered in the share register have the right to attend the Annual General Meeting and to speak there on the relevant agenda items and request information on company matters. Among other rights, they are also entitled to submit motions on the resolutions proposed by the management and to contest resolutions of the Annual General Meeting. Details on participation in the Annual General Meeting and possibilities to exercise voting rights, as well as other shareholder rights are explained in the respective invitation to the Annual General Meeting and accompanying documents. NORMA Group SE publishes the convocation and all documents made available to the Annual General Meeting on its website in due time. Following the General Meeting, information on the number of participants and voting results is also made available there.

As in 2020, the 2021 Annual General Meeting was held as a virtual meeting without shareholders actually physically present due to the restrictions on meetings as a result of the corona pandemic.

Shareholdings of the Management and Supervisory Boards

Of the total of 31,862,400 shares in NORMA Group SE, the current members of the Management Board and Supervisory Board together held 0.09% of the shares on December 31, 2021.

Directors' Dealings

Members of the Management Board and the Supervisory Board and related parties are obliged to disclose Directors' Dealings in NORMA Group SE shares if the value of these transactions reaches or exceeds EUR 20,000 within one calendar year. NORMA Group SE was notified of the following transactions by way of Directors' Dealings announcements in 2021:

The main features of the remuneration of the Management Board are presented in the [→ REMUNERATION REPORT](#), which is part of the Management Report.

Security-like incentive systems

A long-term incentive program (LTI) is in place for Group executives below the Management Board level that allows the individuals involved to participate in NORMA Group's success in the medium term.

Targets for the share of women

The target figure for the share of women on the Supervisory Board is two female members. The target is one-third for the Management Board. The target figure is a 25% share of women for the top management level of NORMA Group SE. The

Directors' Dealings

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Buyer / Seller	Type of financial instrument	Type of transaction	Date of transaction	Place of transaction	Average price per share	Total value
Dr. Michael Schneider, CEO	Share (DE000A1H8BV3)	Purchase	May 12, 2021	Xetra	EUR 44.64	EUR 101,556.00
Dr. Friedrich Klein, COO	Share (DE000A1H8BV3)	Purchase	May 12, 2021	Xetra	EUR 44.64	EUR 99,547.20
Annette Stieve, CFO	Share (DE000A1H8BV3)	Purchase	May 12, 2021	Xetra	EUR 44.60	EUR 50,531.80

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aforementioned targets for the Supervisory Board and senior management are each expected to apply until June 30, 2022. The target figure for the Management Board applies until October 31, 2025. Two positions at the second management level were created for the first time in 2021 and a target of at least 25% was set by November 30, 2026.

These targets were all either achieved or exceeded in fiscal year 2021. With two female members out of six members, the target figure for the Supervisory Board was achieved in 2021. One woman out of a total of three members is on the Management Board; therefore, this target figure has also been achieved. At NORMA Group SE, the first management level comprises all persons who are Executive Vice Presidents or Vice Presidents, report directly to the Management Board, assume management responsibilities and bear personnel responsibility. One in four managers at this first level is a woman, so that the target of 25% for the first management level was still achieved. The second management level of NORMA Group SE consists of persons who are Directors, report directly to a member of the Management Board or a member of the first management level, in turn perform management duties and have personnel responsibility. The new positions created at NORMA Group SE in fiscal year 2021 were each filled by one woman and one man, so that the target figure was exceeded.

Diversity concept

To date, no explicit diversity concept within the meaning of Section 289f (2) No. 6 HGB has been prepared for the Supervisory Board and the Management Board of NORMA Group SE. The Rules of Procedure of the Supervisory Board already stipulate that certain aspects, which the law mentions as examples for a diversity concept, are to be taken into account when proposing candidates for elections to the Supervisory Board and appointments to Management Board positions. Diversity is to be taken into account in both the composition of the Management Board and in nominations for the election of Supervisory Board members. Additional requirements for the Supervisory Board with regard to diversity already result from the objectives outlined above for the composition of the Supervisory Board and the Rules of Procedure.

Information on the auditor and internal rotation

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), Frankfurt/Main, audited the Annual Financial Statements of NORMA Group SE and its predecessor companies as well as the Consolidated Financial Statements for fiscal years 2010 to 2021. Furthermore, PwC retroactively audited the years 2009 and 2010 for the prospectus as part of the IPO in 2011.

As part of the audit of the financial statements, Stefan Hartwig acted as the auditor signing on the left and Richard Gudd as the auditor signing on the right in fiscal year 2021. Following an internal rotation within PwC, Mr. Hartwig held the office of auditor-in-charge for the third consecutive year, and Mr. Gudd held the office of auditor-signatory on the right for the fifth year.

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Corporate Responsibility Strategy

NORMA Group's Approach to Corporate Responsibility

For NORMA Group, corporate responsibility (CR) means reconciling the impact of its business with the needs of society. This is done by ensuring that the management and employees follow legal requirements and integrate social and ecological aspects into the Company's strategy and processes. NORMA Group's products can already make a valuable contribution to a more sustainable society by helping to reduce the negative effects of global challenges such as resource scarcity and climate change.

NORMA Group has systematically been implementing the concept of CR since 2012. The goal is to act in a responsible, sustainable and lawful manner in all areas of the Company. To ensure that NORMA Group as a whole remains oriented toward this goal, CR has been integrated as a core element of the corporate strategy. → [STRATEGY AND GOALS](#) The Group-wide → [CR POLICY](#) defines the basic understanding of responsibility as a company. It was revised in 2020 and covers three key areas of action: "Environment," "Social" and "Governance." The policy describes the strategic approach with the aim of coordinating NORMA Group's responsibility in a structured way and further developing it in a targeted manner. In its CR Policy, NORMA Group also reaffirms its commitment to the UN Global Compact, the United Nations' Sustainable Development Goals and ILO Fundamental Principles and Rights at Work.

Management of CR

In order to strategically align and further develop the CR measures, NORMA Group set up the CR Roadmap, which includes specific objectives for each area of action. → [CR TARGETS AND SUSTAINABLE DEVELOPMENT GOALS](#) For all material topics, the relevant departments propose targets, which are reviewed and approved by the Executive Board. → [GRAPHIC G007: 'MATERIALITY MATRIX'](#) Subsequently, these targets are cascaded to the regional and local organizations of NORMA Group. The departments are responsible for backing up these CR targets with measures and developing guidelines as well as management approaches. This way, the CR topics can be addressed reliably and standardized internationally. The Group-wide approaches are complemented by nationally adapted, decentralized measures. To what extent CR topics are managed and implemented Group-wide or decentralized depends on how the respective CR objectives can be achieved as effectively as possible.

The Chief Executive Officer of NORMA Group was responsible for Corporate Responsibility and ESG (Environment, Social, Governance) in 2021. This responsibility has been assumed by the Chief Financial Officer of NORMA Group since January 2022. This also includes the cross-departmental and cross-location coordination of CR topics in the areas of purchasing, quality, human resources, legal and compliance, among others. The CR areas of environment, occupational health and safety (EHS) are the responsibility of and coordinated by the Chief Operating Officer. → [CORPORATE GOVERNANCE REPORT](#) The implementation of the coordination in the CR area is carried out by the Investor Relations, Communications and Corporate Responsibility department.

Stakeholders & Materiality

Close exchange with stakeholders

NORMA Group sees itself as a transparent and open company. The Company specifically and proactively seeks exchange with its internal and external stakeholders. This enables the Company to effectively implement the continuous improvement process, which is applied throughout the Group, for CR issues as well. NORMA Groups' most important stakeholders include its employees, customers, shareholders and financial market players, as well as suppliers and representatives from science, the media, politics and non-profit organizations. The Company considers it part of its responsible corporate governance to incorporate the interests of stakeholders and the impact of its own business activities on stakeholders into its key decisions. Particularly in the strategic direction of the Company, NORMA Group values an open and appreciative approach to stakeholder expectations.

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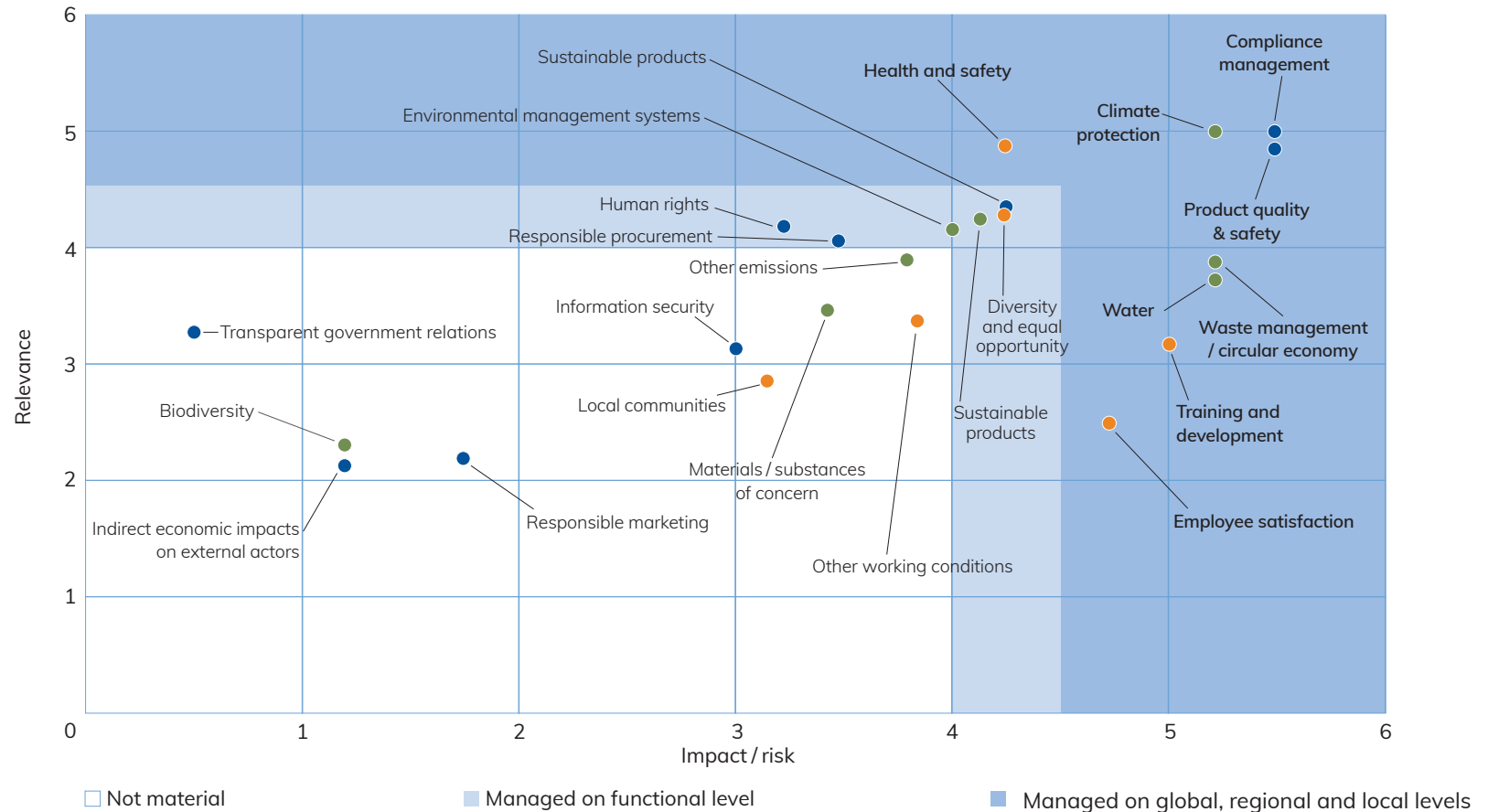
Materiality analysis defines scope of CR activities

In 2020, NORMA Group updated its materiality analysis, in which it defines the most important social, environmental and economic sustainability issues. The methodology was based on the standards of the Global Reporting Initiative (GRI). First, a comprehensive list of CR sub-topics was put together, based on requests from external stakeholder groups and on the GRI standards and the requirements of the German Commercial Code (HGB). The individual sub-topics were aggregated, and a total of 23 topics were defined, which were divided into the three areas of action “Environment,” “Social” and “Governance.”

For each of the 23 defined sustainability topics, NORMA Group evaluated the relevance and impact. The relevance assessment was based on a survey of NORMA Group employees and the weighting of external customer and financial market ratings as well as an analysis of the assessment by media and existing and future legislation (relevance axis). The impact analysis assessed both the extent to which NORMA Group's business activities influence the various topics and what risks could arise for the Group from these topics (impact risk axis). The latter was based on what are known as gross risks, i.e. those risks with which the NORMA Group is confronted if no suitable countermeasures are implemented. The assessment was deducted on a scale of 1 (irrelevant/ no impact) to 6 (very

Materiality matrix

G007



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relevant/major impact) and then prioritized (→ [GRAPHIC G007: 'MATERIALITY MATRIX'](#)). This was divided into topics that are managed regionally and locally with measurable targets (right outer area), topics that are managed at the functional level through concrete measures (middle area) and those that are not considered material. The results were validated internally with the top management of all regions and subsequently confirmed by NORMA Group's Management Board.

In 2021, the materiality analysis was again validated with the Management Board, the top management of the regions and the specialist departments. There were no changes from the previous year.

CR Roadmap 2022 G008

Environment	Social	Governance
<p><u>CO₂ emissions</u></p> <p>< 10,000</p> <p>Indicator: Scope 1 and 2, tons</p>	<p><u>Incident rate</u></p> <p>< 4.5</p> <p>Indicator: accidents / 1,000 employees</p>	<p><u>Defective parts</u></p> <p>< 5.5</p> <p>Indicator: parts per million</p>
<p><u>Water consumption</u></p> <p>1% improvement</p> <p>Indicator: liter / TEUR sales</p>	<p><u>Training hours</u></p> <p>> 30</p> <p>Indicator: training hours / employee</p>	<p><u>Customer complaints</u></p> <p>< 5.5</p> <p>Indicator: average per month per entity</p>
<p><u>Waste</u></p> <p>1% improvement</p> <p>Indicator: liter / TEUR sales</p>	<p><u>Voluntary attrition rate</u></p> <p>Local targets</p> <p>Indicator: % of sites that achieved local target</p>	

CR Targets und Sustainable Development Goals

CR targets 2022

Based on the topics identified as being material, NORMA Group formulates quantitative targets for each area of action. By integrating the findings of the materiality analysis into the CR Roadmap, NORMA Group ensures that the targets are also oriented towards stakeholders' expectations. Thus, the achievement of the specific CR targets is an indicator of NORMA Group's performance in the area of CR.

An overview of the CR targets for 2022 can be found in the chart → [GRAPHIC G008: 'CR ROADMAP 2022'](#). The Group-wide targets presented were approved by NORMA Groups' Management Board and subsequently translated by the specialist departments into sub-targets for regions and individual sites. Progress in the material areas is regularly reviewed internally and reported externally.

Climate target 2024 integrated into Management Board's remuneration

NORMA Group developed a comprehensive → [ENVIRONMENTAL STRATEGY](#) in 2018. A core component of this strategy is the reduction of greenhouse gas emissions at NORMA Group's manufacturing sites. In developing its climate target, NORMA Group followed the recommendations of the [SCIENCE-BASED TARGETS INITIATIVE](#). The target was tightened again in 2020 and now amounts to roughly 19.5% reduction in greenhouse gases compared to 2017 by the end of 2024, which corresponds to a target value of 44,434 tons. Among other things, the target is part of the remuneration of NORMA Group's Management Board. → [REMUNERATION REPORT](#)

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United Nations' Sustainable Development Goals

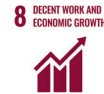
In many different areas, the CR areas of action are in line with the United Nations' Sustainable Development Goals. The following issues are particularly relevant for NORMA Group:



Goal 4 – Quality Education: Through measures in the area of training and development, NORMA Group enables its employees to constantly advance their career and personal development. → TRAINING AND DEVELOPMENT



Goal 6 – Clean Water and Sanitation: The → PRODUCTS NORMA Group offers globally make a contribution to the efficient use of water. Water consumption is also to be reduced in NORMA Group's → PRODUCTION processes. Furthermore, with its social project → NORMA CLEAN WATER, NORMA Group sets a strong example for awareness-raising regarding water management in emerging and developing countries.



Goal 8 – Decent Work and Economic Growth: NORMA Group pursues ambitious growth targets. At the same time, the → HEALTH AND SAFETY of all employees is an important component of the CR Scorecard.



Goal 9 – Industry, Innovation and Infrastructure: → INNOVATIONS form the basis for future growth and for developing environmentally friendly products. For this reason, NORMA Group sets internal incentives for its employees to generate new ideas.



Goal 12 – Responsible Consumption and Production: NORMA Group seeks to reduce consumption of → NATURAL RESOURCES IN PRODUCTION and conducts measures to do so at every plant. Furthermore, NORMA Group is increasingly taking sustainability criteria into account when → PURCHASING MATERIALS.



Goal 13 – Climate Action: NORMA Group's environmental strategy focuses on consistently → REDUCING GREENHOUSE GASES. This applies to both its production sites as well as the entire value chain.

In addition, NORMA Group also contributes to the implementation of other objectives (such as “Goal 3 – Good Health and Well Being” as part of occupational health and safety measures, “Goal 5 – Gender Equality” as part of the → NORMA CLEAN WATER project with PLAN International, and “Goal 11 – Sustainable Cities and Communities” through products in the area of infrastructure and water management). NORMA Group participates in effective 'multi-stakeholder partnerships that mobilize and share knowledge, expertise, technology and financial resources, to support the achievement of the Sustainable Development Goals' and supports these. We have been acting on “Goal 17 – Partnerships for the goals” via sub-targets 17.16 and 17.17 through our past (India) and current partnerships (Brazil) with PLAN International in the developing countries of the Global South and will continue to do so.

Sustainability Ratings and Sustainable Finance

Positive feedback from sustainability ratings

In 2021, NORMA Group again received independent feedback from rating agencies on its performance in the area of CR. The questions asked of NORMA Group in this context are based on the most important sustainability indicators from the areas of environment, social affairs and corporate governance. As a rule, NORMA Group is required to be able to substantiate its commitment to sustainability with documents and certificates. The results of the ratings are primarily used by two stakeholder groups: customers and financial market players.

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NORMA Group's performance in sustainability ratings T008

Sustainability ratings	Score 2020	Score 2021
CDP	<ul style="list-style-type: none"> • Score: C • Awareness level 	<ul style="list-style-type: none"> • Score: B- • Management-Level
EcoVadis	<ul style="list-style-type: none"> • Score: 80 of 100 • Platin-Standard 	<ul style="list-style-type: none"> • Score: 76 of 100 • Platin Standard
ISS ESG	<ul style="list-style-type: none"> • Score: C+ • Prime Status 	<ul style="list-style-type: none"> • Score: C+ • Prime Status
MSCI	<ul style="list-style-type: none"> • Score: AA 	<ul style="list-style-type: none"> • Score: A
Sustainalytics (standard report)	<ul style="list-style-type: none"> • Risk Score: 16.7 of 100 • Low Risk 	<ul style="list-style-type: none"> • Risk Score: 14,6 of 100 • Low Risk
Sustainalytics (Score-Log report (2019 methodology))	<ul style="list-style-type: none"> • Risk Score: 16.6 of 100 • Management • Score: 67.7 	<ul style="list-style-type: none"> • Risk Score: 13,8 of 100 • Management • Score: 73.8

The feedback received by NORMA Group was again positive in 2021. The CR measures received consistently good to very good ratings from the rating agencies.

For NORMA Group, the positive results mean a confirmation of its long-term approach to CR. At the same time, the Company is using the feedback to continuously develop its organization.

Improved loan terms through progress in sustainability management

For the first time, NORMA Group set up a loan in 2019 that contained a sustainability component to partially refinance its business activities. The sustainability component links the terms of refinancing to NORMA Group's CR commitment. By further demonstrably improving its sustainability performance, NORMA Group gains access to more favorable loan conditions.

The evaluation of the Sustainalytics rating agency serves as the basis for assessing the sustainability performance. It assesses NORMA Group holistically in various sustainability categories such as corporate governance, climate management and human rights. While the rating methodology for the standard Sustainalytics report is evolving, the methodology for the sustainability component of the loan remains largely unchanged compared to the base year 2019 and thus ensures comparability for the term of the loan.

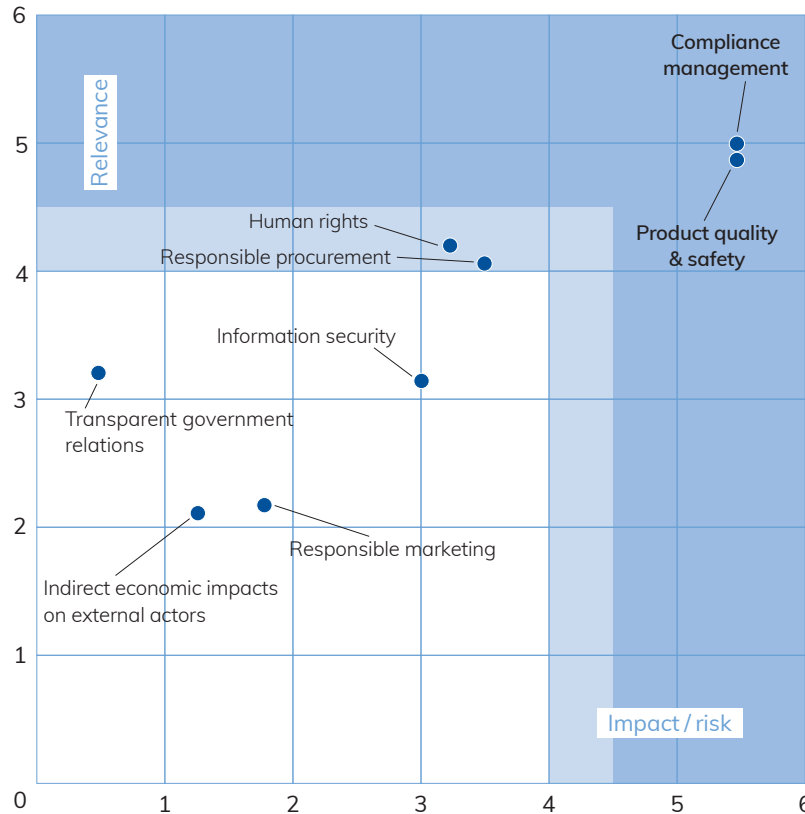
NORMA Group was able to achieve the targeted improvement in its management score in 2020 and maintain it in 2021 as well.

With a loan term of up to seven years, the inclusion of the sustainability component in refinancing is an important step toward integrating sustainability aspects into NORMA Group's core business in the long term. Further information on refinancing can be found on NORMA Group's website WWW.NORMAGROUP.COM.

Governance

Materiality matrix

G009



Compliance

Clear understanding of values embedded in globally applicable guidelines

NORMA Group's understanding of values forms the basis for all business decisions and activities in the Group. In particular, the global focus of the Company makes worldwide implementation and compliance with codes of conduct especially important.

The implementation of compliance-specific frameworks sets rules clearly and transparently. The main compliance guidelines at NORMA Group are

- the [CODE OF CONDUCT](#),
- the [ANTI-CORRUPTION POLICY](#) and
- the [SUPPLIER CODE OF CONDUCT](#).

Requirements on [HUMAN RIGHTS](#) (regarding freedom of association, forced labor, child labor and anti-discrimination, among others) form an integral part of the compliance guidelines. The guidelines are regularly reviewed with regard to the need for updates and adapted as required.

NORMA Group's compliance management system (G010) is aimed at ensuring that its values and rules are lived throughout the Group. Concrete steps are determined, implemented and tracked in a Compliance Action Plan.

Group-wide compliance management

The Management Board of NORMA Group is responsible for an effective compliance management system. The organizational structure of the 'Risk, Compliance & Internal Audit' department was redefined in 2021. Compliance now forms an integral part of the overarching 'Integrity' department, which – in addition to compliance – addresses the topics of data protection and information security. This bundling not only takes into account the growing importance of these topics, but also adequately reflects their increasing interlinking in terms of content.

The Chief Compliance Officer manages the Group-wide compliance activities and is able to report directly to the Management Board if necessary. [CORPORATE GOVERNANCE REPORT](#) Besides the main compliance department at Group level, Compliance Delegates are appointed at the level of the regions EMEA, Americas and Asia-Pacific, as well as at operationally active individual entities. The Compliance Delegates of the individual Group companies are in regular contact with the other local departments and regularly report to the respective Regional Compliance Delegates, who in turn report to NORMA Group Compliance.

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Any member of NORMA Group's compliance organization can be contacted at any time on any compliance issue. The compliance department is in close communication with the legal department of NORMA Group in order to continuously take into account new or changed legal requirements in the compliance risk analyses and in the compliance program.

The effectiveness of the compliance organization set up by the Management Board is monitored by the Supervisory Board of NORMA Group SE, which is regularly informed about compliance matters.

As part of the continuous development of NORMA Group's compliance management system, the integration of compliance-related processes in IT systems – in addition to the further updating of the formal framework conditions – was further advanced in the past fiscal year, with users receiving training on these systems.

Close risk monitoring and control

The systematic and regular identification and assessment of relevant compliance risks forms an important basis for the compliance program. NORMA Group carries out the respective risk analyses at regular intervals.

The risks to which NORMA Group is exposed form the basis for determining the compliance program and the respective measures. Implementing these measures and adhering to the compliance rules are also regular audit tasks of internal auditing.

Systematic, demand-oriented training of employees

To ensure the effectiveness of NORMA Group's compliance management system, all employees must be familiar with the relevant legal requirements and internal compliance guidelines. The goal is for all employees of NORMA Group to know the compliance rules, as well as the contact persons and reporting channels.

The compliance training that NORMA Group offers serves as the basis for this. It takes place in the form of face-to-face and online training sessions. Depending on the job and responsibility profile of an employee, the training courses to be completed are assigned as needed. During training, the employees receive concrete support on which behavior is in line with the compliance guidelines and can test their knowledge in practical assessments and case studies. Based on the revision of the training concept in the previous fiscal year, employees were trained in the past fiscal year with a view to the updated training content. The training

NORMA Group's Compliance Management System

G010



courses of fundamental importance that must be completed as basic training by every employee of NORMA Group, include the online training courses 'Code of Conduct & Compliance Basics' and 'Anti-Corruption'. Depending on the job profile, employees must attend specific focus training sessions (including 'Antitrust law'). Furthermore, NORMA Group has developed a concept to refresh the learning content so that the knowledge of employees on essential and basic compliance topics is updated and extended regularly through refresher courses. 'Compliance Safety Cards' were developed for employees without a PC workstation, especially those who work in production, in the past fiscal year. In the future, these will be made available in all of the necessary languages and clearly communicate relevant compliance topics.

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In fiscal year 2021, 1,114 employees (2020: 2,091) received in online compliance training. In this context, training courses totaling 1,283 hours (2020: 3,432) were conducted. The decrease in both the number of employees trained and the number of training hours compared to the previous year is mainly due to non-recurring effects in 2020. For instance, there was full re-enrollment in completely revised training courses in 2020. Employees who are unable to participate in online training for language or technical reasons, especially industrial employees, are informed about the content relevant to them via other formats and media (such as face-to-face training by the Local Compliance Representatives, or written information, such as Compliance Safety Cards).

The need for training is checked regularly. Internal reporting records the status of compliance training. Compliance-related topics are also communicated via additional channels such as posters, brochures and Compliance Safety Cards that summarize key compliance topics in condensed form, as well as e-mails and intranet articles.

Various ways of reporting violations

NORMA Group encourages its employees to report violations of rules and internal policies, even across hierarchical levels. Besides personally approaching supervisors, the human resources department or Compliance Delegates, NORMA Group's [INTERNET-BASED WHISTLEBLOWER SYSTEM](#) enables anonymous reporting of matters by internal or external whistleblowers. The employees of the compliance organization always follow up on indications of possible compliance violations. Further information on the whistleblower system can be found in the [CORPORATE GOVERNANCE REPORT](#).

In cases in which the electronic whistleblower system is more difficult for employees to use for technical or organizational reasons (a lack of PC access by employees in production, for example), NORMA Group offers other appropriate reporting channels, such as notice boxes at the plants or reporting directly to NORMA Group Compliance by e-mail or by meeting in person, for instance.

The suitability and appropriateness of the reporting system is reviewed regularly – for example, with regard to the requirements of 'Directive (EU) 2019/1937 of the European Parliament and of the Council of October 23, 2019, on the protection of persons who report infringements of Union law' (known as the 'Whistleblower Protection Directive') – and the system is adapted if necessary. In view of the fact that the Whistleblower Protection Directive has not yet been fully transposed into the national law of all Member States, further developments will continue to be monitored closely and any changes necessary will be made.

Human Rights

NORMA Group is committed to international human rights

NORMA Group categorically rejects the violation and restriction of human rights in any form. The Company is committed to the Universal Declaration of Human Rights, as well as to the core labor standards of the International Labour Organization (ILO). [CR POLICY](#) [STATEMENT OF PRINCIPLE ON HUMAN RIGHTS](#)

NORMA Group rejects all forms of forced, compulsory and child labor. In doing so, ILO Conventions Nos. 138 and 182 are recognized as the minimum standard for protection against child labor. The Company is also committed to preventing slavery and human trafficking in its business activities.

Furthermore, NORMA Group recognizes the right of its employees to join unions and to found employee representations. NORMA Group rejects discrimination based on ethnic background, gender, sexual orientation and religion and supports measures to promote diversity within the Company. [DIVERSITY AND EQUAL OPPORTUNITY](#)

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Monitoring and awareness-raising measures

NORMA Group’s commitment to human rights is also reflected in its Code of Conduct. In the course of the revision of the [CODE OF CONDUCT](#) in 2020, a separate section on human rights was added to clarify NORMA Group’s position.

If employees observe human rights violations, they can report them at any time via the [COMPLIANCE REPORTING CHANNELS](#). Among other things, the NORMA Group whistleblower system provides them with the category ‘Violations of social standards and human rights’. In the areas of anti-discrimination and freedom of association, NORMA Group also monitors whether its commitment is being met through regular internal reporting of legal disputes. In 2021, there were no cases of discrimination or violations of freedom of association by NORMA Group that were established by the courts.

NORMA Group also takes its responsibilities seriously along the value chain. In the [SUPPLIER CODE OF CONDUCT](#), the Company obliges its suppliers to respect and comply with human rights. However, due to the size and complexity of the value chain, human rights violations cannot be completely ruled out as a matter of principle. Beyond its direct business partners, NORMA Group has only limited influence on compliance with minimum standards. If the Company becomes aware that business partners are committing or tolerating human rights violations, the business relationship is re-evaluated, and terminating the contract is considered. In the event of violations by employees, NORMA Group will take measures that may even lead to termination of employment.

Product Quality and Safety

Product quality and safety is a key customer promise

Product quality is of great importance in all industries relevant to NORMA Group. As joining elements for various individual parts, NORMA Group’s products are often critical to proper functioning for the direct customers. A leak in only one single element could affect the functioning and the safety of an entire application. That is why NORMA Group wants to guarantee its customers the highest level of reliability with its brands. Quality, customer requirements and added value for society are thus directly linked.

A significant non-financial control parameter for improving product quality is the number of defective parts per million (PPM). In 2021, this number was at 4.9 PPM, and thus once again below the previous-year figure (2020: 5.1 PPM). Further information on managing product quality and safety can be found in the [ECONOMIC REPORT](#).

Responsible Procurement

Corporate responsibility in purchasing

In fiscal year 2021, NORMA Group purchased goods and services worth EUR 481.5 million. It is ensured that aspects of CR are taken into account in this context. The purchasing department works on making contractual relationships with suppliers socially and environmentally compatible and ensures that human rights, labor and environmental standards are adhered to.

The purpose of the purchasing process is to ensure NORMA Group’s high quality standards and to reduce direct costs in order to achieve maximum value for the Company. The purchasing process is subject to risks with regard to negative impacts on environmental and social standards in the supply chain. For this reason, the purchasing process does not take only purely price factors into consideration, but also evaluates quality, logistics and supplier sustainability. [ECONOMIC REPORT](#)

Managing sustainability in purchasing is the responsibility of the global purchasing organization, which reports to the Chief Operating Officer. [CORPORATE GOVERNANCE REPORT](#) Every team member of the purchasing organization contributes to it in the course of making sourcing and nomination decisions.

Supplier Code of Conduct forms the framework

NORMA Group expects its suppliers to conduct their business in compliance with laws, ethics and respect for human rights, as well as occupational safety and environmental standards.

For these reasons, the purchasing department has integrated social and ecological sustainability aspects into its processes and organization. One key example is the purchasing manual, which describes all essential processes and procedures used

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Supplier Code of Conduct:

basic understanding of sustainability management in purchasing, signing is a condition to be graded “preferred” supplier



Supplier Scoring:

carried out once a year, environmental and health and safety certificates as well as sustainability self-assessment are criteria in the scoring



Commodity Strategies:

contain sustainability fact sheets that quantify impacts on climate and water and identify improvement potentials



Training:

training of Purchasing employees on sustainability tools in purchasing

as a framework for the global organization. The basis for sustainable supplier relations is the [SUPPLIER CODE OF CONDUCT](#). This globally valid code of conduct outlines NORMA Group’s expectations for the sustainable management of its suppliers in the areas of human rights, occupational health and safety, the environment and business integrity. With regard to human rights, the Supplier Code of Conduct is based on regulations issued by the ILO, the Universal Declaration of Human Rights, the UN Global Compact and the standard SA8000. In the past fiscal year, the Supplier Code of Conduct - like the other compliance guidelines – was fundamentally revised.

The commitment to the Supplier Code of Conduct plays an important role in the normal purchasing processes. Only a supplier who signs the Supplier Code of Conduct can be classified as “preferred” within commodity group management. The number of “preferred” suppliers remained stable at 17 in 2021 compared to the previous year (2020: 18). The share of total production material sales increased in 2021 to 25% compared to 21.9% in 2020. Approval of the Supplier Code of Conduct is a binding criterion in the catalog of requirements when selecting new suppliers.

Sustainability in commodity management

An important way of supporting sustainability in purchasing is the introduction of a new Commodity Strategy Template. These strategy documents include Sustainability Fact Sheets as an analytical approach to assess sustainability throughout the supplier base. The Sustainability Fact Sheets include information on suppliers’ environmental and health and safety certificates (ISO 14001 and OHSAS 18001 or comparable standards). The fact sheets are in line with NORMA Group’s [ENVIRONMENTAL STRATEGY](#). They quantify each commodity’s impact on greenhouse gas emissions and water consumption in the supply chain and show commodity managers direct improvement measures. The majority of all commodity strategies already contain this sustainability information.

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Sustainability self-assessment for suppliers

In order to be able to better assess, compare and manage suppliers, NORMA Group uses Group-wide supplier scoring. In addition to the price, numerous other factors are also taken into account, such as quality, cost transparency and logistics services. One of the four pillars is 'sustainability,' in which environmental and occupational safety certifications are included in the score.

In 2021, the voluntary sustainability self-assessment again formed part of the supplier scoring. NORMA Group asked its suppliers for detailed information on social issues (freedom of association, grievance mechanisms and accidents), environmental issues (including CO₂ emissions, water consumption and waste management) and compliance issues. The evaluation of the self-assessment showed that it was completed by 41.0% of the suppliers included in the scoring. This was an increase of 9.0 percentage points compared to last year (2020: 32.0%).

Excluding conflict minerals from the supply chain whenever possible

NORMA Group also purchases minor amounts of components that contain what are known as "3TG raw materials" – tin, tantalum, tungsten and gold in small quantities. These raw materials are particularly controversial in that a large part of the ore deposits lie in conflict regions (particularly those of the Democratic Republic of Congo), where they are partially mined and processed under serious violations of international law. NORMA Group aims to exclude these conflict minerals from its supply chains as far as possible. NORMA Group does not buy these minerals directly. However, they are partially included in components from suppliers. For example, small amounts of gold are used in urea lines, and some components are finished with a coating consisting of tin.

NORMA Group has therefore launched the 'Conflict Minerals Roadmap,' which aims to create maximum transparency within the supplier base. The NORMA Group purchasing organization is committed to the principles of the Responsible Minerals Initiative, including the use of due diligence processes provided by the initiative. The due diligence processes are based on the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative, which all relevant suppliers have to provide. The management of the CMRT is integrated into the Group-wide e-sourcing platform.

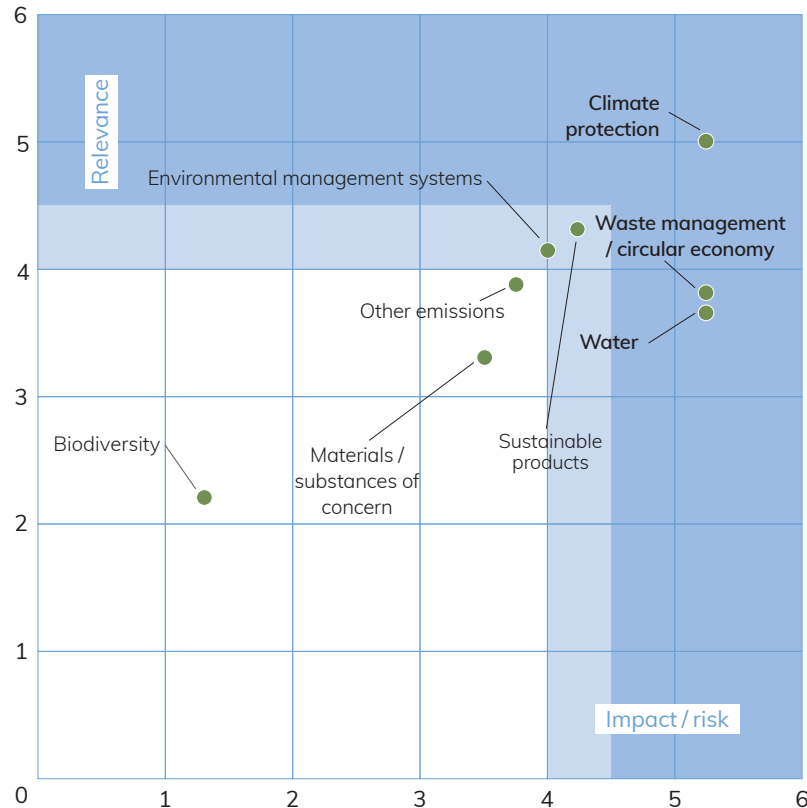
The Group purchasing organization has trained purchasers at all sites on the importance of the issues of conflict minerals and the potential risk related to the materials coming from suppliers who might be involved. In addition, NORMA Group ensures that 100% of affected suppliers have signed the Supplier Code of Conduct, which requires them to confirm that they cooperate with conducting due diligence on conflict minerals issues.

NORMA Group shares the information it receives with its customers as transparently as possible. Given the large number of products, suppliers and subcontractors, it is usually not possible with a reasonable amount of effort to make any detailed traceability statements as to which melting operation or mine the raw materials come from for a specific product for a particular customer.

Environment

Materiality matrix

G011



The strategic orientation of NORMA Group's innovation management therefore builds on these megatrends and focuses on emissions reduction and scarcity of water. Based on these long-term trends, NORMA Group's [FORESIGHT MANAGEMENT](#) and business development derives potential market segments, for example in water management or the areas of battery cooling and exhaust treatment. NORMA Group continuously measures its ability to innovate based on the invention applications reported by employees in a formalized process. In 2021, the number of invention disclosures was 25 (2020: 22).

Simultaneously, NORMA Group gives all employees the opportunity to actively contribute their own ideas. In the evaluation of proposals, alignment with megatrends is an important criterion for ensuring focused business development in the strategically important areas of water management and e-mobility. The ideas are directly incorporated into product development. Furthermore, NORMA Group has integrated sustainability aspects into the product development process itself. Products are evaluated according to whether their materials are recyclable, whether the design is as light as possible (thus avoiding unnecessary emissions in the use phase, especially in the automotive sector) and whether they take environmental requirements, such as those relating to hazardous substances, into account.

Further information on innovation management can be found in the chapter → [RESEARCH AND DEVELOPMENT](#).

Further information on the topics of e-mobility and water management can be found in the respective subchapters → [WATER MANAGEMENT](#) → [CLIMATE PROTECTION](#)

Sustainable Products and Innovations

Sustainability in the innovation process and product development

NORMA Group offers product solutions that help its clients to respond to megatrends such as scarcity of resources and climate change. The long-term economic success of NORMA Group also depends on whether NORMA Group keeps this promise. Should this not be the case, NORMA Group would face medium to long-term risks in the area of sales development. → [CLIMATE-RELATED RISKS](#)

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Environmental Strategy and Management Systems

NORMA Group's environmental strategy

In order to further structure and enforce its efforts in the area of environmental management, NORMA Group developed a comprehensive environmental strategy in 2018. In developing the strategy, 2018's Stakeholder Roundtable was an important milestone, as it helped to validate the Company's approach and provide new ideas that were subsequently integrated.

The basis of the strategy form the material topics that were identified in the materiality analysis: climate, water and waste management. → [STAKEHOLDERS AND MATERIALITY](#) The strategy clusters each of these topics into three levels → [GRAPHIC G012: 'ENVIRONMENTAL STRATEGY'](#). At the core is the management within NORMA Group's own operations. The second level targets impact assessments along the value chain, followed by the outer level of pilot projects. This three-level approach allows the Company to focus on those operations that lie in its direct sphere of influence while not neglecting impacts that arise in its supply chain or during the products' use phase. The environmental strategy is framed by communication measures and the further development of due diligence and risk management approaches.

The targets set in the environmental strategy have been integrated into the CR Roadmap. → [CR TARGETS](#) Detailed approaches to the three different topics will be explained in the following chapters. Other environmental topics, such as biodiversity were considered to be less relevant for NORMA Group. As a result, they are not the focus of NORMA Group's activities.

Certification of manufacturing sites according to ISO 14001

The increasing importance of environmental management in production processes is reflected in the increasing scarcity of resources, stricter regulatory requirements and the expectations of customers, capital markets and society towards the Company. If not managed systematically and implemented throughout the entire Group, these trends might translate into risks for the Company.

In order to confront these risks, NORMA Group has set itself the goal that all manufacturing sites that have been integrated into NORMA Group for more than 12 months should be certified according to the international standard ISO 14001. As of December 31, 2021, 92.6% (25 of 27) of these manufacturing sites were certified according to ISO 14001. The two locations missing are a manufacturing site of the subsidiary NDS in the United States and the subsidiary Connectors in Switzerland. The principles laid down in NORMA Group's global environmental policy form the basis for management in accordance with ISO 14001 → [ENVIRONMENTAL POLICY](#).

Responsibility for the environmental management systems and the associated topics regarding climate, water and waste at NORMA Group's manufacturing locations lies with the department for EHS department, which is staffed with qualified personnel at all production sites. On the global level, EHS management reports to the Management Board member that is responsible for operations. → [CORPORATE GOVERNANCE REPORT](#)

This structure allows for developing and implementing specific measures in accordance with local environmental challenges on the one hand and site-specific production processes on the other. To ensure compliance with ISO 14001 standards, sites are audited regularly by external specialists. Progress on the achievement of targets in the areas of climate, water and waste is evaluated in regular management reviews on a local level and through the reporting of aggregated data to the Management Board on a global level.

Along the supply chain, similar environmental risks as for NORMA Group itself exist because the majority of suppliers also come from the manufacturing industry. Assessment and verification of these potential sustainability and financial risks are the responsibilities of the purchasing department. → [SUSTAINABILITY IN PURCHASING](#) and → [SUPPLIER MANAGEMENT](#)

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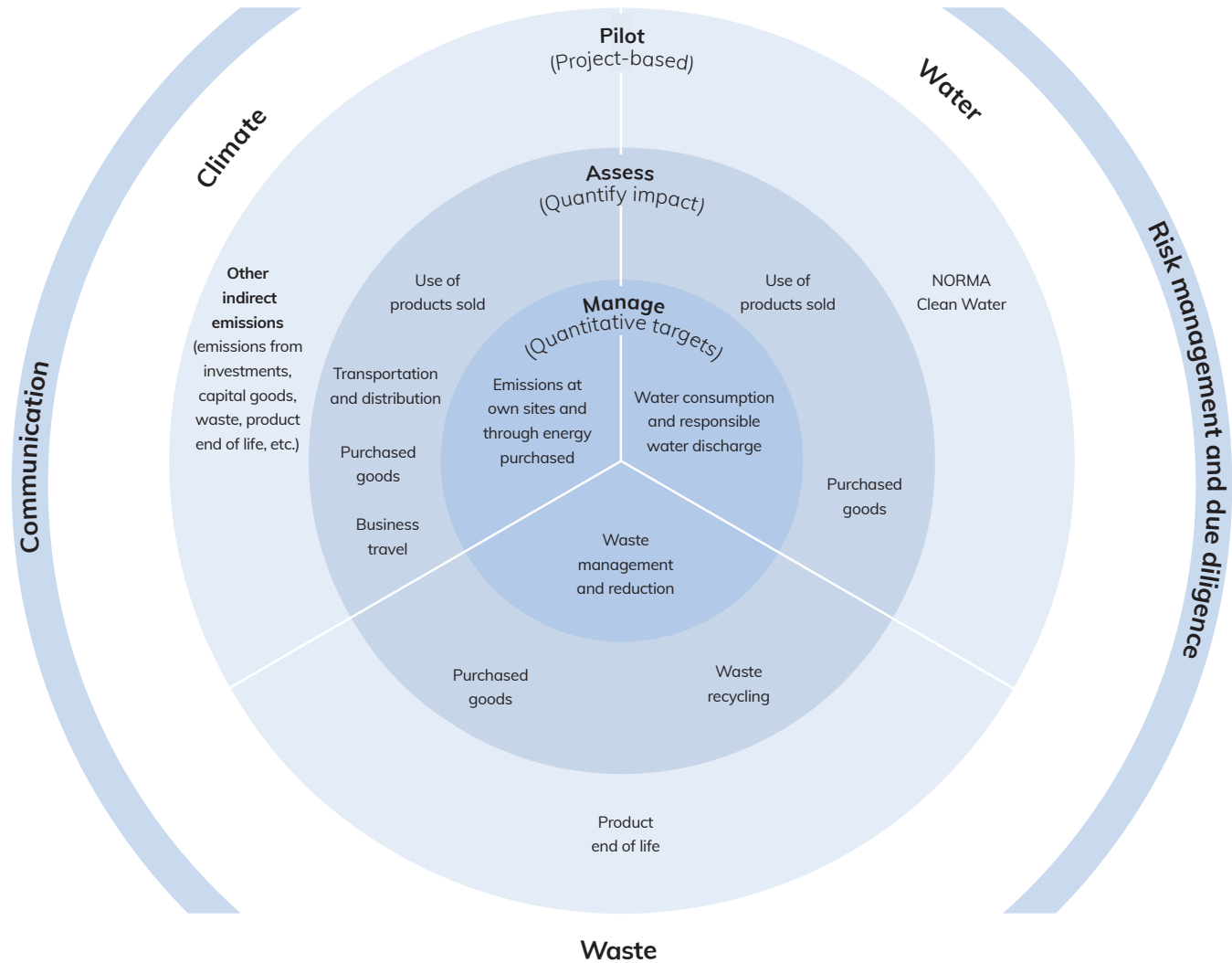
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Environmental strategy

G012



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Climate protection

Climate-related opportunities and risks

Climate change has a direct impact on various sectors of the economy, which could have direct and indirect consequences for NORMA Group over a long-term time horizon until 2030.

On the one hand, both the reduction of greenhouse gases and the adaptation to global warming offer opportunities for NORMA Group. These include, for example, new or growing market segments in the fields of e-mobility and water management, which can have a positive impact on sales development. At the same time, energy savings offer the potential to reduce NORMA Group's operating costs. Last but not least, NORMA Group can benefit from the increasing relevance of this topic in the financial markets by positioning itself as a sustainable investment and thus reducing capital costs.

Conversely, risks can also result from these developments. For example, the increase in the production of alternative forms of drive leads to a decline in the market for conventional drives, a market in which NORMA Group is also active. Increased pricing of greenhouse gases may result in higher operating costs. On the capital market side, a changed reputation can lead to reluctance on the part of capital market players focused on sustainability and thus to higher capital costs.

NORMA Group meets these opportunities and risks with a clear strategy and active management in the areas of → [WATER MANAGEMENT](#), → [E-MOBILITY](#) and → [RESEARCH AND DEVELOPMENT](#). With regard to the risks arising from its own production processes, NORMA Group operates a structured environmental management system at all production sites, with clear targets for reducing greenhouse gases.

An overview of opportunities and risks within the scope of the voluntary applicable standard of the 'Task Force on Climate-Related Financial Disclosures' can be found in the public [CDP REPORT](#) of NORMA Group.

Progressive climate change does not only mean risks and opportunities for NORMA Group's business. NORMA Group's business activities also contribute to the emission of greenhouse gases. This applies in particular to emissions caused by the production of purchased materials and its own production processes.

Active management of e-mobility opportunities

NORMA Group aims to make an active contribution to e-mobility by developing new products such as quick connectors and thermal management systems. These solutions support optimizing the cooling and heating of batteries, as well as the complex power electronics, the drivetrain and other sub-systems of electric vehicles. During product development, they are tailored to solve the main challenges faced by customers: weight savings, lack of space and the reduction of pressure drops of coolants in the system. The latter is decisive to ensuring optimal performance of the thermal management systems of batteries, power electronics, drivetrains and other components. Only if the flow of coolant is properly managed throughout the entire system the thermal management is working efficiently, and no additional pump upsizing (and thus extra weight and cost) is needed. As a result, the battery can deliver its optimal performance and maximize the range of the vehicle.

In addition to providing solutions to these requirements, NORMA Group also ensures high safety standards by applying its experience in the design of fuel transport systems in the delicate environment of batteries and cooling water.

NORMA Group manages its e-mobility efforts in a project-based organization at the interface between engineering and sales. In doing so, the Company has the flexibility to confront an emerging and very dynamic market and to connect the new challenges to the existing product portfolio and customer expertise. Last year, relevant internal stakeholders again received extensive training. To ensure global alignment and steering, all projects are coordinated and supported by Global Product Management E-Mobility.

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Marked decrease of production-related emissions (Scope 1 and 2)

NORMA Group is currently concentrating on the collection and management of its greenhouse gas emissions from gas consumption (Scope 1), as well as from purchased electricity and district heating (Scope 2) at its production sites. Regarding electricity and district heating, emissions are calculated using a combination of location-based and market-based methodologies: NORMA Group uses emission factors from specific suppliers wherever these are available (market-based). If this is not the case, NORMA Group uses country emission factors provided by the International Energy Agency (location-based). Values on emissions calculated according the location-based methodology can be found under → [CR PERFORMANCE INDICATORS](#).

In 2021, Scope 1 emissions amounted to 5,678 tons of CO₂ equivalents (2020 revised: 5,417 tons), while Scope 2 emissions were 37,771 tons of CO₂ equivalents (2020: 44,396 tons). Overall, emissions from Scope 1 and 2 were thus 43,449 metric tons of CO₂ equivalents, 12.8 % below the previous year's figure (2020: 49,813 tons). One reason for the decline in emissions is the purchase of renewable energy.

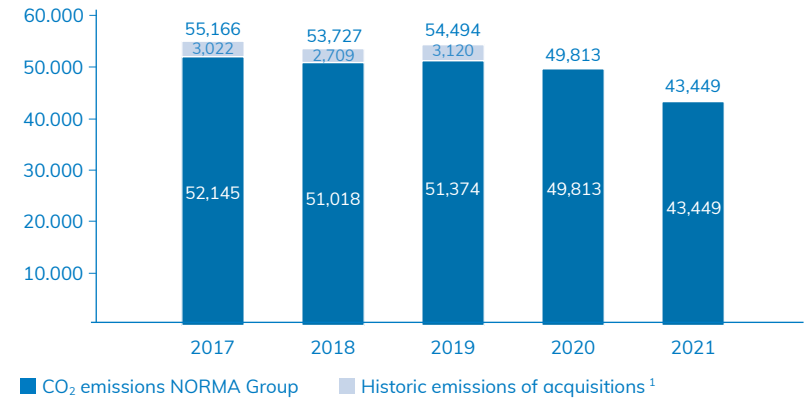
The corresponding energy consumption of gas, electricity and district heating (combined) was 130,170 megawatt hours or 119.2 kilowatt hours per EUR thousand of revenue (2020: 124.2 kilowatt hours per EUR thousand of revenue). The increase in energy consumption can be attributed primarily to an increase in production capacity. The normalized energy consumption decreased by 4.0%, due to several initiatives, such as the installment of intelligent energy reporting systems in Qingdao and Changzhou to monitor and analyze energy consumption, LED light installation, compressor efficiency improvement as well as climate protections trainings within NORMA Group.

Target to reduce greenhouse gas emissions

Climate-relevant CO₂ emissions are a significant non-financial performance indicator for NORMA Group. For Scope 1 and 2 emissions, NORMA Group has set itself an absolute reduction target. NORMA Group aims to reduce its absolute Scope 1 and 2 emissions by at least around 19.5% compared to 2017 by 2024. In setting its climate target, NORMA Group followed the recommendations of the

Development of greenhouse gas emissions (scope 1 and 2) from gas, electricity and district heating, in tons of CO₂ equivalents

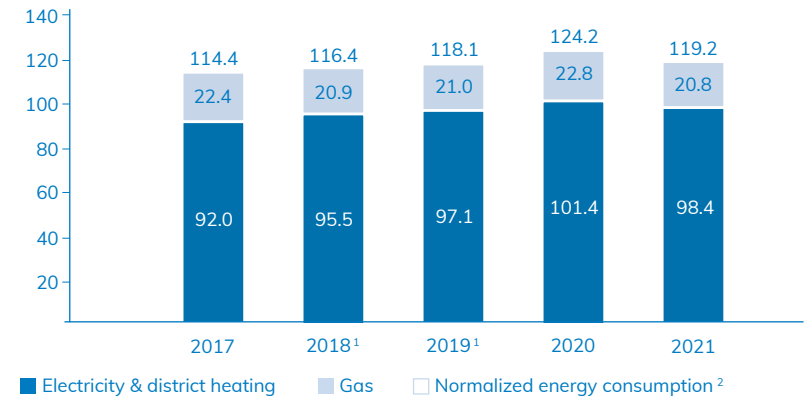
G013



1_Estimate of emissions of Kimplas Piping Systems and Statek Stanzereitechnik, which were integrated into environmental reporting in 2020. Non-revised values: 2017: 52,145 t; 2018: 51,018 t; 2019: 51,374 t. On calculation methodology see GHG Protocol, Chapter 5.

Development of specific energy consumption¹ in kilowatt hours per EUR thousand of revenues

G014



1_In 2020, the acquired entities Kimplas Piping Systems Ltd. and Statek Stanzereitechnik GmbH were integrated into NORMA Group's environmental reporting. In order to ensure comparability with previous years, historic energy consumption data was updated back to the time of acquisition. Detailed information may be found in the data chapter on page 67.

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[SCIENCE-BASED TARGETS INITIATIVE](#) (Science-based target setting tool 1.1, Absolute Contraction Approach). The target does not consider emissions resulting from growth by acquisitions and forms part of the Management Board's remuneration components. → [REMUNERATION REPORT](#)

In order to achieve this goal, NORMA Group manages the energy consumption of all production sites and is integrating the energy reduction targets into its → [ENVIRONMENTAL MANAGEMENT SYSTEMS](#). At NORMA Group, the individual plant management is responsible for the concrete measures taken to reduce energy consumption and thus greenhouse gas emissions.

Quantification of emissions along the value chain

In addition to its efforts to reduce emissions at its production sites, NORMA Group is also committed to managing greenhouse gas emissions along the value chain (Scope 3 emissions). This includes the supply chain, as large amounts of energy are often required to produce the materials and components that NORMA Group purchases. → [RESPONSIBLE PROCUREMENT](#)

Last year, NORMA Group also quantified the resulting emissions for other Scope 3 categories (emissions from capital goods, waste, business travel and commuting by employees). An overview of all Scope 3 reporting categories can be found in NORMA Group's public [CDP REPORT](#).

Water

NORMA Group's products provide effective water management solutions

The United Nations estimates that demand for water will increase by 40% by 2050. According to current calculations, one in four people will then be living in a country with water scarcity. [UNITED NATIONS](#) NORMA Group recognized this megatrend at an early stage and has made establishing a global position in water management a strategic priority. Most predominantly, NORMA Group's water management product offering includes drip irrigation systems that reduce water consumption by up to 60% compared to sprinklers and hand watering, as well as stormwater management solutions that protect properties from water damage and increasingly ensure that stormwater is managed sustainably.

NORMA Group's water management business is managed in its global 'Water Management' organization. It currently comprises NORMA Group's US subsidiary NDS in the Americas and growing organizations in the EMEA and Asia-Pacific regions. All regions maintain a constant and intensive exchange.

In 2020, NORMA Group hired a president for the global Water Management organization with significant experience in the water industry. The strategy and organization for water management were further refined.

Despite the challenges in 2021, NORMA Group's Water Management organization benefitted from continuous investments in e-commerce infrastructure, as the Company saw a COVID-19-driven acceleration of online purchasing activity around the globe. To further expand this trend, NORMA Group is investing significantly in its digital capabilities and content.

Reduction of water consumption in production

A total of 19% of the world's water consumption is attributable to the production processes of industry alone. [FAO](#) With its worldwide presence, NORMA Group is also represented in regions with a medium to high risk of water scarcity (according to the [AQUEDUCT](#) methodology). Against this backdrop, NORMA Group also has a special responsibility to handle this resource carefully in its own production.

For years, NORMA Group has been working to continuously reduce the use of water in its own production processes. In its environmental strategy, NORMA Group addresses both the water consumption at its manufacturing sites and along the value chain. For its own sites, NORMA Group has set a target of a 1.0% efficiency increase for 2022 → [CR TARGETS](#)

NORMA Group focuses on its manufacturing sites as a framework for data collection and targets because water consumption at its administrative and distribution sites plays only a minor role due to significantly lower consumption levels. The control of water consumption follows the structure and responsibilities of the → [ENVIRONMENTAL MANAGEMENT SYSTEMS](#)

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NORMA Group’s water is mainly sourced from municipal water supplies or other public or private water utilities and – at some locations – from ground and surface water. It is used to a large extent for cooling processes within production. In 2021, the water consumption of NORMA Group’s production totaled 160,586 cubic meters. This translates into an 8.9% increase in water consumption (2020 revised: 147,425 cubic meters). The increase can be attributed primarily to a rise in production capacity. Specific water consumption sank by 5.0% to 147.1 liters per EUR thousand of revenues (2020 revised: 154.8 liters).

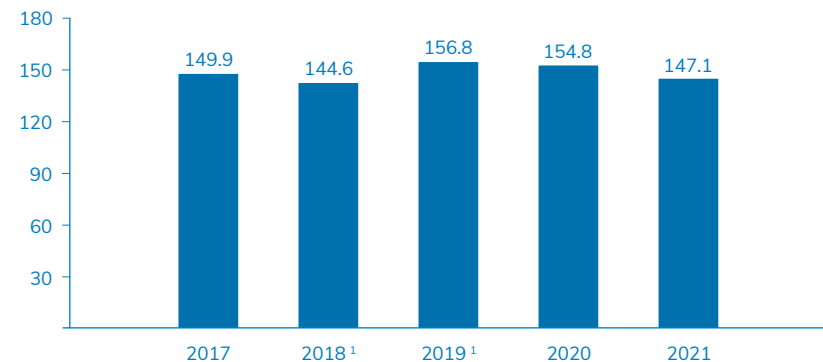
The implementation of ISO 14001 at NORMA Group also covers the handling of wastewater. The vast majority of wastewater at NORMA Group sites is discharged to municipal wastewater systems or local sewage treatment plants.

Water consumption in the supply chain

Water consumption also plays an important role in the supply chain: For example, NORMA Group purchases granulates, molded rubber parts and plastic parts, some of which are manufactured using water-intensive processes in the chemical industry. As in the area of CO₂ emissions, NORMA Group also quantified the water consumption resulting from the production of the purchased direct materials in 2021. The result showed that the production processes in the supply chain required around 1.0 million cubic meters of water. This corresponds to six times the water consumption of the NORMA Group production sites. NORMA Group therefore sees it as its task to strengthen awareness of the responsible use of water in the supply chain. The Company has included both the reduction of water consumption and the safe handling of waste water in its Supplier Code of Conduct and has included Sustainability Fact Sheets in the commodity strategies. → [RESPONSIBLE PROCUREMENT](#)

Water consumption (revised ¹)
in liter per EUR thousand of revenue

G015



¹In 2020, the acquired entities Kimplas Piping Systems Ltd. and Statek Stanzereitechnik GmbH were integrated into NORMA Group’s environmental reporting. In order to ensure comparability with previous years, historic water consumption data was updated back to the time of acquisition. Detailed information may be found in the data chapter on page 67.

Resource Efficiency and Materials

Economic and environmental drivers for resource efficiency

As a manufacturing company, NORMA Group depends on various raw materials and primary products as important precursors of its products. NORMA Group’s total production materials turnover amounted to EUR 372.2 million in 2021 (2020: 291.3 million). The largest share was accounted for by steel and metal components, granules and plastic and rubber products. → [PURCHASING AND SUPPLIER MANAGEMENT](#) Efficient handling of the raw materials required for production is therefore both needed from an environmental point of view and economically necessary to reduce production costs.

Taking into account NORMA Group’s procurement portfolio, price increases for raw materials are considered very likely overall. However, the associated financial impact is estimated to be minor. → [RISK AND OPPORTUNITY REPORT](#)

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Reducing waste volumes

A key indicator of the efficient use of raw materials is the volume of waste. NORMA Group collects data on both hazardous and non-hazardous waste (metal, plastic, paper, wood and other waste). As with other environmental data, NORMA Group reports waste data in relation to sales to improve internal and external comparability.

The reduction of waste generation is controlled in accordance with the environmental management systems. The EHS department is responsible for ensuring adequate waste management that is implemented at the plant level in accordance with ISO 14001 standards. → ENVIRONMENTAL MANAGEMENT SYSTEMS In its CR Roadmap, NORMA Group has set the goal of further reducing the amount of waste in relation to revenues in 2022. → CR TARGETS

Volumes of various forms of waste in kg per EUR thousand of revenue T009

	2021	2020	Change in % ¹
Non-hazardous waste	11.2	11.0	2.3
Metallic waste	6.7	6.7	-0.2
Plastic waste	1.1	1.1	-3.6
Cardboard / paper waste	0.7	0.8	-8.7
Wood waste	0.8	1.0	-16.3
Other waste	1.9	1.4	39.9
Hazardous waste	0.6	0.6	-9.0

¹The percentage change is based on unrounded absolute figures.

Last year, the absolute amount of non-hazardous waste increased by 17.6% to 12,261 tons (2020: 10,429 tons). In relation to sales revenues, non-hazardous waste amounted to 11.2 kg per EUR thousand of revenue (2020: 11.0 kg per EUR thousand of revenue), an increase of 2.3%.

Metallic waste continued to be the largest waste category. Although a significant proportion of NORMA Group products are made of plastics, the waste produced in this process, however, can often be reggranulated and reused in the production process itself.

In 2021, the volume of hazardous waste was 0.6 kg per EUR thousand of revenue (2020: 0.6 kg per EUR thousand of revenue). The handling of hazardous substances affects only a few production areas, and compliance with legal requirements is regularly monitored as part of the environmental management systems.

Efficient production processes

NORMA Group optimizes the efficiency of its production through the implementation and continuous improvement of the NORMA Business System (NBS). Among other things, NORMA Group uses the NBS to monitor indicators to improve material efficiency. This includes the number of defective parts produced internally but not delivered to the customer (see defective parts under → PRODUCT QUALITY AND SAFETY) and the scrap rate, which sets the value of the scrap in relation to the total production material consumed. To make management as effective as possible, data is collected at machine, department and plant levels.

In addition to the strong focus on these indicators, Scrap Marketplaces have been set up at all sites. The aim of these 'marketplaces' is to sensitize the workforce to the avoidance of scrap and waste. Scrap is collected at the machine level in red boxes and displayed visibly in the production halls. The clear visibility is intended to encourage employees to look for solutions to produce less waste. Depending on the plant, the contents of the Scrap Marketplaces are checked weekly or even daily, the causes analyzed and appropriate countermeasures defined.

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Recycling and compliance with legal requirements on materials

Depending on the type of waste, NORMA Group employs different recycling methods. For example, a large share of the waste generated in production processes is externally recycled by NORMA Group's contractors. Plastic waste is reintroduced into the manufacturing process as far as possible, depending on the type of plastic and reasonable costs. A certain portion of the resulting plastic waste is regranulated. If possible, NORMA Group also purchases recycled plastic.

NORMA Group is currently not in the position to recycle its own products because these are usually used in end products such as engines and turbines, and doing so would require a disproportionately high investment of time and resources on the part of NORMA Group. All contractually regulated specifications on material type and recyclability are fulfilled. Compliance with the statutory labeling requirement is also guaranteed. In this way, NORMA Group complies with statutory regulations such as end-of-life vehicle regulations and guidelines such as RoHS (Restriction of Hazardous Substances), REACH (Registration, Evaluation, Authorisation and Restriction of Chemicals) and California Proposition 65 on the requirements on drinking water infrastructure. Additionally, it supports its customers' recycling concepts.

Social

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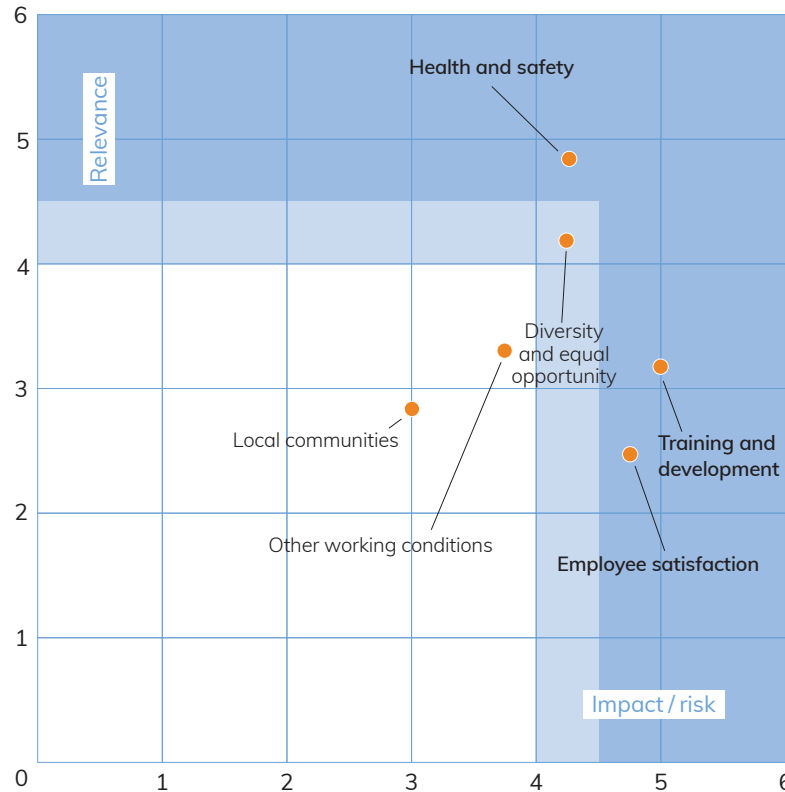
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Materiality matrix

G016



Employee Satisfaction

Employee satisfaction as an important parameter

Occupational health and safety, training and development and fair pay promote the satisfaction of employees. NORMA Group is convinced that satisfied employees are also more willing to perform in their daily work. Measuring employee satisfaction is therefore an “organizational thermometer” for the Company, enabling strengths to be identified and potential for improvement to be implemented promptly.

In addition to employee surveys that are conducted regularly, NORMA Group uses the voluntary employee turnover rate as an indicator of employee satisfaction. The voluntary attrition rate describes the number of employees who have voluntarily left NORMA Group in relation to the total number of employees. In 2021, the aggregated attrition rate was 13.2%. However, there are very large regional and local differences, depending on the respective operational, cultural and macroeconomic environment. NORMA Group has therefore not set a global target for 2021 to improve the attrition rate, but has defined individual local targets for all locations with more than 60 employees.

Good performance is rewarded

NORMA Group aims to attract and retain qualified and committed employees. In order to promote employees' interest in the positive development of the Company's value and allow them to participate in its economic success, the remuneration system of NORMA Group includes a fixed salary and a performance-related variable remuneration component. Taking the respective area and level of activity into account, this is based on the achievement of predefined financial figures and / or personal targets, among other criteria.

Occupational Health and Safety

Protecting employees from health effects of COVID-19

The safety and health of its employees is a top priority for NORMA Group. Since the beginning of the COVID-19 pandemic, NORMA Group has therefore taken measures to protect its workforce and contain the spread of the virus. The measures are managed by a global COVID-19 Task Force. The task force is responsible for implementing safety measures in accordance with the recommendations of the World Health Organization (WHO) and regulatory requirements at local and regional levels as well as for their central control and monitoring. The measures range from standardized emergency plans and internal COVID-19 guidelines that regulate workplace behavior to conducting vaccination campaigns. They are adapted regularly in line with the current local conditions. Regular reporting also ensures transparency regarding current infection and quarantine cases and enables rapid intervention.

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Global management approach to occupational safety

In addition to the acute measures to contain the effects of the COVID-19 crisis, NORMA Group has been pursuing a Group-wide approach to occupational health and safety for years. Regular risk assessments at the production sites show that machinery and vehicle traffic are the most important factors here. However, against the background of the systematic Group-wide approach to safety and health management, NORMA Group considers these risks to be low overall.

Laws and regulatory frameworks provide clearly defined standards for occupational health and safety at the Company. But in many cases, NORMA Group goes significantly beyond merely meeting requirements. In light of the subject's importance, it is addressed in the [HEALTH AND SAFETY POLICY](#), which is valid throughout the Group. In the policy, NORMA Group commits to providing a safe and risk-free working environment for all employees and any other stakeholders affected by its business activities. Through supplementary programs, the Company aims to ensure that all workplaces offer the highest level of safety to avoid accidents. In particular, the locations make technical arrangements and conduct training courses to prevent accidents at work. These high standards apply to temporary workers as well as to regular staff. In addition, NORMA Group also includes health and safety certifications in its supplier scoring process. → [SUSTAINABILITY IN PURCHASING](#)

Certification of all manufacturing sites

Throughout NORMA Group, all manufacturing sites have local health and safety representatives, who – along with the respective plant management and safety committees – ensure the implementation of health and safety standards and serve as experts for questions on the topic. At the end of 2021, 21 of 27 of the production sites that had been part of NORMA Group for more than 12 months were externally audited and certified according to the international standard ISO 45001. Compared to the end of 2020, the absolute number of certified sites increased by one.

ISO 45001 prescribes conducting regular assessments at site level to identify risks for the occupational health and safety of workers. On this basis, regular internal audits are carried out in order to identify potential for improvements and to define appropriate measures. Progress resulting from these measures is tracked regularly. NORMA Group has finalized the transition of its OHSAS 18001:2007-certified manufacturing sites to the new ISO 45001:2018 occupational health and safety standard.

Health and safety governance on the global, regional and local levels

The success of NORMA Group's health and safety management is assessed by regular reporting by the global health and safety management team to the Management Board. Thorough root cause analyses are derived from this at the site level, and countermeasures are defined. Progress on the measures is also reported to the Management Board.

In addition, every region has introduced a regular Health and Safety Circle that requires all locations to conduct self-assessments on the current status quo of their health and safety activities. Participants include the health and safety managers of each location in the respective region as well as the regional and global health and safety management team. Usually, the circles also invite participants from other regions to increase the sharing of best practices on a global level.

Accident rate as the important key performance indicator

Introducing management systems for occupational safety is not an end in itself. To monitor their effectiveness, NORMA Group monitors the accident rate, which counts the number of accidents per 1,000 employees that result in a loss of work of more than three working days. In 2021, the accident rate per 1,000 employees was 6.2, which means a significant increase compared to 2020 (4.2). The increase in the accident rate can be attributed in part to the Apollo project, in which production was transferred from the Gerbershausen site to the sites in the Czech Republic and Maintal. This involved interruptions to standard operating routines, the induction of new employees as well as the commitment of existing employees. As a measure, we have placed additional focus on these sites by introducing the Safety Top Focus program, which includes risk monitoring and controls with oversight by top management. As in previous years, there were no fatalities. The goal is to further reduce the accident rate in the coming years. By the end of 2022, the notifiable rate of accidents per 1,000 employees per year should be at least below 4.5. → [CR TARGETS](#)

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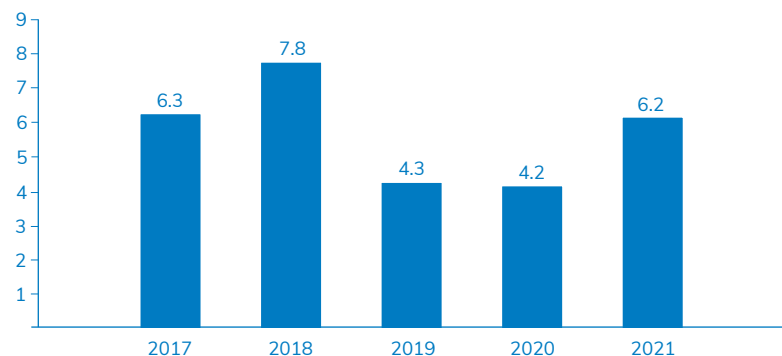
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NORMA Group also monitors the number of medical treatments or accidents that result in a work loss of less than three days (medical treatment rate). In 2021, this figure stood at 27.4 treatments per 1,000 employees. The rate increased slightly compared to 2020 (25.1). The main reason for the 8.9% increase in the Medical Treatment Incident Rate for Group level in 2021 compared to the previous year is due to an 18% increase in the medical treatment cases in the EMEA region, resulting in a 14% increase in the treatment rate. The Americas region has a slight increase in the medical treatment cases of 5%, but an improvement in the medical treatment rate of –6%. The APAC region remained unchanged. The primary drivers of the EMEA increased was driven by sharp increased from NORMA Lifal, NORMA Czech, and NORMA Germany GmbH.

In order to focus on preventive rather than reactive measures, NORMA Group also monitors the number of “near miss” events, which are occasions where an accident nearly happened but was just avoided. Incidents, medical treatments and near misses are reported to line managers, who report this information to local health and safety representatives.

Development of the accident rate in reportable accidents per 1.000 employees G017



Learning and Development

Success factor for business activities

NORMA Group considers itself a learning organization, and therefore pursues the goal of continuous development. This is important, among other things, because the Company operates in a very dynamic environment with constantly changing requirements. Trends such as digitalization, networking, flexibility and sustainability are particularly relevant.

At the core of NORMA Group’s business model is the ability to adapt quickly and flexibly to changing customer requirements as well as economic and social conditions. The targeted and effective training and development of employees, and the utilization of their creative potential are the decisive keys to innovative strength and corporate success. The aim is also to recruit as many skilled workers as possible from the Company’s own junior staff and thus become more independent of the external labor market.

As a responsible employer, NORMA Group wants to offer its employees a supportive work environment that includes opportunities for further development. At the same time, today’s working world calls for skills that are in line with the changes resulting from global megatrends. Thus, training and development not only serves NORMA Group as a Company, but also the long-term perspectives of its employees.

Ensuring the development of employees through training

In order to meet the requirements for the training and development of its employees, NORMA Group has firmly anchored the topic in its human resources strategy. The strategy is implemented at the regional level by Learning & Development Managers and locally by the HR business partners. The focus of the activities is on designing and offering globally implementable development processes and programs that are aligned with NORMA Group’s corporate values and growth objectives. In order to specifically promote learning in the workplace and the individual development paths of employees, both direct supervisors and internal mentors as well as external coaches, are available. In addition, various local and regional methods of personnel development have been combined into a global portfolio. This ensures that all NORMA Group employees worldwide have access to the same talent development program.

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NORMA Group has set itself the goal of ensuring that all employees receive an average of at least 30 hours of training per year. Training includes both internal and external courses, as well as workshops and focuses not only on task-related (operational) training, but also on general training designed to prepare employees for individual, future challenges. In addition, International Short-Term Assignments are also included in the calculation of training hours. Employees received an average of 29.6 training hours in 2021 (2020: 20.9). → GRAPHIC G018: 'DEVELOPMENT OF TRAININGS HOURS'

2021 was also characterized by challenging conditions for training activities. Some plants were affected by lockdowns or physical distancing guidelines due to the coronavirus pandemic, which meant that external and internal classroom training courses were partially or completely cancelled. In addition, budgets were restricted as a result of the crisis. Nevertheless, by focusing more on online training and on classroom training in compliance with hygiene and distancing requirements, a significant improvement in the number of training hours was achieved compared to the previous year.

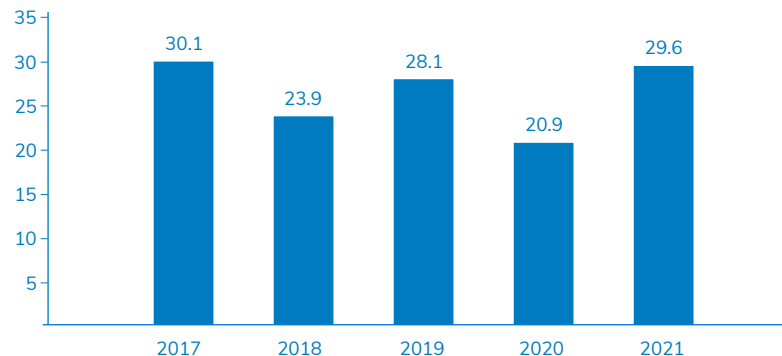
Right now, NORMA Group is increasingly focusing on online training so that there are no gaps in the further training of employees, even in peak phases of mobile working. NORMA Group's "learning management system" is an important component of this. The objective is to provide employees with an online platform on which standard training courses are offered while enabling employees to receive further training in line with their individual needs. NORMA Group ensures the

effectiveness of the training courses through regular internal reporting of participation rates and feedback.

Irrespective of the further course of the pandemic situation, NORMA Group assumes that the trend towards mobile working will not weaken significantly even after the coronavirus pandemic has subsided and will remain an integral part of a modern working environment. It is therefore all the more important to continuously expand the range of modern forms of training such as online training and blended learning. In this context, "goodhabitz," an external provider of digital learning services, was contracted in the past fiscal year. Following its implementation and integration into the learning management system, a large number of high-quality online courses are now available to the Company's employees worldwide to ensure that they receive flexible and needs-based training.

In addition, NORMA Group initiated the global management training program "LeadershipCulture@NORMA," which is specially tailored to the needs of the Company and seeks to promote the creation of a Group-wide network. In addition to teaching the theoretical basics, existing knowledge and social skills will be deepened in order to achieve a uniform understanding of leadership within NORMA Group along the lines of its core values. The global program is intended to allow for all managers to be trained within the next three years. In the period from 2019 to 2021, all plant managers are to undergo global management training. Once the coronavirus pandemic has subsided, the training will be continued in the regions and at the plants.

Development of training hours in hours per employees G018



Targeted acquisition of competencies

Employee training is most effective when it aligns with the demands of the working environment. To ensure this, NORMA Group's approach is principally demand-oriented, based on bottom-up departmental reporting.

In addition, the competency model, which was developed specifically for NORMA Group, defines the skills that are important to the Company, based on numerous workshops and with the participation of employees in all regions. The competency model is integrated systematically into the global and local HR structures (→ GRAPHIC G019: "COMPETENCY MODEL"). For example, managers have been trained in how to further develop their employees using the competency model, and methods have been introduced to ensure that the selection of new employees is carried out along the framework of the skills that are of importance to NORMA Group.

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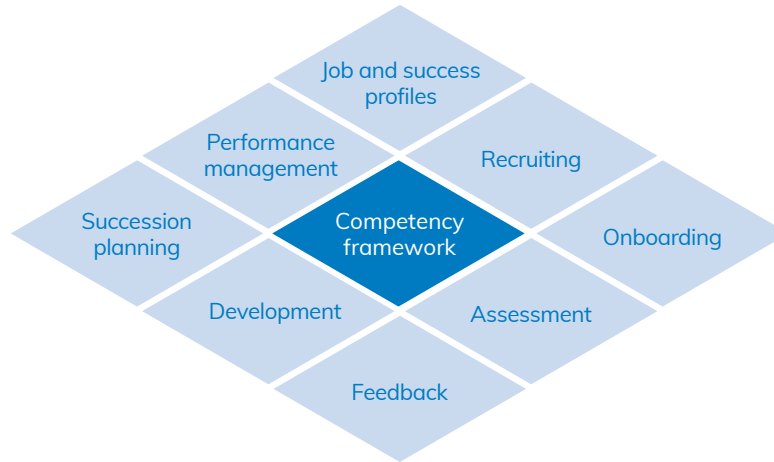
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Competency model

G019



Numerous training opportunities for career starters

In addition to part-time courses of study in industrial engineering, mechanical engineering, mechatronics and business administration, NORMA Group also offers internships for students in all departments and regions. In addition, NORMA Group offers apprenticeships for young people in various technical and commercial fields every year.

International exchange

In a globalized world, and at an international company such as NORMA Group, cross-border exchange, network building and intercultural skills are crucial for success on both a personal level and corporate level. → [DIVERSITY AND EQUALITY OPPORTUNITIES](#) With its international assignment programs, NORMA Group therefore offers its employees the opportunity to expand their experience and skills abroad. The programs distinguish between “Bubble Assignments” (up to three months) and “long-term assignments” (more than three months). Skilled employees

and managers who participate in these initiatives bring with them specialist knowledge and experience from other places while at the same time benefiting from the expertise of their local colleagues. Exchanges can take place within a country or internationally between countries and regions.

Diversity and equality of opportunity

Diversity pays off

Studies show that companies that value diversity are more successful than others with largely homogeneous teams. As an international company with locations and representative offices in 25 countries, NORMA Group is already structurally characterized by a high degree of diversity. By signing the [DIVERSITY CHARTER](#), NORMA Group has committed itself to ensuring that all employees are valued – regardless of gender, nationality, ethnic origin, religion or belief, disability, age or sexual orientation and identity.

The basis for diversity management is NORMA Group’s mission statement on diversity. On the one hand, the mission statement defines the drivers for diversity at NORMA Group (market proximity, innovation and employee satisfaction) and sharpens the focus on respect and equal opportunities within the Company. To coordinate diversity management, NORMA Group has appointed diversity officers at Group and regional levels.

NORMA Group implemented concrete measures to further develop its diversity management in 2021. For instance, training on the topic of unconscious bias, which was initially introduced the previous year, was continued and completed. As a result, around 2,100 employees were trained on this topic over two-year period. In addition, the blog series [“DIVERSITY@NORMA”](#) made an important contribution to reporting on the diversity of the employees who work for NORMA Group. In 2021, the focus was on female employees of NORMA Group from different countries and departments. They provided insights into their professional and personal experiences and reported on their wishes for the future.

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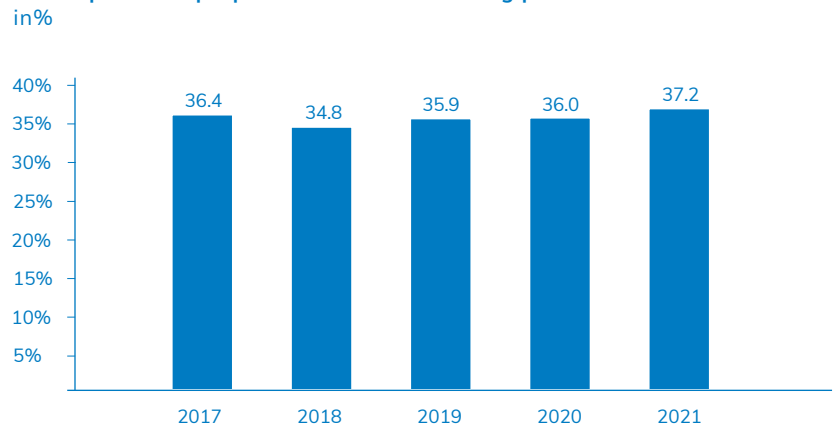
NORMA Group has also taken further steps in its general communication activities to give greater consideration to aspects of appreciation and equality. This report, where attention was paid to gender-neutral wording during preparation, is one example.

NORMA Group's commitment to diversity is celebrated annually on Diversity Day. Due to the COVID-19 pandemic and the resulting physical distancing restrictions, the Diversity Day activities had to be cancelled at numerous locations this year.

Gender equality

NORMA Group actively opposes discrimination and considers it a matter of course that women and men are paid the same amount for the same work and qualifications. The proportion of women is generally based on the proportion of women who are available through the job market and who have the necessary qualifications. Accordingly, it varies worldwide between locations. At the end of 2020, the proportion of women in the entire core workforce was 37.2% (2020: 36.0%) → [GRAPHIC G020: "DEVELOPMENT OF PROPORTION OF WOMEN AMONG PERMANENT STAFF."](#) One woman is currently represented on the three-person Management Board of NORMA Group SE, and there were two women out of a total of six members on NORMA Group's Supervisory Board in fiscal year 2021. → [CORPORATE-GOVERNANCE-REPORT](#)

Development of proportion of women among permanent staff G020



Social Commitment

NORMA Clean Water

Long-term partnership with Plan International

For NORMA Group, the responsible use of water is directly related to its core business. For this reason, NORMA Group is also involved in this area with its social project NORMA Clean Water. The project aims to show how the challenges in the field of water, sanitation and hygiene can be met: through cooperation between business and civil society.

Today, the NORMA Clean Water project can look back on a partnership of several years. NORMA Group's partner is the children's aid organization Plan International, which supervises and implements the projects in the respective countries. In 2018, the alliance between NORMA Group and Plan International received public recognition, when NORMA Clean Water was among the finalists for the German CSR Award in the category "Civil Society Commitment." The prize is awarded to projects and initiatives that demonstrate exemplary CR.

Engagement in India and Brazil

From 2014 to 2017, NORMA Clean Water focused on the water supply and hygiene situation at Indian schools in the greater Pune area. In a total of 27 schools, construction measures for the repair or renovation of toilet facilities were implemented, and almost 18,000 students and around 600 teachers were trained in the use of clean drinking water and hygiene. The training courses formed the core of the work, as they ensure that the water facilities are used to improve hygiene even after the project has ended.

Building on the successful project in India, NORMA Clean Water has been continued since 2017 in the Codó and Peritoró regions of the state of Maranhão in northeastern Brazil. Here too, there is a lack of safe access to clean water. The project therefore aims to improve the living and health conditions of children and their families. Specifically, a total of 600 families have been given access to clean water through the construction and repair of new drinking water facilities. In addition, around 60 families benefit from vegetable gardens, which diversify and expand their food supply. Training has been at the heart of the project here as

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well to ensure the long-term success of NORMA Clean Water. In all project communities, water committees are actively involved in the implementation and maintenance of the construction and training measures, thus helping to anchor the project throughout the communities in the long term.

Continuing the engagement

The first phase of the project in Brazil was completed in 2020. Due to the success of the project and the continuing demand in the region, NORMA Group has extended the project in Brazil to include a second project phase. The total amount provided is EUR 325 thousand over three years.

Families in the existing project communities, where gardens were planted in the first phase, will now receive advice on fruit and vegetable cultivation. In addition, gardening tools and seeds will be distributed. In the area of health, hygiene and equal opportunities, workshops and exhibitions will be organized to anchor these topics in the communities. In addition, the project is being extended to two further communities, where measures corresponding to the first project phase are to be implemented (installation of water supply systems, establishment of water committees, workshops on gender equality). The expansion is expected to reach an additional 3,800 people.

The rapid spread of the COVID-19 virus in Brazil gives, the project an acute significance: The successes of the first measures – improved access to water and a better understanding of hygiene – can make an effective and lasting contribution to containing the COVID-19 pandemic and other viral infections.

Corporate volunteering at NORMA Help Day

Civil society is of crucial importance for the functioning of society as a whole. Against the backdrop of the current social challenges, NORMA Group is committed to getting involved and playing an active role. The basis for promoting the civic involvement of employees was created with the NORMA Help Day, which was held for the first time in 2014 in Maintal. The program has spread internationally to all NORMA Group sites since 2015, with employees' participation being voluntary. In recent years, more than 700 employees have regularly taken part in Help Day. Numerous non-governmental organizations (NGOs) have benefited from the commitment of employees worldwide. Since the contributions or projects vary greatly from region to region, they are organized and implemented on a decentralized basis.

Due to the varying local coronavirus protection measures, it was only possible to hold a Help Day at a few locations in 2021. In China, a school for special education was visited and various games were organized together with the students. In Brazil, employees collected plastic bottle tops for a local project to make cloth blankets and donated them to a local non-profit organization. In Germany, employees supported a daycare center by building a garden and helping to beautify the banks of the Main River. At one site in the US, a non-profit organization was supported by donating clothing. In Serbia, a team helped people suffering from cerebral palsy. In France and Portugal, donations were made to local organizations.

NORMA Group has received a lot of positive feedback from participants and external project partners. An evaluation carried out in 2019 in cooperation with the University of Mannheim also confirmed the positive effect. Thus, the NORMA Help Day has been a complete success for NORMA Group and all participants and will be continued in the coming years.

Donations and sponsoring at the locations

NORMA Group has long supported local non-governmental organizations through donations and sponsorships with a focus on social, charitable and cultural projects in the regions. The approach here is also decentralized, as the efficiency of the support measures depends on the regional framework conditions.

Staggered approval processes apply to all donation and sponsorship activities, depending on the amount made available. The basis for this is the "Schedule for internal approval authority." Donations to politicians, political parties and political organizations are expressly prohibited. Approval processes and reporting are also linked to NORMA Group's internationally applicable compliance management. → **COMPLIANCE** In the past year, expenses for sponsoring and donations totaled around to EUR 302 thousand. NORMA Germany GmbH donated 50 used computers to the city of Maintal in fiscal year 2021. The donation will be used to support children and young people in the neighborhood. The computers will be used to support learning in homeschooling. NORMA Subotica also contributed to the local community by donating five used computers to the local school.



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Cooperation with universities

In the spirit of giving back to our communities, NORMA Group's US subsidiary NDS conducted its first Annual NDS Cares Scholarship Contest in 2021 and provided eight scholarships to college-bound or current college students. The candidates had to meet predefined applicant requirements (GPA, financial assistance need, career goals, and extracurricular activities and submit an essay about why they think water management is important to modern day society.

Non-Financial Report, EU Taxonomy, GRI and UN Global Compact

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Non-Financial Report

This CR Report serves to fulfill the legal requirements that have arisen for NORMA Group in accordance with Sec. 315c HGB in connection with Sections 289b to 289e HGB (German Commercial Code (“Handelsgesetzbuch”) as well as Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088. The contents of the non-financial report can be found in the CR Report and in parts of the management report and are marked with a line next to the respective text. An overview of the compulsory components according to HGB can be found in → [TABLE T013: “CONTENT OF NON-FINANCIAL DISCLOSURE”](#). References to disclosures outside the Annual Report constitute additional information and are as such not part of the non-financial report. The non-financial report has undergone an assurance engagement according to ISAE 3000 (Revised) with limited assurance. → [ASSURANCE REPORT](#)

After the implementation of the net method in the determination of reportable risks according to CSR-Richtlinien-Umsetzungsgesetz (CSR-RUG), NORMA Group is not aware of any reportable net risks that are very likely to have a materially adverse effect on reportable aspects. For a description of NORMA Group’s risk management system, please refer to the → [RISK AND OPPORTUNITY REPORT](#). The gross risks identified in the materiality analysis are briefly described in the subchapters of the CR Report.

Reportable relations to the amounts of the Consolidated Financial Statements have not been determined.

EU Taxonomy

The Taxonomy Regulation is a key element of the European Commission’s action plan to redirect capital flows towards a more sustainable economy. As a classification system for environmentally sustainable economic activities, the Taxonomy represents an important step towards achieving carbon neutrality by 2050 in line with EU targets. The initial focus is on the following six environmental objectives:

- Climate protection
- Adaptation to climate change
- Sustainable use and protection of water and marine resources
- Transition to a circular economy
- Pollution prevention and control
- Protection and restoration of biodiversity and ecosystems

Only the first two environmental objectives are to be covered in this report. The other four objectives are to be applied to reports published after January 1, 2023. With regard to the environmental targets “Climate protection” and “Adaptation to climate change,” the economic activities of NORMA Group are to be examined and analyzed in the first reporting year with regard to their Taxonomy-eligibility and from the following reporting year with regard to their Taxonomy-alignment. In the following reporting periods, Taxonomy-eligibility and -alignment are to be reported simultaneously for the remaining environmental objectives. Taxonomy-eligibility is met if a company’s economic activities are to be regarded as relevant for the environmental objectives listed by the EU. Taxonomy-alignment, on the other hand, only exists if Taxonomy-eligible economic activities, or parts thereof, can be assessed as positive for the achievement of the EU’s environmental objectives due to the fulfillment of certain technical screening criteria.

Taxonomy-eligible economic activities of NORMA Group

NORMA Group has identified the following economic activities as defined in Annexes I and II of the Delegated Act of the EU Taxonomy on climate-related environmental objectives.

Economic activity 3.6 – Manufacture of other low carbon technologies

Economic activity 3.6 “Manufacture of other low carbon technologies” is defined by the EU as: “Manufacturing of technologies aiming at a significant reduction of greenhouse gas emissions in other sectors of the economy.” NORMA Group’s activities to manufacture electric mobility products (connectors, dry brake valves and flex systems) meet this activity description. Certain products can only be installed in and are required in electric vehicles. Through their use in electric vehicles

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and, in turn, their use in the transport sector and the associated CO₂ emission-free mobility, NORMA Group's products are aimed at significantly reducing greenhouse gas emissions in another sector of the economy. Overall, the manufacturing processes thus correspond to economic activity 3.6 described in Annex 1 of the Delegated Act of the EU Taxonomy.

Economic activity 5.1 – Construction, expansion and operation of water collection, treatment and supply systems

Economic activity 5.1 is defined by the EU as: "Construction, expansion and operation of water collection, treatment and supply systems." In the product area of water management, NORMA Group manufactures systems that are used for the collection and distribution and, in some cases, also the treatment of water. These systems can be used, for example, to irrigate gardens, landscapes and residential areas, to drain excess water or to increase water quality through filtration systems. Overall, the respective manufacturing processes can thus be classified under economic activity 5.1 described in both annexes of the Delegated Act of the EU Taxonomy.

Performance indicators according to EU Taxonomy

The following section presents Group sales, capital expenditures (Capex) and operating expenses (Opex) for the reporting period 2021, broken down into Taxonomy-eligible and non-Taxonomy-eligible components.

Sales KPI (Key Performance Indicator) definition

The Taxonomy-eligible share of Group sales is defined as the portion of net sales for fiscal year 2021 derived from products and services related to Taxonomy-eligible economic activities (numerator) divided by net sales in 2021 (denominator). This numerator for NORMA Group results from the sales of the four subsidiaries National Diversified Sales (USA), NORMA Products Malaysia, NORMA Australia and Kimplas (India), which mainly comprise the Strategic Business Unit Water Management, as well as the sales of certain products from the Strategic Business Field Mobility and New Energy, which can only be installed in electric vehicles. The denominator corresponds to NORMA Group's total sales for the fiscal year 2021 from the income statement. In determining the sales, the system ensured that no sales were recorded twice.

Table 1: Sales KPI (Key Performance Indicator)

T010

Group sales	Total	Share of Taxonomy-eligible economic activities	Share of non-Taxonomy-eligible economic activities
in EUR million	1,092 ¹	263	829
in %	100	24.1	75.9

1. Total revenue corresponds to revenue from → [CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME](#).

Breakdown of Taxonomy-eligible sales by economic activity (number, name)	In EUR million	In %
3.6 Manufacture of other low carbon technologies	15	1.4
5.1 Construction, expansion and operation of water collection, treatment and supply systems	248	22.7

Capex KPI definition

The Capex KPI is defined as the share of Taxonomy-eligible capital expenditures (Capex) in the numerator, divided into three categories (a – c) as defined by the EU, divided by the total Group Capex for fiscal year 2021 in the denominator. In determining Capex, the system has ensured that no expenses have been recorded twice.

Capex category a)

Capex category a) is defined according to the EU as "capital expenditures for assets or processes related to Taxonomy-eligible economic activities" (sales-related Capex). For NORMA Group, this Capex results from capitalized investments in the four subsidiaries of the Water Management segment on the one hand. On the other hand, parts of the Capex to the Mobility and New Energy segment were allocated according to sales, as well as in Water Management in the Kimplas division. Certain capital expenditures do not exclusively target the production of electromobility products. Therefore, this Capex was allocated to the electromobility products based on the generated share of sales.

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Capex category b)

Capex category b) is defined by the EU as “investments that are part of a Capex plan to expand Taxonomy-eligible economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-align.” No such investments were made in fiscal year 2021.

Capex category c)

Capex category c) is defined according to the EU as capital expenditures related to the acquisition of production from Taxonomy-eligible economic activities and individual measures that enable the target activities to become low-carbon or lead to greenhouse gas reductions (non-sales-related Capex).

These for NORMA Group non-sales-related investments are defined in economic activities 7.1 to 7.7 of the Delegated Act as “Investments in new construction, renovation of existing buildings, installation, maintenance and repair of energy-efficient equipment, charging stations for electric vehicles in buildings (and in parking lots belonging to buildings), and equipment for measuring, regulating and controlling the energy performance of buildings, renewable energy technologies, and investments in the acquisition and ownership of buildings.”

Using this final list, non-sales related investments of the three regions were identified based on the ERP systems and subsequently validated against the Capex register.

Table 2: Capex KPI

T011

Group Capex	Total	Share of Taxonomy-eligible Capex	Share of non-Taxonomy-eligible Capex
in EUR million	55.6 ¹	2.8	52.8
in %	100	5.0	95.0

1_ Compare the corresponding additions under → 18. GOODWILL AND OTHER INTANGIBLE ASSETS and → 19. PROPERTY, PLANT AND EQUIPMENT.

Breakdown of Taxonomy-eligible Capex by category and economic activity (number, name)	In EUR million	In %
Capex category a)		
Thereof 3.6 Manufacture of other low carbon technologies	0.6	1.1
Thereof 5.1 Construction, expansion and operation of water collection, treatment and supply systems	1.3	2.4
Capex category b)	/	/
Capex category c)	0.9	1.5

Opex KPI definition

The Opex KPI is defined as the share of Taxonomy-eligible operating expenses (Opex) in the numerator, broken down into three categories (a – c) as defined by the EU, divided by direct non-capitalized expenses, in particular for research and development, building refurbishment measures, short-term rental, maintenance and repair, and other direct expenses relating to the ongoing maintenance of property, plant and equipment assets in the denominator. In determining Opex, the system ensured that no expenses were recorded twice.

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Opex category a)

Opex category a) is defined according to the EU as “operating expenses related to assets or processes associated with Taxonomy-eligible economic activities, including training and other human resource adaptation requirements, as well as research and development costs”. The following NORMA Group Opex accounts have been identified as Taxonomy-eligible according to category a): Maintenance of production facilities, technical equipment, machinery, forklifts, maintenance (general) and research and development. In fiscal year 2021, the Opex in the area of Water Management were determined using these accounts. Due to the low Taxonomy-eligible share of sales of electromobility products, the related Opex can be classified as immaterial.

Opex category b)

Opex category b) is defined by the EU as “operating expenses that are part of a Capex plan to expand Taxonomy-eligible economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-align.” No such operating expenses were incurred in fiscal year 2021.

Opex category c)

Opex category c) is defined according to the EU as operating expenses that relate to the purchase of production from Taxonomy-eligible economic activities and individual measures that enable the target activities to become low-carbon or lead to greenhouse gas reductions. NORMA Group has identified four opex accounts as taxonomy-eligible according to category c), which are to be included in the short-term leasing area of the EU taxonomy. In fiscal year 2021, the Opex in the Water Management segment were determined based on these accounts and turned out to be immaterial (EUR 10 thousand). In the area of electromobility products, no values could be determined on the system side due to the short-term changes or clarifications of the EU. Due to the low Taxonomy-eligible share of sales of electromobility products, the related Opex can also be classified as immaterial.

Table 3: Opex KPI

T012

Group Opex (according to EU Taxonomy definition)	Total	Share of Taxonomy-eligible Opex (category a)	Share of non-Taxonomy-eligible Opex
in EUR million	53.2	3.7	49.5
in %	100	6.9	93.1

Global Reporting Initiative (GRI) and UN Global Compact

The Corporate Responsibility Report in conjunction with other information from the Annual Report fulfills the Core option of the GRI Standards. This includes the implementation of the materiality analysis.

It also offers an orientation to GRI Standards within the non-financial report. Above all, the materiality analysis, the presentation of management approaches, and the key figures are oriented toward the specifications of the GRI Standards. The GRI Content Index can be found on NORMA Group’s website WWW.NORMAGROUP.COM.

This report also serves as a Communication on Progress for the implementation of the ten principles of the UN Global Compact. References to the Global Compact principles have been integrated into the GRI Content Index.

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Content of non-financial disclosure

T013

Mandatory information according to HGB	Reconciliation in report content / material topics	Page
Business model	Principles of the Group	72
	Environmental Strategy and Management Systems	45
	Climate protection	47
	Water	49
	Resource Efficiency and Materials	50
Environmental issues	Responsible Procurement	41
	Compliance	38
	Human Rights	40
	Employee Satisfaction	53
	Occupational Health and Safety	53
Labor issues	Learning and Development	55
Social issues	This aspect was found to be non-material in the materiality analysis.	see 34, 35
	Compliance	38
Respect for human rights	Human Rights	40
	Responsible Procurement	41
Combating corruption and bribery	Compliance	38
Presentation of risks	See corresponding subchapters	See corresponding subchapters
Correlations to the Consolidated Financial Statements	Non-Financial Report, EU Taxonomy, GRI and UN Global Compact	61

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CR Performance Indicators

Governance / Integrity

T014

Indicator	Unit	2021	2020	Change in %
Compliance management system & compliance training				
Employees who were trained on compliance topics online	Headcount	1,114	2,091	-46.7
Completed hours in compliance online training	h	1,283	3,432	-62.6
Substantial fines for non-compliance with laws and regulations	EUR thousands	0	0	0.0
Human rights: elimination of discrimination				
Discriminations determined by courts	Number	0	0	0.0
Human rights: freedom of association				
Violations of freedom of association determined by courts	Number	0	0	0.0
Share of permanent staff covered by collective bargaining agreements	%	49.5	52.7	n/a
Product quality and safety				
Manufacturing locations certified according to quality standards (ISO 9001, IATF 16949 or EN 9100)		26	27	-3.7
Defective parts	ppm (parts per million) average per month	4.9	5.1	-3.9
Customer complaints	per entity	5.1	4.7	8.5
Invention applications		25	22	13.6
Sustainability in purchasing				
Purchasing turnover	EUR millions	481.5	404.1	19.2
Total production materials turnover	EUR millions	372.2	291.3	27.8
Share of preferred suppliers who have signed the Supplier Code of Conduct (SCoC)	%	100	100.0	0.0
Preferred production material suppliers	Number	17	18	-5.6
Share of preferred suppliers in production material purchasing spend	%	25	21.9	14.2
Share of suppliers in supplier scoring that participated in sustainability self-assessment	%	41.0	32.0	28.1

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Environment

T014

Indicator	Unit	2021	2020	Change in %
Eco-management systems				
Manufacturing locations certified according to ISO 14001	Number	25	26	-3.8
Share of manufacturing locations certified according to ISO 14001	%	92.6	93,0	n/a
CO₂ Footprint				
Absolute emissions	tons CO ₂ equivalents			
Scope 1 emissions (from gas consumption) ¹	tons CO ₂ equivalents	5,678	5,417	4.8
Scope 2 emissions (from purchased electricity / heat, market-based ¹)	tons CO ₂ equivalents	37,771	44,396	-14.9
Scope 1 and 2 emissions (from purchased electricity / heat, market-based ¹)	tons CO ₂ equivalents	43,449	49,813	-12.8
Scope 1 and 2 emissions (from purchased electricity / heat, location-based ¹)	tons CO ₂ equivalents	56,758	52,327	8.5
Energy				
Absolute energy consumption	MWh	130,170	118,214	10.1
Gas	MWh	22,713	21,668	4.8
Electricity	MWh	107,111	96,123	11.4
District heating	MWh	346	424	-18.3
Normalized energy consumption	kwh / EUR thousand of revenue	119.0	124.2	-4.0
Gas	kwh / EUR thousand of revenue	20.8	22.8	-8.7
Electricity & district heating	kwh / EUR thousand of revenue	98.3	101.4	-2.9
Water in production processes				
Water consumption	m ³	160,586	147,425	8.9
Water consumption (normalized)	liter / TEUR of revenue	147.1	154.8	-5.0
Resource efficiency				
Hazardous waste	tons	644	617	4.3
Non-hazardous waste	tons	12,261	10,429	17.6
Metallic waste	tons	7,309	6,376	14.6
Plastic waste	tons	1,181	1,067	10.7
Cardboard/paper waste	tons	767	730	5.0
Wood waste	tons	920	956	-3.8
Other waste	tons	2,084	1,300	60.3

¹Market-based emissions in accordance with GHG Protocol Scope 2 Guidance, using supplier-specific data as well as IEA emission factors. Scope 2 emissions calculated using "location-based" method (calculated using exclusively IEA emissions factors).

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Social

T014

Indicator	Unit	2021	2020	Change in %
Occupational Health and safety				
Manufacturing locations certified according to ISO 45001	Number	21	20	5.0
Share of manufacturing locations certified according to ISO 45001	%	77.8	71	8.9
Accident rate	accidents / 1,000 employees	6.2	4.2	46.7
Medical treatment rate	treatments / 1,000 employees	27.4	25.1	8.9
Number of lost time incidents		54	35	54.3
Number of medical treatments (non-notifiable accidents)		238	210	13.3
Training and development				
Average training hours	hour / employee	29.6	20.9	41.6
Employee satisfaction				
Attrition rate (voluntary)	%	13.2	9.6	n/a
Diversity and equality of opportunity				
Countries in which NORMA Group is currently represented		25	25	0.0
Share of women in permanent staff	%	37.2	36.0	n/a
Women in the six-person Supervisory Board		2	2	0.0
Social commitment				
Donations	EUR thousands	14	111	-87.4
Sponsoring	EUR thousands	288	98	195.1

Assurance Report

Independent Practitioner’s Report on a Limited Assurance Engagement on Non-financial Reporting

To NORMA Group SE, Maintal

We have performed a limited assurance engagement on the separate non-financial group report of NORMA Group SE, Maintal, (hereinafter the “Company”) for the period from 01 January to 31 December 2021 (hereinafter the “Separate Non-financial Group Report”).

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Responsibilities of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Separate Non-financial Group Report in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB (“Handelsgesetzbuch”: “German Commercial Code”) and Article 8 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the “EU Taxonomy Regulation”) and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section “EU Taxonomy” of the Separate Non-financial Group Report.

This responsibility includes the selection and application of appropriate non-financial reporting methods and making assumptions and estimates about individual non-financial disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal controls as the executive directors consider necessary to enable the preparation of a Separate Non-financial Group Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section

“EU Taxonomy” of the Separate Non-financial Group Report. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis – IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

- Our responsibility is to express a conclusion with limited assurance on the Separate Non-financial Group Report based on our assurance engagement.
- We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that the Company’s Separate Non-financial Group Report, other than the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “EU Taxonomy” of the Separate Non-financial Group Report.

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- In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.
- In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:
- Gain an understanding of the structure of the Group’s sustainability organisation and stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Separate Non-financial Group Report about the preparation process, about the internal control system relating to this process and about disclosures in the Separate Non-financial Group Report
- Identification of likely risks of material misstatement in the Separate Non-financial Group Report
- Analytical procedures on selected disclosures in the Separate Non-financial Group Report
- Reconciliation of selected disclosures with the corresponding data in the consolidated financial statements and group management report
- Evaluation of the presentation of the Separate Non-financial Group Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the Separate Non-financial Group Report of the Company for the period from 01 January to 31 December 2021 is not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “EU Taxonomy” of the Separate Non-financial Group Report. We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Separate Non-financial Group Report.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company’s purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Frankfurt / Main, 10 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

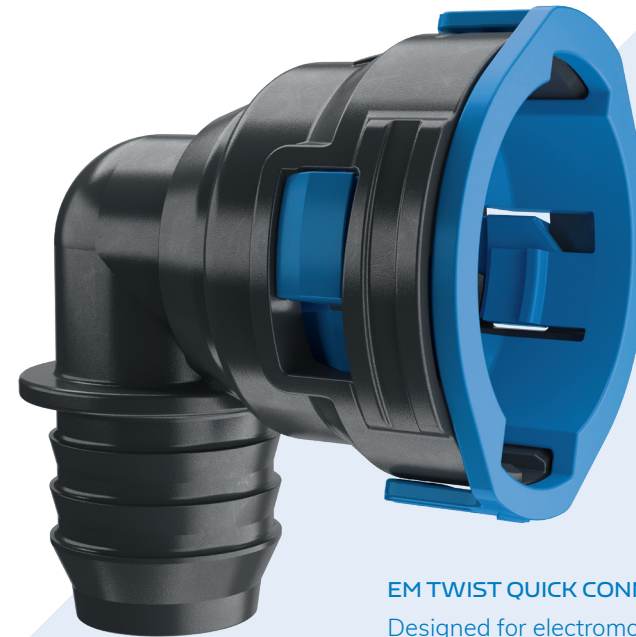
Nicolette Behncke
Wirtschaftsprüfer
[German public auditor]

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EM TWIST QUICK CONNECTOR

Designed for electromobility: Lighter and smaller, without compromising in safety

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Principles of the Group

Business model

NORMA Group is an international market and technology leader in advanced and standardized joining and fluid-handling technology. With its 26 production sites and numerous sales offices, the Group has a global network with which it supplies more than 10,000 customers in over 100 countries. NORMA Group's product portfolio includes more than 40,000 high-quality joining products and solutions for many different cross-industry applications. The focus is on innovative solutions for promising end markets with a focus on the areas of Water Management, Industry Applications as well as Mobility and New Energy. With its products and solutions, NORMA Group actively supports its customers and business partners in responding to key global megatrends such as climate change and the increasing scarcity of resources. High customer satisfaction is the foundation of NORMA Group's continued success. The main factors here are the company's customer-specific system solutions and the global availability of its products, combined with reliable quality, delivery reliability and a strong brand image.

Organizational structure

Corporate legal structure

NORMA Group SE is the parent company of NORMA Group. The company has its headquarters in Maintal, near Frankfurt / Main, Germany. NORMA Group SE acts as the legal holding company for the Group. It is responsible for the strategic management of business activities. In addition, it is also responsible for communicating with the company's most important target audiences as well as Legal and M & A, Compliance, Risk Management and Internal Auditing.

Group-wide central management responsibilities such as Information Technology (IT), Treasury, Group Accounting and Group Controlling, for example, are all based at the wholly owned subsidiary of NORMA Group SE, NORMA Group Holding GmbH, which is also located in Maintal. Three regional management teams based in Auburn Hills (USA), Maintal (Germany) and Singapore steer the specific holding activities for the three regions Americas (North, Central and South America), EMEA (Europe, Middle East and Africa) and Asia-Pacific (APAC).

As of December 31, 2021, NORMA Group SE holds shares in 50 companies that belong to NORMA Group either directly or indirectly and are fully consolidated.

There were no changes to the legal structure of the Group in fiscal year 2021.

Group Management

NORMA Group SE has a dual management system consisting of a Management Board and a Supervisory Board. The Management Board manages the company under its own responsibility and is advised and monitored by the Supervisory Board. The following personnel changes took place on the Supervisory Board in fiscal year 2021.

In accordance with the Articles of Association, the Supervisory Board of NORMA Group SE consists of six independent members elected by the shareholders at the Annual General Meeting. Günter Hauptmann is the Chairman of the

50
companies



> 10.000
customers in over
100 countries

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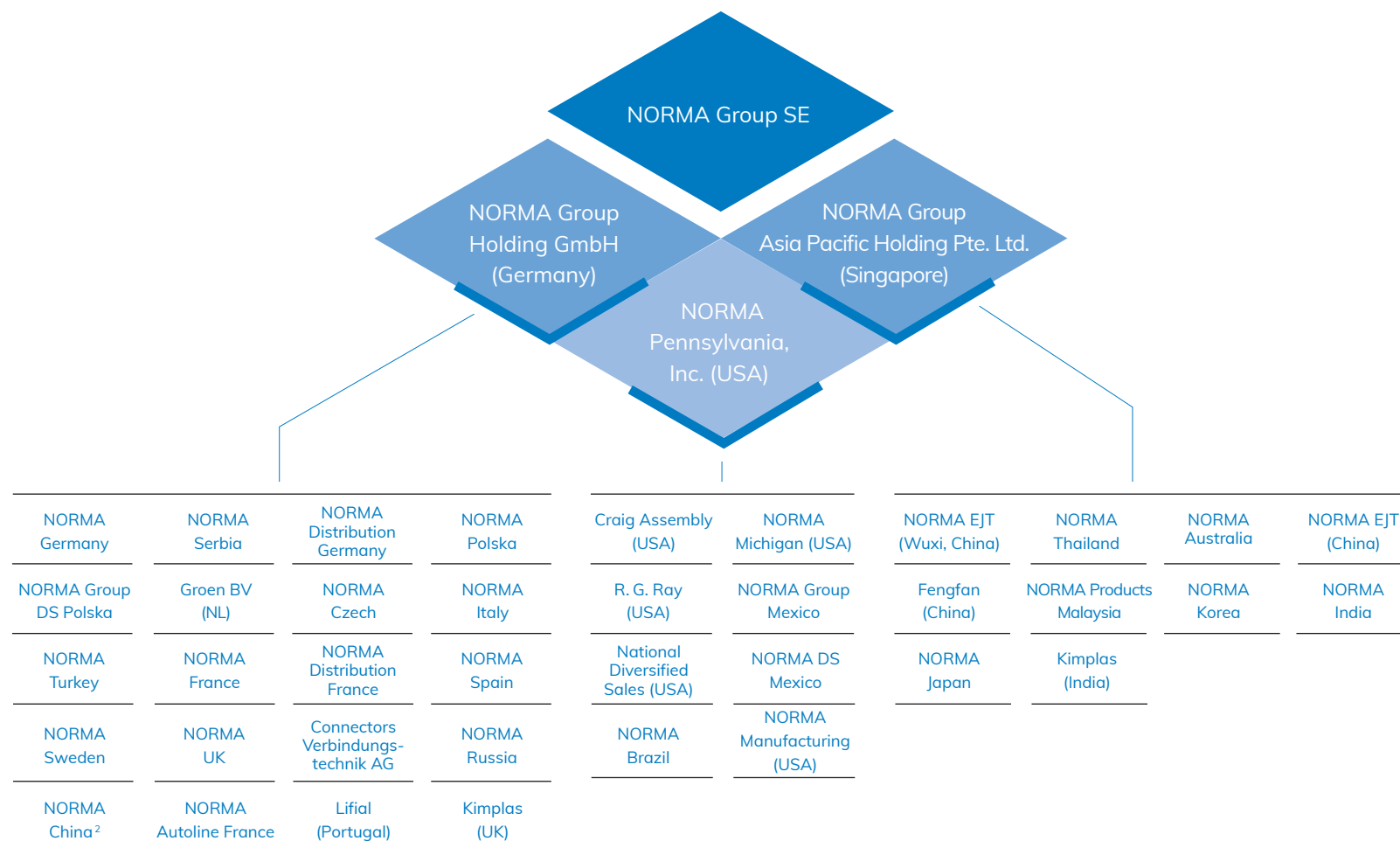
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NORMA Group (simplified structure)¹

G021



1_The graph gives an overview of the operating companies of NORMA Group. The company names correspond to the internally used company names. A complete list of the Group companies and NORMA Group's shareholdings as of December 31, 2021, can be found in the corresponding disclosures in the → NOTES.

2_NORMA China is organizationally assigned to the Asia-Pacific segment. In terms of company law, it belongs to NORMA Group Holding GmbH.

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Supervisory Board and Erika Schulte is Deputy Chairwoman. Miguel Ángel López Borrego was appointed to the Supervisory Board in fiscal year 2021. This position became vacant when Lars Berg resigned from office on August 31, 2020. The application for the court appointment of Mr. López to the Supervisory Board of NORMA Group was filed on March 3, 2021. The shareholders then elected Mr. López to the Supervisory Board of NORMA Group SE at the Annual General Meeting on May 20, 2021. Mr. López has also been a member of the Audit Committee since April 1, 2021.

Mr. López is responsible for Siemens' Spanish operations as CEO of Siemens S.A. in Madrid. He has also chaired the Board of Directors of Siemens Gamesa Renewable Energy S.A., a listed manufacturer of wind turbines in Zamudio, Spain, since 2018. He has international industrial experience in the automotive and new energies sectors as well as extensive expertise in finance.

Detailed information on the composition of the Management Board and Supervisory Board and their distribution of responsibilities among themselves can be found in the Corporate Governance Report, which forms part of this Annual Report. The Corporate Governance Report contains the Statement of Corporate Governance required by Section 289f and Section 315 b of the German Commercial Code (HGB), including the Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (AktG), a description of the procedures of the Management Board and the Supervisory Board, as well as relevant information on significant corporate governance practices. Furthermore, the declaration on the diversity concept to be disclosed in accordance with the CSR Directive Implementation Act is also an integral part of the → [CORPORATE GOVERNANCE REPORT](#), which is part of this Annual Report and can also be found on the company website at www.normagroup.com. Detailed information on the development of the non-financial performance indicators can be found in the → [CR REPORT](#), which is also part of this Annual Report.

Operative segmentation by regions

NORMA Group's strategy is focused, among other considerations, on regional growth targets. In order to achieve these, the operative business is managed by the three regional segments EMEA, the Americas and Asia-Pacific. 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 strong regional focus. Regional and local priorities are set in the area of sales and services.

Products and end markets

Two complementary distribution channels

NORMA Group supplies its customers through two different sales channels:

Engineered Joining Technology – EJT: directly to OEMs and

Standardized Joining Technology – SJT: via wholesalers and sales representatives

The two sales channels differ in terms of the degree of specification of the products, but overlap in production and development. This enables cost advantages and at the same time ensures reliable high quality.

The Engineered Joining Technology (EJT) segment includes sophisticated, individually customized joining technology and is particularly characterized by close development partnerships with OEMs (original equipment manufacturers). NORMA Group's central development departments and local resident engineers work together with the customer during multi-year project phases to develop solutions for specific industrial challenges. Thanks to the constant customer proximity in the area of EJT, NORMA Group's resident engineers gain comprehensive knowledge and a deep understanding of the various challenges their end markets and customers face. As a result, they generate substantial added value for customers and contribute to their economic success. Such development partnerships result in holistic product and system solutions that meet both customer demands for efficiency and performance and take aspects such as weight reduction and quick assembly times into account.

The EJT segment includes the strategic business units Mobility and New Energy. The Mobility sub-segment is in turn divided into the two end markets Light Vehicles (passenger cars) and Heavy Vehicles (commercial vehicles and construction machinery). The New Energy sub-segment brings together numerous applications for the sustainable energy industry, innovative solutions for electromobility and renewable energies, for example.

NORMA Group markets a broad range of high-quality, standardized branded products via its Standardized Joining Technology (SJT) segment, which comprises the two strategic business units Water Management and Industry Applications. This also includes various solutions in the areas of storm water management and landscape irrigation and joining components for water infrastructure solutions. In

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In addition to its own global distribution network, the company also relies on sales representatives, distributors and importers as multipliers. NORMA Group's customers include distributors, specialized wholesalers, OEM customers in the spare parts market, do-it-yourself (DIY) stores and applications in smaller industries. The brands ABA®, Breeze®, Clamp-All®, CONNECTORS®, FISH®, Gemi®, Kimplas®, NDS®, NORMA®, Raindrip®, R.G.RAY®, Serflex®, TRUSTLENE® and TORCA® represent technical expertise, high quality and delivery reliability and comply with the technical standards of the countries in which they are sold.

By combining expertise in the development of customized solutions for original equipment manufacturers (OEMs) in the area of EJT and the provision of high-quality standardized branded products via a global sales network (SJT), NORMA Group is not only able to achieve cross-selling effects, but also realizes numerous synergies in the areas of purchasing, production, logistics and sales. In addition, the Group benefits from significant economies of scale and scope due to the diversity of its product range and high volumes, which sets it apart from its smaller and generally more specialized competitors.

The consistent alignment in the strategic business areas established in 2020 is intended to ensure an optimized focus on the respective end markets and customers with their specific requirements.

Product portfolio

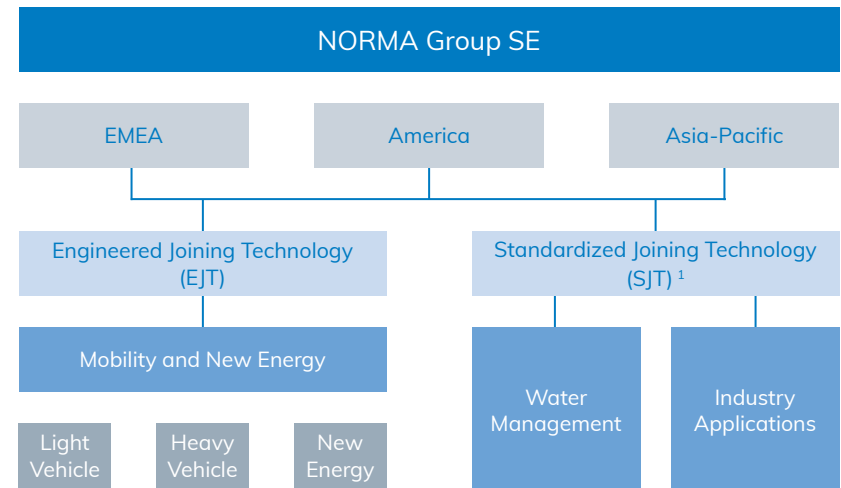
NORMA Group's products can basically be divided into three main product categories across all business segments based on the technology used in the manufacturing process: **Fluid** (fluid systems and connectors), **Fasten** (fastening clamps and joining elements made of metal) and **Water** (applications in the area of water management).

The **Fluid** products are single or multiple layer thermoplastic plug-in connectors and fluid systems which, due to their special nature, reduce assembly times, ensure the reliable flow of liquids or gases and occasionally replace conventional products such as elastomer hoses. NORMA Group's fluid products are already being used in thermal management systems in hybrid and electric vehicles.

The product group **Fasten** includes a wide range of clamp products and joining elements made of non-alloy steels or stainless steel and are mainly used to clamp and seal hoses as well as to affix metal and thermoplastic pipes.

Organizational structure of NORMA Group

G022



1_The business area of Distribution Services (DS) was renamed to Standardized Joining Technology (SJT) in the context of internal structural changes.

The **Water** product portfolio includes solutions for applications in the fields of storm water management and landscape irrigation, but also joining components for infrastructure solutions in the area of water.

Engineered Joining Technology is used in all applications in which pipes, tubes and other systems need to be connected. Because joining technology is an important component in nearly all industries, NORMA Group serves many different end markets. Besides the automotive, commercial vehicle and aviation industries, these include construction, mechanical engineering, pharmaceuticals and biotechnology. Other end markets include agriculture and the drinking water supply and irrigation industries. NORMA Group's products are also used in consumer products such as home appliances, for example.

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Although NORMA Group's joining products account for a comparatively low value share in the customer's end product, they are often mission-critical in use. Group-wide compliance with high quality standards and stringent quality management therefore play a crucial role for NORMA Group. → [QUALITY MANAGEMENT](#). A strong brand strategy geared toward regional growth targets and ensuring first-class service quality and the availability of products at all times are also important success parameters. NORMA Group ensures this through its global sales network.

Market and competitive environment

NORMA Group provides solutions for a wide variety of industrial applications with its products. Thanks to the unique combination of expertise in both metal and plastics processing and the broad diversification of its product portfolio, the company is able to offer its customers a comprehensive portfolio of solutions to different problems from a single source. This differentiates the Group from competitors who predominantly specialize in individual product segments.

In the Engineered Joining Technology (EJT) segment, in particular the area of Fasten and Fluid, NORMA Group operates in a highly fragmented market that is characterized by a very heterogeneous structure due to the abundance of specialized industrial companies. In this environment, NORMA Group sees itself as a provider of customized value-creating solutions that are geared to the specific needs of the customer and are the result of long-term development partnerships. NORMA Group distinguishes itself from its mostly regional competitors with its international business alignment and its cross-industry customer base. Thanks to its strong focus on innovation, NORMA Group offers its customers products that are particularly resistant to temperature and pressure as well as optimized in terms of weight and assembly time that distinguishes the company from its competitors.

In response to the structural changes that have been taking place in NORMA Group's traditional core business, the automotive industry, for a number of years, the company positioned itself in the field of electromobility several years ago and is closely monitoring current developments and trends in order to be able to benefit from any positive developments. In the meanwhile, NORMA Group has a broad product portfolio with customized products and system solutions for applications in electric and hybrid vehicles that it produces for the most part at its existing production facilities and on the same equipment on which it also manufactures

the traditional products for gasoline and diesel vehicles. Besides cooling systems for cars, trucks and charging infrastructure, these also include solutions for thermal management in batteries and media-carrying systems, fasteners and connectors for hydrogen vehicles.

In the much more standardized sales channel of Standardized Joining Technology (SJT), NORMA Group operates in mass markets and mainly competes with suppliers of comparable standardized products. It differentiates itself from them mainly through its well-established brands in the market, which are the result of a targeted brand policy geared to the regional needs of customers. Furthermore, customers appreciate the high quality of service NORMA Group offers. The company provides its trade customers with a complete range of products that covers all end customer needs.

Strategy and goals

Increase in value

NORMA Group's strategy includes increasing the value creation of the company as its main objective, building on the company's successful entrepreneurial development and focusing on sustainable sales growth, profitability above the industry average and the efficient deployment of capital. On its way to achieving these goals, NORMA Group pursues a stakeholder-based approach that is both oriented towards the demands of its customers for innovative and value-creating solutions and to the interests of its shareholders, employees and suppliers. In order to achieve these goals, NORMA Group focuses on providing its workforce with an environment geared toward continuous improvement, thereby strengthening its position as the employer of choice. At the same time, NORMA Group considers it an integral part of its corporate responsibility to reconcile the effects of its business activities with the expectations and needs of society. Therefore, the principles of responsible corporate governance and sustainable action are observed in all entrepreneurial decisions. Corporate Responsibility (CR), NORMA Group's responsibility towards people and the environment, is therefore seen by the Management Board as an integral part of the company strategy. → [CR REPORT](#)

NORMA Group's strategy for long-term value enhancement is based on the following key objectives and strategic measures:

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Profitable growth

NORMA Group’s primary objective is to increase the value of the company. Therefore, the focus in each regional segment is on the continuous profitable expansion of business activities. By continuously expanding application solutions with existing customers and identifying and acquiring new customers, business activities are being steadily expanded, thus increasingly strengthening its international presence. Making selective additions to the product portfolio, the expansion of the regional presence and the expansion of the market position in the strategic business fields of Water Management (Water), Industry Applications as well as Mobility and New Energy are at the core of NORMA Group’s growth strategy. In identifying its business areas, NORMA Group focuses on markets with attractive margins, sophisticated products, strongly growing sales potential and a fragmented competitive structure. In this context, NORMA Group benefits from key global megatrends: While climate change increases the demand for low-emission technologies, the increasing scarcity of resources offers NORMA Group attractive growth potential, for its water business, in particular.

Selective product portfolio

The technological requirements placed on the end products of NORMA Group customers are constantly changing. Increasing environmental awareness, scarcity of resources and growing cost pressures play a major role in nearly every sector of industry. Furthermore, there are binding legislative requirements that are becoming more stringent, particularly in the automotive and commercial vehicle industries, due to stricter emission regulations or special requirements for the materials used. This is also accompanied by increasing technological change, away from conventional combustion engines towards alternative drive technologies such as hybrid, electric and hydrogen drives. → [LEGAL AND REGULATORY INFLUENCING ASPECTS](#). These framework conditions form the starting point for the development of new products. NORMA Group focuses on value-enhancing solutions that support its customers in reducing emissions, leakage, weight, space and assembly time. One main focus here is also on the area of thermal management for vehicles. → [RESEARCH AND DEVELOPMENT](#). With its extensive product portfolio for applications in landscape irrigation, rainwater management and infrastructure solutions in the water sector, NORMA Group’s strategic business field Water Management helps its customers optimize their use of scarce resources in a targeted manner.

Innovations play an important role in meeting the increasing customer demands that accompany each new production cycle. This is why NORMA Group’s more than 300 engineers and developers are constantly working on developing new products and optimizing the processes and systems currently in use.

In order to sustainably strengthen its innovative capability, the Group plans to spend around 3% of its sales on research and development activities each year. R & D expenditure mainly relates to developments in the areas of Mobility and New Energy and accounts for around 5% of sales in these areas. Nevertheless, as the Water Management field becomes increasingly important and more of a strategic focus, R & D activities are also being stepped up in this area. For this reason, NORMA Group includes these activities in the calculation of R & D expenses from reporting year 2020 on and uses total sales as a reference value to determine the R & D ratio. → [RESEARCH AND DEVELOPMENT](#)

300
Engineers and
Developers

Selective acquisitions to supplement organic growth

By making targeted acquisitions, NORMA Group contributes to strengthening its growth and expanding its business. Acquisitions are therefore an integral part of the long-term growth strategy. The company continuously monitors developments in the strategic business units Water Management, Industry Applications, Mobility and New Energy and contributes to their consolidation through targeted acquisitions. 14 companies have been acquired since the IPO in 2011 and integrated into the Group. The main focus of M & A activities is always on companies that contribute to realizing NORMA Group’s strategic goals, strengthen its competitive position and / or generate synergies. Continued growth and high profitability also play an important role here. The search for attractive companies focuses on the water management and automotive sectors. Since acquiring the US company National Diversified Sales (NDS) that specializes in water management in fiscal year 2014, NORMA Group has built up an established market position in the fast-growing water industry, which is to be expanded through further acquisitions in this area.

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Strategic and regional growth initiatives

In order to achieve the goals anchored in its strategy, NORMA Group is driving specific initiatives in the various regions and strategic business fields. These include, in particular, the concerted expansion of the water business in all regions. The activities that are already underway in the area of water management in the Americas are to be strengthened by further expanding the online and e-commerce channels. The focus is also on expanding the water business in the Asia-Pacific and EMEA regions. This will involve using current structures to further advance the water business in the Asia-Pacific region. Acquisitions in the area of water management in the EMEA region are also a distinct possibility.

In the area of Industry Applications, the focus is on active portfolio management and a targeted brand strategy. E-commerce initiatives, particularly in the EMEA region, are to also be strengthened in this field. By localizing production even further, selectively expanding the product range and focusing on fast-growing markets, the industrial business in Asia-Pacific is to be further expanded and at the same time made to be more profitable.

NORMA Group also intends to further expand its activities in the Mobility and New Energy sectors globally. Here, the company will focus on strategic and profitable applications. At the same time, NORMA Group will seek to defend its primary market position in all regions by constantly improving its cost structures.

Strategic goals of NORMA Group

G023

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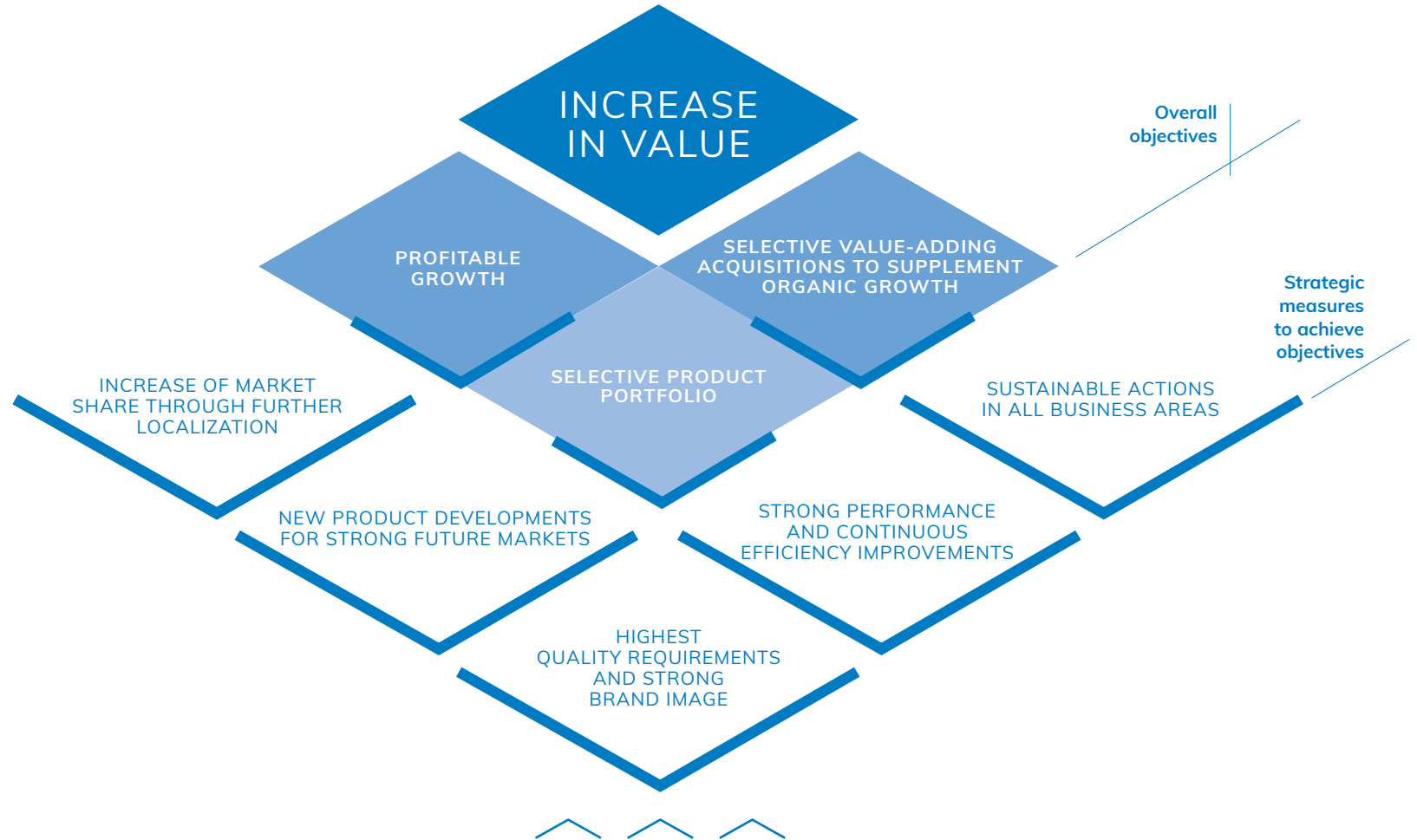
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MARKET LEADER FOR JOINING AND FLUID-HANDLING TECHNOLOGY FOR EXISTING AND FUTURE MARKETS



CLIMATE CHANGE AND SCARCITY OF RESOURCES
 ARE GLOBAL MEGATRENDS WHICH FORM THE BASIS FOR
 NORMA GROUP'S BUSINESS MODEL

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Financial and liquidity management objectives and strategies

NORMA Group's objectives and strategies with regard to central finance and liquidity management are unchanged compared to the previous year and are as follows:

I. Ensuring solvency at all times

The most important financial objectives are to maintain operating liquidity at all times, to hold sufficient strategic liquidity reserves and thus to ensure NORMA Group's solvency in the long term. This also includes maintaining sufficient liquid funds for short- to medium-term acquisitions.

Regular rolling liquidity planning for all major Group companies, which is analyzed and aggregated by the centrally organized Group Treasury forms the main strategic cornerstone of NORMA Group's financial management. This was also a valuable tool for measuring and managing liquidity risk during the corona pandemic.

Financing flexibility is ensured by maintaining the appropriate credit lines. These are negotiated loan commitments that can be drawn down within a very short period of time and can thus compensate for liquidity peaks. NORMA Group has a revolving credit line within its syndicated bank loan. This credit line can be drawn in various currencies and maturities up to an amount of EUR 50 million. In addition, NORMA Group arranged a liquidity line for another EUR 80 million in the course of the corona pandemic in June 2020 that was not prolonged any further in 2021, however. In order to increase flexibility, NORMA Group agreed on a further revolving credit line within the existing syndicated bank loan of EUR 50 million in October 2021, so that an additional credit line of EUR 100 million in total can be drawn from. NORMA Group uses asset-backed security (ABS), factoring and reverse factoring programs to manage liquidity, optimize working capital and improve the predictability of cash flows.

The financing measures undertaken in fiscal year 2021 are described in detail in the explanatory notes to the financial position. → [FINANCIAL POSITION](#)

II. Limiting financial risks

The Group Treasury division constantly identifies and assesses interest rate and currency risks and selects suitable hedging instruments to reduce these risks. Here, not only derivatives, but also the appropriate foreign currency financing, are used to reduce currency risks. The overall goal is to optimize the

assets and liabilities side of the balance sheet with regard to currency risks. In addition, operating currency risks are reduced by using derivative financial instruments in the Group companies as of a defined threshold. Here, Group-wide, currency-differentiated liquidity planning is crucial to identifying and managing such risks.

To limit interest rate risks, NORMA Group's objective is to devise a relatively high share of financing measures in such a way that they are subject to interest rates on a fixed interest basis or use interest rate swaps. On December 31, 2021, around 45% (2020: 49%) of all debt instruments had variable interest rates and were not hedged by interest rate swaps. In addition, current risk positions are monitored regularly by Group Treasury and assessed for their risk-bearing capacity. Group Treasury initiates appropriate countermeasures if the defined risk parameters are exceeded.

Key elements of the policy on limiting financial risks are the clear definition of process responsibilities, multi-stage approval processes and regular risk assessments.

III. Optimizing the Group's internal liquidity

NORMA Group Holding manages its liquidity centrally and is responsible in particular for investing surplus liquidity as well as internal Group financing. The Group Treasury of NORMA Group constantly works on improving internal financing opportunities and bundling the Group's liquidity in order to make it available for a wide variety of funding purposes. This is achieved by optimizing the allocation of cash and cash equivalents in NORMA Group Holding and at the same time ensuring the solvency of the respective individual companies at all times. A professional treasury management system is used for this purpose that provides a daily overview of the cash holdings of the most important subsidiaries. Regional cash pools have been installed to enable the technical implementation of liquidity centralization. Further cash concentrations are carried out at regular intervals. Manual pooling of funds makes it possible to ensure an optimized cash balance for all Group companies, whereby the local terms for international payments must be taken into account here, in particular.

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Control system and key performance indicators

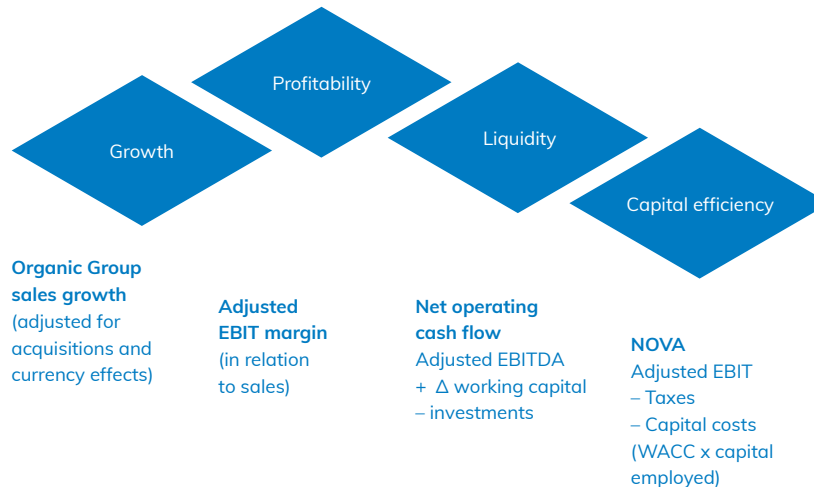
The consistent focus on the Group objectives mentioned is also reflected in the internal control system at NORMA Group, which relies on both financial and non-financial control parameters.

Important financial control parameters

NORMA Group's most important financial performance indicators include the following value- and growth-oriented key figures, which have a direct impact on NORMA Group's value creation: organic Group sales growth, adjusted EBIT (until 2021 also adjusted EBITA) and net operating cash flow. These key figures lead to the NORMA Value Added (NOVA) as the primary strategic performance indicator. NORMA Group uses these key figures to continuously monitor growth, profitability, liquidity and capital efficiency.

Important financial control parameters

G024



Organic sales growth

As a growth-oriented company, NORMA Group attaches particular importance to profitable sales growth. The Group seeks to achieve short- and medium-term growth above the market average. This refers to internal growth excluding currency effects. In addition, sales revenues from newly acquired companies are reported separately within the first 12 months of initial consolidation (sales revenues from acquisitions).

Due to the broad market structure in the area of joining technology, the Management Board is guided by internal analyses as well as studies by leading economic research institutes on the development of the gross domestic product of the respective regions and on the production and sales figures of the relevant customer industries in developing the forecast on the expected development of sales. In addition, the Management Board observes certain early indicators, such as customer order patterns in the retail business (Standardized Joining Technology) and the order book in the Engineered Joining Technology (EJT) segment.

Operating earnings indicators

Operating earnings (earnings before interest and taxes, EBIT) represent an important internal management and valuation indicator of the Group's ongoing operating activities. The adjusted EBIT margin, which shows adjusted EBIT in relation to sales, provides information on the profitability of the business activities. In order to maintain the Group's profitability at a high level, NORMA Group constantly strives to optimize its company processes and structures. In doing so, the company focuses primarily on sustainably reducing key cost factors.

In addition, adjusted EBIT forms the basis for the remuneration of the Management Board under the fundamentally revised and restructured Management Board contracts effective January 1, 2020. With the aim of standardization, the incentive bases in the contracts of the non-exempt workforce were also changed to the target figure of adjusted EBIT in fiscal year 2021 (previously: adjusted EBITA). In future, this process is also to be implemented with regard to the contracts of tariff employees. Against this backdrop, only adjusted EBIT and the adjusted EBIT margin will be used as key earnings and profitability indicators from now on.

For long-term comparison and for a better understanding of how the business is developing, NORMA Group adjusts the operating result for certain expenses. In contrast to previous years, since fiscal year 2020, only those expenses that relate to the acquisition of subsidiaries are adjusted. → [ADJUSTMENTS](#)

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Net operating cash flow

In order to maintain the Group's financial independence and solvency at all times, NORMA Group is also guided by net operating cash flow in managing the company. This comprises the most important cash-effective items that can be influenced by the individual business units and provides information on whether NORMA Group can finance its operating business out of its cash flow. It is calculated on the basis of adjusted EBITDA plus changes in working capital, less investments from operations. The main starting points for improving net operating cash flow are therefore to increase sales, to improve the operating result (EBITDA) adjusted for special effects and to engage in sustained value-enhancing investment activity. In addition, consistent management of working capital focusing on continuous optimization also has a positive impact on net operating cash flow.

NORMA Value Added (NOVA)

NORMA Group's objective is to use the capital provided to it by its shareholders and lenders as efficiently as possible in order to ensure the long-term positive development of the Group. In order to manage this, NORMA Group determines the annual increase in value in the form of the so-called NORMA Value Added (NOVA). NOVA is calculated as adjusted EBIT less tax expenses and the cost of capital. The cost of capital is defined by the weighted average cost of capital (WACC) and the capital employed (equity plus net debt).

$$\text{NOVA} = (\text{adjusted EBIT} \times (1 - s)) - (\text{WACC} \times \text{capital employed})$$

NORMA Value Added (NOVA)

T015

	2021	2020
Adjusted EBIT (in EUR million) ¹	113.8	45.3
Group tax rate (in %)	28.6	20.3
Taxes (in EUR million)	32.6	9.2
Adjusted EBIT after taxes (in EUR million) ¹	81.2	36.1
– WACC ² x capital employed (in EUR million)	65.2	82.4
NOVA (in EUR million)	16.0	– 46.4

1_Adjusted by expenses related to acquisitions

2_Weighted Average Cost of Capital

Capital employed ¹

T016

	2021	2020
Equity (in EUR million)	589.5	629.5
Net debt (in EUR million)	338.4	420.8
Capital employed (in EUR million)	927.9	1.050.3

1_As of the beginning of the year.

The cost of capital rate is calculated on the basis of the following assumptions and calculations:

Assumptions for the calculation of WACC

T017

(in %)	2021	2020
Risk-free interest rate	0.10	– 0.20
Market risk premium	7.50	7.50
Beta factor of NORMA Group	0.89	1.27
Cost of equity rate	9.62	10.23
Borrowing cost rate after taxes	1.46	1.78
WACC after taxes	7.03	7.85

The base interest rate is derived from the interest rate structure data of Deutsche Bundesbank (three-month average: October 1 to December 31, 2021). The market risk premium represents the difference between the expected return of a risky market portfolio and the risk-free interest rate. NORMA Group uses the recommendation of the Institut der Wirtschaftsprüfer in Germany (IDW) to

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determine this risk premium. The beta factor represents the individual risk of a share compared to a market index. It is first determined as the average value of the unindebted beta factors of the peer group and subsequently adjusted to NORMA Group's individual capital structure. The cost of equity is calculated by adding the risk-free interest rate and the weighted country risk of NORMA Group with the product of the market risk premium and the indebted beta factor of the peer group. The credit spread used to calculate the cost of debt was determined on the basis of the terms of NORMA Group's current external financing. Invested capital is calculated from consolidated equity plus net financial liabilities as of January 1 of the respective fiscal year.

The financial control parameters are planned and continuously monitored in the Group, but also for the most part at the segment and Group company levels. Deviations between planned and actually achieved figures are tracked in the local companies and aggregated at the regional segment level as part of the monthly analysis. Business development is regularly forecasted on the basis of the available monthly and quarterly results and assuming various scenarios.

Important non-financial control parameters

NORMA Group's most important non-financial control parameters include CO₂ emissions, the Group's power of innovation, the problem-solving behavior of its employees and the sustainable overall development of NORMA Group.

CO₂ emissions

Compliance with applicable environmental protection requirements and the avoidance of environmental risks are top priorities for NORMA Group. The company is guided by international standards and guidelines in this regard. Climate-relevant CO₂ emissions are a significant non-financial performance indicator in the area of the environment that has also been part of the Management Board's remuneration system since January 2020. NORMA Group records the greenhouse gas emissions of all production sites resulting from gas consumption (Scope 1) and the purchase of electricity and district heating (Scope 2) and strives to continuously reduce these CO₂ emissions. For its own production processes, NORMA Group has set itself the target of reducing CO₂ emissions by around 19.5% by 2024 (reference year 2017). This target is based, among other criteria, on calculations of the Science-based Targets Initiative. → [CLIMATE PROTECTION](#)

Invention applications

The sustainable safeguarding of its innovative capability is a key driver for the future growth of the Group. NORMA Group therefore measures the number of annual invention applications. NORMA Group employees submit invention applications as part of an internal formalized process upstream of the external process of new patent applications. By establishing targeted internal incentive systems, NORMA Group promotes its employees' innovative thinking.

Quality figure

NORMA Group strives for high reliability and service quality. The reputation of its brands and reliability of its products are key factors in the company's success. The Group therefore adheres to high quality standards in developing and manufacturing its products. In order to minimize production losses and maximize customer satisfaction, NORMA Group measures and manages the problem-solving behavior of its employees by tracking the number of defective parts per million of manufactured parts (parts per million / PPM). This metric is collected and aggregated at the Group level on a monthly basis. → [QUALITY MANAGEMENT](#)

Other non-financial performance indicators

Other non-financial performance indicators include employee and environmental indicators on occupational safety and healthcare within the Group. More information can be found in the → [CR REPORT](#).

The target figures for the financial and non-financial control parameters for 2021 and the assumptions underlying the forecast are presented in the [FORECAST REPORT](#).

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Financial control parameters T018

	2021	2020	2019	2018	2017
Revenue (EUR million)	1,091.9	952.2	1,100.1	1,084.1	1,017.1
Adjusted EBIT (EUR million) ¹	113.8	45.3	136.1	164.5	166.0
Adjusted EBIT margin ¹ (%)	10.4	4.8	12.4	15.2	16.3
Net operating cash flow (EUR million)	99.8	78.3	122.9	124.4	132.9
NORMA Value Added (EUR million)	16.0	-46.4	17.3	60.8	54.9

1_Since 2020: adjusted for acquisition-related costs only; until 2019: adjusted for acquisition-related costs and one-offs.

Non-financial control parameters T019

	2021	2020	2019	2018	2017
Invention application (Number)	25	22	22	32	33
CO ₂ emissions ¹ (tons CO ₂ equivalents)	43,449	49,813	54,494 ^{2,3}	53,727 ^{2,3}	55,166 ^{2,3}
Parts per million (ppm)	4.9	5.1	6.1	7.1	16.1

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, CO₂ emissions have been a target for determining part of the long-term remuneration for the Management Board, and were thus newly included in the control system in fiscal year 2020

2_Recalculated data due to the integration of the acquired companies Kimplas and Statek into the environmental reporting in fiscal year 2020. For calculation refer to Greenhouse Gas Protocol, chapter 5.

3_The figures of 2019 and before were audited with "limited assurance".

Research and Development

NORMA Group's research and development activities are aimed at identifying technological trends at an early stage and addressing them in a targeted manner. The focus is always on opening up new markets, gaining new customers and developing new products and system solutions. Newly introduced technologies are assessed according to the extent to which they help to optimize existing processes, minimize the use of materials or improve the functionalities of end products. The research focus is on finding solutions for the global challenges of

the respective end markets. In addition to water management and electromobility, these include, for example, topics such as digitalization or stationary battery storage systems. By focusing on the megatrends relevant to its customers, which are reflected in particular in increasing environmental awareness and the economical use of resources, NORMA Group is able to initiate technology developments at an early stage.

The new organizational structure for the R & D departments already implemented in the previous year was optimized even further in 2021. The divisional structure and cross-regional cooperation between the respective teams will result in even better dovetailing of development activities across departmental boundaries. This will allow for future tasks to be completed even more efficiently. At the same time, the work and projects that lie ahead can be prioritized more effectively in accordance with strategic requirements, by the Innovation Council, for example.

Focus on innovations

The focus of NORMA Group's research and development activities is on strengthening the company's innovative strength. The emphasis is therefore on the early identification of new technological trends and the systematic planning and implementation of innovation projects. The so-called Foresight Manager is responsible for monitoring the relevant end markets and bundling the knowledge gained in the internal innovation management process. For example, the Foresight Management team worked on integrating the Innovation Council into the product lifecycle in fiscal year 2021. This ensures that the relevant innovation topics are evaluated from different perspectives as early as the idea phase. This in turn enables the necessary new developments to be initiated in good time in line with market requirements.

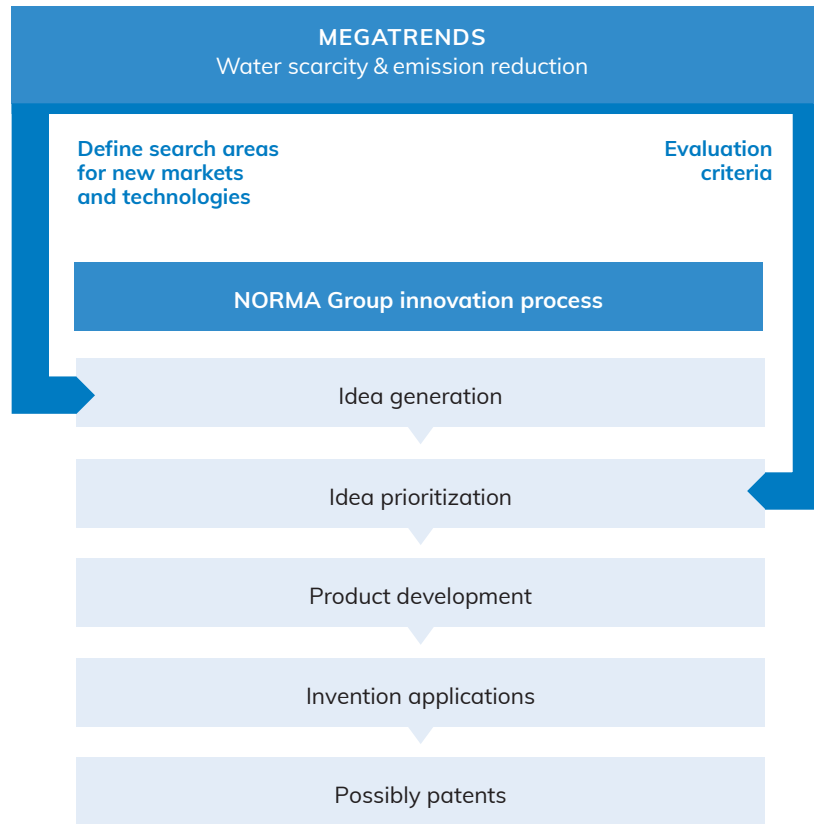
Innovation Roadmapping, which involves drawing up long-term roadmaps for the development of new technologies, uses the megatrends that are identified, such as water scarcity and emissions reduction, to achieve success in the relevant markets with innovative products.

NORMA Group also further refined the concept of "Innovation Councils" in fiscal year 2021.

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The role of climate change and water scarcity in the innovation process

G025



Numerical simulation and validation of new technologies

The technologies identified on the basis of the megatrends flow directly into the development and design of new products. In this regard, simulation continues to be of growing importance. NORMA Group uses mathematical models and numerical simulations equally to develop product concepts and to assess the production-related product properties in order to optimize the properties and improve the durability of its products. In addition to theoretical-technical investigations (known as verification), the respective concepts are also subjected

to extensive physical tests (known as validation). This ensures that the products, technologies, materials and manufacturing processes investigated successfully serve the megatrends.

Strategic cooperation with customers and research institutions

In the area of EJT, NORMA Group works closely with its end customers and with research and development institutes, suppliers and other external partners. Customer requirements can thus be taken up directly and already be considered in the development of new products and technologies. This also ensures more rapid marketing. For competitive reasons, the company does not publish the specific content of these research partnerships.

In the area of SJT, which is more of a pure commercial segment, such technological research services are only demanded by the market to a limited extent. In this second sales channel, the requirements of NORMA Group's customers focus more on a strong brand image, availability of products at all times and a largely complete product range. Therefore, the focus in the area of SJT is on the meaningful supplementation of the product range and targeted marketing activities.

→ [MARKETING](#)

Development focuses in 2021

Research and development activities in fiscal year 2021 were again dominated by the three main trend topics of water management, electromobility and digitalization.

Thermal management of batteries continues to be an important topic in the field of electromobility. NORMA Group is developing special fluid systems for this purpose that ensure uniform temperature distribution inside the battery and maintain the optimal operating state of the cells. In some cases, these fluid systems must accommodate complex geometries. Therefore, one development focus in 2021 was on optimizing the shape of the connectors and line components to minimize flow losses. The concepts of intelligent fluid systems that are capable of automatically and wirelessly recording assembly conditions and operating parameters were continued.

NORMA Group is also active in the field of fuel cells and supplies line systems in series production. Additional projects are underway in this area that will help prepare the company's products for use in fuel cell technology.

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Know-how protected by patents

Its unique know-how in the field of joining technology represents a key success factor for NORMA Group. Therefore, the Group protects its innovations through patents. 1,017 patents and utility models were held as of December 31, 2021 (2020: 985). The number of internal invention applications (2021: 25, 2020: 22) increased slightly compared to the previous year, while the number of newly filed patent applications (2021: 32, 2020: 43) decreased compared to the previous year.

R & D Expenses

Expenditures for research and development in the area of EJT amounted to EUR 38.0 million in 2021 (2020: EUR 29.0 million). This equates to around 3.5% (2020: 3.1%) of NORMA Group's total sales in fiscal year 2021. The capitalization ratio, i. e., the share of own work capitalized in R & D expenses, was 7.1% (2020: 10.3%) in the current reporting year.

Employees in R & D

As of December 31, 2021, the Group employed 343 people (2020: 340 employees) in research and development worldwide. This represents around 5.5% of the core workforce.

R & D Figures

	2021	2020	2019	2018	2017
Number of R & D employees	343	340	345	365	344
R & D employee ratio (% of permanent staff)	5.5	5.1	5.3	5.3	5.6
R & D expenses ¹ (EUR million)	38.0	29.0	31.2	30.5	29.4
R & D ratio ¹ (% of revenue)	3.5	3.1	4.7	4.5	4.6
Number of invention applications	25	22	22	32	33

¹ Up to and including 2019, only R & D expenditures in the EJT area were documented and reported. The R & D ratio resulted from the ratio to EJT sales. With the increasing strategic relevance of water management at NORMA Group, R & D expenses in this area have also been recorded since 2020 and put in relation to total sales.

T020

Economic Report

External factors of influence

Economic factors

NORMA Group is active in many different industries and regions. Seasonal and economic fluctuations in individual countries or industries can have varying effects on customer demand and the order situation of NORMA Group. At the same time, NORMA Group is less vulnerable to temporary declines in demand in individual industries or countries thanks to its diversified product portfolio and broad customer base. Temporary production peaks can be absorbed due to the flexible production structures and the use of temporary workers.

Global economy recovers strongly in 2021 despite the pandemic, supply bottlenecks slow the upswing

The global economy continued to be affected by the coronavirus pandemic in 2021. With the expansion of vaccination campaigns and falling infection figures, there was initially a significant recovery in private consumption in the first half of 2021, which, together with positive signals from the industrial sector, led to a dynamic upturn. The positive trend weakened noticeably, however, after the summer. Besides a renewed rise in the number of infections, global economic development was clouded above all by major disruptions in global supply chains. This resulted in both supply bottlenecks and a sharp rise in the price levels for raw materials, energy and logistics. In this environment, some industries worldwide were forced to temporarily shut down their production facilities. Further pressure was exerted towards the end of the year, mainly by the emergence of the new pandemic wave triggered by the Omicron variant. In addition, the sharp rise in inflation worldwide had a negative impact. While the European Central Bank nevertheless remained on its expansionary monetary policy course, the US Federal Reserve announced an interest rate turnaround in the US in December 2021 in response to the high level of inflation, as had previously been the case in several industrialized emerging countries, some of which had significantly raised their key interest rates. Despite these challenges, the global economy recovered strongly overall from the slump in the previous year in 2021 and recorded growth of + 5.9%, according to the International Monetary Fund (IMF).

The Chinese economy was characterized by a strict “Zero-COVID policy” accompanied by regional lockdowns. Significant burdens also resulted from bottlenecks in coal-based power supply and increasing tensions in the real estate

sector, which caused the economy’s development to lose momentum after a very strong start to the year. Against this backdrop, Chinese industrial production rose only moderately in the second half of 2021, with capacity well utilized at over 77%. In contrast, the economy in Southeast Asia (ASEAN-5) benefited from good international demand, although growth remained at a moderate level of 3.1%. By posting an increase of + 9.0%, the economy in India in particular recovered very strongly. Brazil (+ 4.7%) and Russia (+ 4.5%) also showed a lively upturn. Overall, the growth rate of the developing and emerging countries was + 6.5%, according to the IMF.

The US economy recovered strongly in 2021. The main drivers were private consumption and increased investment activity. Industrial production grew strongly again (+ 5.6%) compared to the previous year, which was heavily impacted by the pandemic. Capacity utilization improved by 38 basis points on average over the year to 75.4%, but still remained below the pre-crisis level in 2019. The good performance is specifically attributable to higher production in the energy sector and growth in the manufacture of computers and electronic components. Nevertheless, negative effects resulting from supply chain issues also caused uncertainty in the second half of 2021.

GDP growth rates (real) in %

	2021	2020 ⁶	T021
World ¹	5.9	-3.1	2.8
USA ²	5.6	-3.4	2.3
China ³	8.1	2.2	6.1
Euro zone ⁴	5.2	-6.4	1.6
Germany ⁵	2.7	-4.6	1.1

1_IMF

2_US Trade Ministry

3_National Bureau of Statistics (NBS)

4_Eurostat

5_German Federal Statistical Office (Destatis)

6_Revised Data

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Eurozone records noticeable recovery despite strong fluctuations in industrial activity

While the eurozone economy shrunk at the beginning of 2021 as a result of the strict lockdowns, the easing measures at the end of the first quarter encouraged a further economic recovery. The trend was positive in all countries, but particularly in France, Italy and Spain. The upswing in the eurozone was driven by lively exports. Private consumption also played a key role, especially as purchasing power also increased strongly as the economy picked up again from the pandemic-hit previous year.

As demand picked up, industrial production in the eurozone increased significantly, with growth rates particularly strong in April and May compared to the deep slump of the previous year and remaining at a double-digit level through June. In the second half of the year, however, increasingly severe material bottlenecks and higher transport and energy costs had a negative impact. The result was lower production output and investment propensity. Rising infection rates, combined with new lockdowns, further restricted economic activity at the end of the year. Irrespective of this, production capacity utilization rose to 82.7% at the end of the year, compared to 78.1% at the end of 2020.

Germany: Material bottlenecks and supply chain problems dampen economic recovery

The German economy also initially recovered very strongly in 2021 in the wake of the easing measures and the start of the vaccination campaigns on a broad basis. Other key growth drivers were government consumer spending, strong export activity (+ 9.4%) and solid investment in machinery and equipment (+ 3.2%). However, the upswing increasingly stalled in line with global developments in the second half of the year. Due to the fourth wave of the pandemic and the resulting restrictions, additional pressure built up toward the end of the year, causing private consumption to stagnate. In this environment, the German economy was not yet able to reach its pre-crisis levels despite GDP growth of + 2.7%, according to the Federal Statistical Office (Destatis).

Buoyed by brisk demand, German industry largely recovered from its slump in the previous year. Particularly high annual growth rates in April and May contrasted with a negative trend in September in particular. Due to the supply bottlenecks for intermediates and the resulting disrupted production processes, the order backlog reached a record level that could not be sufficiently filled due to the aforementioned challenges. Nevertheless, according to Eurostat, capacity utilization

increased to 85.2% in the final quarter of 2021 (Q4 2020: 80.8%). This represents an improvement of 149 basis points compared to the coronavirus low in the second quarter of 2020.

Exchange rate fluctuations

Due to its international operations, exchange rate fluctuations have an impact on NORMA Group's business. → [RISK AND OPPORTUNITY REPORT](#)

In the fiscal year 2021, NORMA Group generated approximately 27% of its sales in US dollars. The development of the US dollar against the euro led to a negative effect on sales in the fiscal year 2021. In contrast, there were positive effects from the Chinese renminbi.

Industry-specific influencing factors

Global mechanical engineering recovers more strongly than expected in 2021 despite setbacks due to bottlenecks

As a result of the recovery in the global economy, industrial production initially picked up significantly in 2021. In the second quarter alone, growth was 15.1% (+ 8.2% cumulatively for eleven months). This was partly due to better utilization of production capacities. In addition, corporate investment activity picked up again, giving the mechanical engineering industry a powerful boost. This sector also came under increasing pressure in the further course of the year, however, as a result of supply bottlenecks for key intermediates and temporary shutdowns in important customer industries. Investment projects were also delayed as a result of the disrupted supply chains. Despite the aforementioned adversities, the increase in global machinery sales in 2021 at + 13% in real terms was significantly higher than the original forecast of + 7%, according to estimates by the VDMA industry association. In China and the US, in particular, the increase was even higher than expected. Dynamic development was also recorded in Canada (+ 12%), Mexico (+ 15%) and Japan (+ 17%). In addition, demand for machinery developed very positively in key emerging markets, including India (+ 21%), Brazil (+ 23%) and Turkey (+ 28%).

Although the export-oriented European machinery sector performed slightly better overall than expected, the picture was mixed. The sector's performance was very buoyant in Switzerland (+ 16%) and the UK (+ 19%) following the deep slumps of the previous year. By comparison, the VDMA estimates real growth of 11% for the eurozone in 2021. The mechanical engineering sector grew strongly in the

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Netherlands, driven by its key role in machinery production for the semiconductor industry, and achieved growth of 34%. Machinery sales also increased significantly in Italy (+ 14%), France (+ 12%) and Spain (+ 12%). In Germany, despite an excellent order situation, growth was in the single digits at + 6%, with German machine production rising by + 7% in real terms.

Engineering: Real change in industry sales T022

in %	2021	2020	2019
Germany	6.0	- 15.0	- 2.0
Eurozone	11.0	- 13.0	- 1.0
USA	12.0	- 8.0	- 1.0
China	13.0	5.0	4.0
World (exkl. China)	13.0	- 6.0	0.0

Source: VDMA

Semiconductor shortage manifests itself in massive pressure on the automotive industry

Despite difficult conditions, the global automotive industry recovered visibly in 2021 from the pandemic-related losses in the previous year. Further pressure arose with shortages of microchips and other intermediates, however, leading to production stops and delivery delays. According to LMC Automotive (LMCA), global sales of light vehicles (LV, up to 6 t) in 2021 rose by 3.9% year-on-year to 80.8 million LV. Production increased by + 2.2% to 76.2 million. Although conventional powertrains continued to dominate by a wide margin in terms of total car production worldwide, 2021 saw a sharp rise in demand for plug-in hybrids (PHEVs) and pure battery-powered electric vehicles (BEVs) in the area of electromobility. Production volumes climbed to around 6.0 million units worldwide. The market for commercial vehicles (commercial vehicles, trucks and buses) also developed very positively in 2021 in Europe and North America, with production growth of + 11% in each case, whereas production in China shrank drastically (- 20.3%).

In Europe (EU + EFTA + UK), demand for passenger cars fell by 1.5% to 11.8 million units in 2021, according to the ACEA (Association des Constructeurs Européens d'Automobiles). The decline was - 1.9% in Western Europe. While Italy recorded a significant increase of + 5.5%, sales also rose in Spain and the UK by 1.0% each, and in France by + 0.5%. This contrasted with heavy losses in Germany (- 10.1%), Belgium (- 11.2%) and the Netherlands (- 9.2%). Material shortages, which caused

enormous production cutbacks at European manufacturers, were a major influencing factor. The industry experts at LMC Automotive expect an even greater decline in production levels in Europe. They put the decline at 3.4%, with a total of 16.0 million units produced. Germany is said to have recorded a decline of 9.1%. The German industry association VDA (Verband der Automobilindustrie) even estimates the slump in the number of passenger cars produced at - 12%. In contrast, according to experts from the ACEA, the European commercial vehicle market recovered strongly in 2021 by posting an increase in demand of 10.9%. LMC Automotive announced an increase of 18.1% for 2021. While European production rose significantly by 11.6%, German commercial vehicle manufacturers achieved a moderate increase in production of 2.9%.

Automotive Industry: Global production and development of sales T023

in %	2021	2020	2019
Production of light vehicles	2.2	- 15.9	- 5.7
Classic Combustion Engine	- 4.2	- 19.6	- 7.6
PHEV	62.8	64.5	- 8.0
BEV	91.1	29.2	21.6
Sales of light vehicles	3.9	- 13.8	- 4.4
Production of commercial vehicles	- 2.9	- 5.3	- 4.6
Sales of commercial vehicles	3.1	- 3.9	- 3.6

Source: LMC Automotive

1_Revised date according to LMC.

International construction industry on the upswing in 2021 despite headwinds

Construction activities in Asia were again impacted by the pandemic in 2021. The resulting negative effects were particularly noticeable in India. By contrast, the picture was different in China. Here, development was negatively impacted primarily by the crisis in the real estate market. Nevertheless, the construction industry developed positively. According to data from the National Building Specification (NBS) statistics office, construction investment in China rose by + 8.9% in real terms. Growth within the water industry was + 1.3%. Investment in buildings recorded growth of 4.4% in nominal terms, and residential construction rose by 6.4%. European construction activity also recovered significantly as a result of the low interest rate environment, compensating for the previous year's slump. According to the Euroconstruct industry network (among others the ifo Institute), real construction output rose by 5.6%. The main impetus came from

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residential construction. Construction output in Italy, Belgium and the UK showed double-digit growth. In France and Spain, as well, the recovery following the weak previous year was strong.

Construction activity in Germany remained robust in 2021 despite existing obstacles triggered by supply bottlenecks, significant cost increases for building materials and the shortage of skilled labor. Although real construction investment increased only slightly by 0.5% in 2021 in economic terms, the nominal construction volume rose strongly by 10.1% (2020: + 3.8%) according to the DIW (German Institute for Economic Research) – taking into account the sharp price increases. Adjusted, the increase was 1.6% (2020: + 2.0%). Both residential and commercial construction continued to increase by 2.2% and 1.4% respectively (both adjusted for prices). Construction work on existing buildings, which relates in particular to additions, conversions, modernization and maintenance and represents more than two thirds of the nominal construction volume in Germany, again showed robust growth of 11.8% in the residential sector. In the area of new construction, the increase was only marginally smaller at 10.5%.

Construction Industry: Development of European construction output		T024		
in %	2021	2020¹	2019¹	
Western Europe	5.9	- 4.8	2.5	
Eastern Europe	2.0	- 3.7	5.8	
Europe	5.6	- 4.7	2.7	

Source: Euroconstruct / ifo Institute (19 core markets in total)
1_Revised data according to Euroconstruct / ifo institute.

US construction industry and water management experience continued upswing in 2021, pandemic driving maintenance and remodeling activities

Despite the difficult environment caused by the pandemic, the US construction industry once again recorded strong growth in 2021, although the shortage of materials limited the strongly consumption-driven economic growth. Ongoing problems in global supply chains led to significant bottlenecks. Against this headwind, the number of housing unit starts rose by around 14% overall over the year, while sales of existing homes increased by 6%. Spending on repairs and renovations, a key driver of NDS's sales, increased by around 4% over 2021. In contrast, construction levels in the commercial sector, which includes office, retail and lodging buildings, declined by 5%. In general, NORMA Group's (NDS) water business correlates strongly not only with the development of new buildings, but also with maintenance and conversion activities. These areas benefited enormously in fiscal year 2021 during the coronavirus pandemic and were also boosted by a low interest rate environment. According to industry experts at John Burns Real Estate Consulting (JBREC), total spending on building materials in this sector rose by an estimated 10% last year. The total market volume thus grew by a total of 8.6%.

Legal and regulatory influencing factors

Due to the international focus of its business and against the backdrop of its acquisition strategy, NORMA Group is obliged to observe various legal and tax-related regulations, which include product safety and product liability laws as well as construction, environmental and employment-related regulations as well as foreign trade and patent laws. → [RISK AND OPPORTUNITY REPORT](#)

In addition, NORMA Group's product strategy is influenced by the increasing density of regulations in environmental law and ongoing discussion on emission-reducing drive technologies and the resulting structural change in the automotive industry. New regulations on emissions and fleet management provisions, as well as the strong trend toward hybrid and fully electric drive models, have a positive impact on NORMA Group's business. After all, the increasing complexity of systems in vehicles – due to downsizing or hybrid vehicles, for example – also increases the number of interfaces and thus the demand for reliable joining technology. In addition, the increasing electrification of the automotive industry presents OEMs with new challenges and opens up new opportunities and business fields for NORMA Group, especially in the area of thermal management. → [RESEARCH AND DEVELOPMENT](#)

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Due to NORMA Group's growing water business and its increasing strategic importance, the various regulatory initiatives in the area of Water Management, as well as public measures to improve the supply of water to the population, have also gained considerable influence for NORMA Group.

Significant developments in fiscal year 2021

Personnel changes on the Supervisory Board

In fiscal year 2021, the vacant position on the Supervisory Board of NORMA Group, which arose with the resignation of Lars Berg in August 2020, was filled by Miguel Ángel López Borrego. The application for the court appointment of Mr. López to the Supervisory Board of NORMA Group was filed on March 3, 2021. On May 20, 2021, the Annual General Meeting elected Mr. Lopez to the Supervisory Board of NORMA Group SE. Mr. López has also been a member of the Audit Committee since April 1, 2021. → [CORPORATE GOVERNANCE REPORT](#)

New plant opened in China

Due to increasing demand, NORMA Group has expanded the production capacities at its site in Wuxi, China, and nearly tripled the production area. The new plant was completed at the end of March 2021 and the production equipment and materials were moved to the new location prior to the start of production at the end of April 2021. The expansion of production capacities in Wuxi is part of NORMA Group's growth and localization strategy. This means a broader product range can now be offered for each market segment. At the same time, this will support the local market launch of new products. For example, the Company has already managed to launch pipeline systems for the areas of fuel application, urea transport and cooling water systems, among others.

Further strategic measures from the "Get on track" program successfully implemented

With its "Get on track" change program, NORMA Group is responding to the increasingly difficult environment in the automotive industry, which has been characterized in particular by increased cost and competitive pressure for several years now. One focus of the measures defined in the program is on bundling production activities and optimizing the Group's production landscape. This contributes to the medium-term goal of gradually increasing NORMA Group's efficiency and competitiveness.

The measures from the "Get on track" program were implemented as planned in fiscal year 2021. The integration of production at Fengfan, formerly at the Shaoxing site, into a plant in Changzhou contributed to the further strategic consolidation of the sites in the Asia-Pacific region. This step means that local business activities can now be aligned even better to the strategic business units of Mobility and New Energy as well as Industrial Applications.

Further steps were also taken in fiscal year 2021 in connection with the closure of the site in Gerbershausen, Germany, by the end of 2022, a move that was announced in June 2020. This mainly involved the relocation of product groups. Three of the product groups manufactured in Gerbershausen were successfully transferred to Hustopeče in the Czech Republic. In addition, another product group was relocated to the Swedish production site in Anderstorp. Production of the relocated production groups has already started successfully in each case.

NORMA Group focuses closely on its customers' specific requirements and at the same time on proximity to the customer. The expansion of digital commerce activities is an important driver in this area. NORMA Group is therefore steadily expanding its digital retail channels in addition to the established sales channels. The new web shop opened last year was expanded in fiscal year 2021 to include distribution customers in the Benelux countries, setting the course for enabling new sales potential in the EMEA region. Building on the activities to date in all business regions, steps are currently being taken toward a harmonized global digital retail offering. Besides meeting specific customer requirements, the focus is always on the particular market characteristics.

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Comparison of target and actual values

NORMA Group issued a forecast on the development of the Group's key performance indicators in fiscal year 2021 when it published its Annual Report 2020 on March 24, 2021. 2020 ANNUAL REPORT. Due to the good sales development in the Americas and Asia-Pacific regions, which was better than expected in the first half of 2021, the Management Board increased the sales forecast slightly for the regions mentioned based on new planning figures in the course of the publication of the 2021 half-yearly report on August 4, 2021. The management has since expected strong organic sales growth in the low double-digit range for the Americas region (previously: "high single-digit organic sales growth") and high single-digit organic sales growth for the Asia-Pacific region (previously: "slight organic sales growth"). All other components of the forecast were left unchanged at this time compared to the forecast issued in March.

On September 14, 2021, the Management Board was forced to adjust the forecast for the adjusted EBIT margin and adjusted EBITA margin due to changed conditions. The main reason for this was the continuing limited availability of materials, particularly steel and plastics, and the resulting price increases. Expenses in connection with the coronavirus pandemic, which has lasted longer than expected, also had a negative impact on costs. Based on a current forecast, NORMA Group therefore expected significantly lower production capacities in relevant industries as well as higher material and freight costs in all regions. Since then, the Management Board has assumed an adjusted EBIT margin of more than 10% for fiscal year 2021 (previous forecast: "more than 12%") and an adjusted EBITA margin of more than 11% (previous forecast: "more than 13%"), taking the aforementioned macroeconomic factors into account. With regard to the development of organic Group sales, the Management Board maintained its forecast (low double-digit organic Group sales growth).

Against the backdrop of the increasingly severe disruptions to the global supply chains, which intensified in the course of the second half of the year and led to a sharp rise in price levels, the Management Board elaborated on its expectations regarding the cost of materials ratio on November 3, 2021, when the interim statement for the third quarter of 2021 was published. Since then, the management has assumed a cost of materials ratio for the full year 2021 at a comparable level as in the past year (previously: "Significantly improved cost of materials ratio"). In addition, from this point on, the Management Board expected strong organic sales growth in the low double-digit range for the SJT segment in fiscal year 2021 (previously: "Significant organic sales growth in the high single-digit range").

→ TABLE T019 "NON-FINANCIAL CONTROL PARAMETERS" provides an overview of the target and actual values as well as the forecast adjustments during the year.

Deviations from the target values

The organic sales increase of 16.2% in NORMA Group's sales is in line with the assumption of low double-digit organic Group sales growth published in March 2021.

There was a divergent trend in the cost ratios. While the personnel cost ratio improved significantly compared to the previous year, as expected (2021: 26.1%; 2020: 31.3%), the cost of materials ratio rose to 45.8% (2020: 43.8%) due to the challenging conditions on the global procurement markets and was thus above the assumption made in November 2021 ("At a comparable level to the previous year").

The adjusted EBIT margin reached 10.4% in fiscal year 2021, in line with the expected target of more than 10%, as revised in September 2021. Similarly, at 11.2%, the EBITA margin was also in line with the revised expectation of more than 11%.

Net operating cash flow amounted to EUR 99.8 million, which was below the expected figure of EUR 110 million. This is primarily due to the change in working capital.

NORMA Value Added (NOVA) amounted to EUR 16.0 million in fiscal year 2021 and also developed in line with the forecast range of between EUR 10 million and EUR 25 million due to the significantly improved EBIT.

The investment ratio in fiscal 2021 was 4.3% and thus below the forecast range of between 5% and 6% of Group sales. Although investments made in the past fiscal year increased significantly compared to the previous year, which was impacted by the pandemic, as a result of the positive business recovery, investment activity from operating activities in fiscal 2021 was influenced by the global availability of materials.

All other key figures developed in line with NORMA Group's forecast.

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Comparison of target and actual values

T025

	Results 2020 ¹	March 2021	Aug. 2021 (Q2)	Sept. 2021	Nov. 2021 (Q3)	Results 2021 ¹
Group sales	EUR 952.2 million	n/a	n/a	n/a	n/a	EUR 1,091.9
Organic Group sales growth	- 12.1%	Low double-digit organic Group sales growth	No adjustments	No adjustments	No adjustments	16.2%
Organic sales growth EMEA	- 15.5%	Strong organic sales growth in the low double-digit range	No adjustments	No adjustments	No adjustments	12.6%
Organic sales growth Americas	- 12.4%	High single-digit organic sales growth	Strong organic sales growth in the low double-digit range	No adjustments	No adjustments	22.9%
Organic sales growth Asia-Pacific	- 1.2%	Slight organic sales growth	High single-digit organic sales growth	No adjustments	No adjustments	9.1%
Sales growth EJT	- 15.8%	Strong organic sales growth in the low double-digit range	No adjustments	No adjustments	No adjustments	13.2%
Sales growth SJT	- 6.5%	Significant organic sales growth in the high single-digit range	No adjustments	No adjustments	Strong organic sales growth in the low double-digit range	19.9%
Material cost ratio	43.8%	Significantly improved material cost ratio	No adjustments	No adjustments	At a comparable level to the previous year	45.8%
Personnel cost ratio	31.3%	Significantly improved personnel cost ratio	No adjustments	No adjustments	No adjustments	26.1%
Adjusted EBIT margin	4.8%	More than 12%	No adjustments	More than 10%	No adjustments	10.4%
Adjusted EBITA Margin	5.7%	More than 13%	No adjustments	More than 11%	No adjustments	11.2%
NORMA Value Added (NOVA)	EUR - 46.4 Mio.	Between EUR 10 million and EUR 25 million	No adjustments	No adjustments	No adjustments	EUR 16.0 Mio.
Financial result	EUR - 14.8 Mio.	Up to EUR - 13 million	No adjustments	No adjustments	No adjustments	EUR - 12.4 Mio.
Adjusted tax rate	20.3%	Between 27% and 29%	No adjustments	No adjustments	No adjustments	28.6%
Earnings per share	0.77 (adjusted) 0.18 (reported)	Strong increase in adjusted earnings per share	No adjustments	No adjustments	No adjustments	2.27 (adjusted) 1.76 (reported)
Net operating cash flow	EUR 78.3 Mio.	More than EUR 110 million	No adjustments	No adjustments	No adjustments	EUR 99.8 Mio.
Investments in R & D ² (related to total revenue)	3.1%	Around 3% of sales	No adjustments	No adjustments	No adjustments	3.5%
Investment rate (excluding acquisitions)	4.3%	Investment ratio between 5% and 6% of Group sales	No adjustments	No adjustments	No adjustments	4.3%
Payout ratio / dividend	91.7% EUR 0.70	Around 30% to 35% of adjusted Group earnings ³	No adjustments	No adjustments	No adjustments	EUR 0.75 ⁴ 33.0% ⁴
CO ₂ emissions	49,813 metric tons of CO ₂ equivalents	Reduction in CO ₂ emissions by around 19.5% ⁵ by 2024 (CAGR: 3.0%)	No adjustments	No adjustments	No adjustments	43,449 metric tons of CO ₂ equivalents ⁶
Invention applications	22	More than 20	No adjustments	No adjustments	No adjustments	25
Parts per million	5.1	Less than 10	No adjustments	No adjustments	No adjustments	4.9

1_The adjustments within the financial years 2020 and 2021 relate exclusively to adjustments of depreciation and amortization of property, plant and equipment and intangible assets from purchase price allocations. Expenses incurred within the "Get on track" program will not be adjusted.

2_Due to the increasing strategic relevance of the area of Water Management, NORMA Group includes 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, which corresponded to around 5.1% of EJT sales in 2020).

3_So far as the future economic situation allows, NORMA Group pursues a sustainable dividend policy based on a payout ratio of around 30% to 35% of adjusted consolidated net income.

4_According to the proposal for the appropriation of profits, subject to approval by the Annual General Meeting on May 17, 2022.

5_Reference year: 2017.

6_This corresponds to a reduction of 12.8% compared with 2020.

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Earnings, asset and financial position

General statement by the Management Board on the course of business and economic situation

NORMA Group's business development was characterized by a variety of different trends in the current reporting year. Despite the ongoing corona pandemic, the economic environment brightened considerably in the past fiscal year. This was reflected in particular in increased customer demand in all of NORMA Group's regions and businesses in the first half of 2021. Due to the continued strong water business, the revival of demand in the Mobility and New Energy segments as well as generally good business in the Industrial Applications segment, NORMA Group's consolidated sales in fiscal year 2021 reached nearly the level of the pre-crisis year 2019 (EUR 1,100.1 million) at EUR 1,091.9 million (2020: EUR 952.2 million).

At the same time, new challenges arose in fiscal year 2021 with the global disruptions in supply chains, which remained a major influencing factor for many different industries during the year. The resulting shortage of materials led to a sharp increase in raw material prices, especially in the second half of the year. In this context, NORMA Group observed very volatile ordering behavior on the part of its customers, including automotive manufacturers in particular. At EUR 113.8 million, the operating result – adjusted EBIT – significantly exceeded the figure for the corona-burdened previous year (2020: EUR 45.3 million). The EBIT margin was 10.4% compared to 4.8% in the previous year. This is attributable on the one hand to the very good sales performance in fiscal year 2021. On the other hand, the operating result in the previous year was burdened by expenses in connection with the “Get on track” program in the amount of EUR 29.1 million, which were not adjusted.

Assuming that the good development of the general conditions, which contributed to the significant sales growth in 2021, will continue in fiscal year 2022 and that demand in NORMA Group's key customer industries will continue to increase in connection with this, the Management Board is confident about fiscal year 2022. Taking into account the influencing factors cited by economic research institutes, the Management Board expects medium to high single-digit organic Group sales growth compared to the previous year. Furthermore, the Management Board expects an EBIT margin adjusted for acquisition effects of around 11%.

→ [FORECAST REPORT](#)

Adjustments

The management of NORMA Group adjusts certain expenses and income for the purpose of managing the Group's operations. The adjusted results presented below correspond to the management view.

In fiscal year 2021, as in the previous year, no adjustments were made for expenses within EBITDA (earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets). Within EBITA, depreciation of property, plant and equipment from purchase price allocations amounted to EUR 1.5 million in fiscal year 2021 (2020: EUR 3.5 million). In addition, amortization of intangible assets from purchase price allocations in the amount of EUR 20.2 million (2020: EUR 21.7 million) was adjusted within EBIT. Expenses from the “Get on track” change program, which totaled EUR 1.5 million in fiscal year 2021 and were recognized within employee benefit expenses and other operating income and expenses, are not adjusted and are included in the result, as in the previous year (2020: EUR 29.1 million). Notional income taxes resulting from the adjustments are calculated using the tax rates of the respective local companies concerned and included in the adjusted profit after tax.

The table T026 shows earnings adjusted for these effects in fiscal year 2021. More detailed information on the unadjusted figures can be found in the → [NOTES](#).

Adjustments¹

T026

	2021 adjusted	Adjustments	2021 reported
Group sales (EUR million)	1,091.9	0	1,091.9
EBITDA (EUR million)	167.6	0	167.6
EBITDA margin (in %)	15.3		15.3
EBITA (EUR million)	122.5	1.5	121
EBITA margin (in %)	11.2		11.1
EBIT (EUR million)	113.8	21.7	92.1
EBIT margin (in %)	10.4		8.4
Financial result (EUR million)	- 12.4	0	- 12.4
Profit for the period (EUR million)	72.3	16.2	56.1
EPS (in EUR)	2.27	0.51	1.76

1_Deviations may occur due to commercial rounding.

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Earnings position

Development of sales

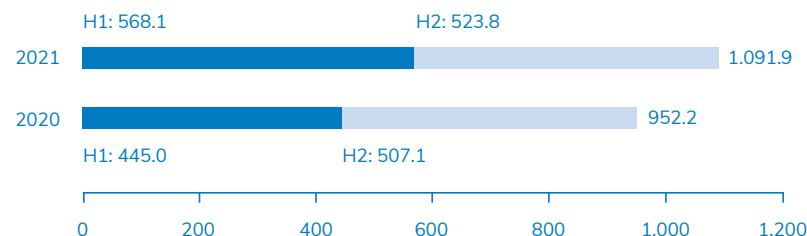
Group sales nearly at pre-crisis level of 2019

NORMA Group posted sales of EUR 1,091.9 million in fiscal year 2021. This represents a 14.7% increase compared to the previous year (2020: EUR 952.2 million). It includes organic sales growth of 16.2%. Currency effects, particularly in connection with the US dollar, had a negative impact of 1.5%. Overall, sales in the past fiscal year were nearly at the level of the pre-crisis year 2019 (EUR 1,100.1 million).

The good development of sales is mainly attributable to a noticeable recovery in the economic environment. The positive impetus from this was once again reflected in a significant increase in demand in all of NORMA Group's business units compared to the pandemic-burdened previous year: Water Management, Mobility and New Energy as well as Industry Applications. In the Americas and Asia-Pacific regions, Group sales even exceeded the pre-crisis level in 2019.

Development of 2021 sales in EUR million

G026



Development potential in EJT business slowed by shortage of semiconductors, SJT business continues to grow solidly

Sales in the EJT business totaled EUR 620.7 million in fiscal year 2021. Compared to the previous year (2020: EUR 552.6 million), this represents an increase in sales of 12.3% (organic: 13.2%). Currency effects had a diminishing effect in the amount of 0.9%. The main driver of sales growth in the EJT business was in particular the sharp increase in production figures for light vehicles and heavy vehicles, especially in the first half of 2021. By contrast, development in the second half of 2021 was impacted by the global shortage of materials and semiconductors and, as a

result, by increasingly stagnating production figures in the automotive industry since the third quarter of 2021. Influenced by the global challenges, automotive manufacturers were unable to fully exploit production potential in the full year 2021 in this environment. Despite the global supply bottlenecks for semiconductors, positive impetus for the development of the EJT business came primarily from the Americas region, whereas the development in Asia-Pacific and EMEA declined noticeably in the third and especially in the fourth quarter of 2021.

NORMA Group generated sales of EUR 464.3 million in the Standardized Joining Technology (SJT) business in fiscal year 2021, thus significantly exceeding both the previous year's figure by 17.4% and the pre-crisis level of 2019 (2020: EUR 395.5 million; 2019: EUR 430.2 million). Organic sales growth amounted to 19.9%, whereas currency effects reduced sales by 2.5%. Significant additional sales were generated in fiscal year 2021, especially in the Americas and EMEA regions. There, the SJT business showed very good development in the course of the general economic recovery. The US subsidiary NDS's water business recorded a significant increase in every quarter of 2021 and grew organically by a total of 20.9% over the year as a whole.

Effects on Group sales¹

T027

	EUR Mio.	Anteil in %
Group sales 2020	952.2	
Organic growth	154.4	16.2
Currency effects	- 14.7	- 1.5
Group sales 2021	1,091.9	14.7

1_Deviations may occur due to commercial rounding.

Development of sales channels

T028

	Engineered Joining Technology (EJT)		Standard Joining Technology (SJT)	
	2021	2020	2021	2020
Group sales (EUR million)	620.7	552.6	464.3	395.5
Change (in %)	12.3		17.4	
Share of sales (in %)	57	58	43	42

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Development of earnings

The developments described below relate to the key figures adjusted for special effects for operational management purposes. Where adjustments have been made to the figures reported in accordance with IFRS, this is indicated in the text. Where the figures are not stated as “adjusted,” they correspond to those reported in accordance with IFRS. Since fiscal year 2020, the adjustments relate exclusively to adjustments of depreciation and amortization of tangible and intangible assets from purchase price allocations.

EBIT, EBITA and ROCE

The operating result (earnings before interest and taxes, EBIT) amounted to EUR 92.1 million in fiscal year 2021 and was thus significantly above the previous year’s figure (2020: EUR 20.1 million). The EBIT margin was 8.4% (2020: 2.1%). The increase in EBIT is mainly due to the noticeably higher volume of sales compared to the pandemic-affected period of the previous year. In addition, fiscal year 2021 included lower additional expenses from the “Get on track” change program compared to the previous year (2021: EUR 1.5 million; 2020: EUR 29.1 million). EBIT adjusted exclusively for depreciation and amortization from purchase price allocations totaled EUR 113.8 million. This compares to EUR 45.3 million in the previous year and represents an increase of 151.2%. The adjusted EBIT margin for the reporting period amounted to 10.4% (2020: 4.8%).

Earnings before interest, taxes and amortization of intangible assets (EBITA) of EUR 121.0 million were also significantly higher than in the previous year (2020: EUR 51.1 million). The EBITA margin was 11.1% (2020: 5.4%). Adjusted EBITA of EUR 122.5 million was 124.3% higher than in the previous year (2020: EUR 54.6 million). The adjusted EBITA margin was 11.2% (2020: 5.7%).

Return on capital employed (ROCE) as a ratio of adjusted EBIT to average capital employed was 11.9% in fiscal year 2021 (2020: 4.6%). The significant year-on-year improvement in ROCE was mainly due to the strong increase in adjusted EBIT. At the same time, ROCE was positively impacted by the slight decrease in average capital employed.

Return on capital employed (ROCE)

T029

	2021	2020
Adjusted EBIT (in EUR million)	113.8	45.3
Average capital employed (in EUR million)	958.0	989.1
ROCE (in %)	11.9	4.6

Key factors influencing the development of earnings

Cost of materials ratio and gross margin

The international raw material markets were characterized by strong volatility in fiscal year 2021. The main reason for this was the ongoing distortions in the global supply chains, which resulted in a noticeable shortage of materials and, consequently, a significant increase in the general price level on the international commodity markets. Although NORMA Group succeeded in keeping the prices of important product groups stable over the course of the year by contractually fixing them, it was not possible to fully compensate for the negative cost effects in connection with increased raw material prices, for surface-finishing materials, among other items.

In the current reporting year, cost of materials amounted to EUR 500.0 million and thus increased by 19.8% compared to the previous year (2020: EUR 417.5 million). Due to the disproportionately higher cost of materials compared to sales growth in combination with increased logistics costs for material procurement and influenced by the inventory build-up in fiscal year 2021, the cost of materials ratio (cost of materials as a percentage of sales) amounted to 45.8% in the current reporting period (2020: 43.8%). The cost of materials ratio in relation to the total operating performance (sales plus changes in inventories and other own work capitalized) was 44.9% (2020: 43.8%).

Gross profit in fiscal year 2021 amounted to EUR 612.4 million, an increase of 14.1% compared to the previous year (2020: EUR 536.7 million). While the higher cost of materials had a negative impact on gross profit, the increase in inventories (2021: EUR 17.5 million) had a slightly increasing effect on gross profit in fiscal year 2021. Due to the effects described above, the gross margin of 56.1% was 30 basis points below the previous year (2020: 56.4%).

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Personnel cost ratio

At EUR 284.9 million, personnel expenses in fiscal year 2021 were 4.5% below the level of the previous year (2020: EUR 298.2 million). This development was primarily due to additional personnel expenses of EUR 25.2 million incurred in the same period of the previous year in connection with the “Get on track” program, which were not adjusted and had a significant impact on personnel expenses in the previous year. By contrast, additional personnel expenses of only EUR 0.1 million were incurred in the current reporting period in connection with the “Get on track” program. In combination with the significantly higher sales volume, this led to a noticeable improvement in the personnel cost ratio of 26.1%, both compared to the pandemic-laden previous year (2020: 31.3%) and to the pre-crisis year (2019: 27.5%). In absolute terms, however, comparable employee benefit expenses increased compared to the previous year as a result of the countermeasures used to reduce the impact of the coronavirus pandemic in the previous year. For example, the reduction in overtime, the use of government-sponsored reduced working hours, the temporary release of employees and other government support measures resulted in a lower comparative base.

Other operating income and expenses

The balance of other operating income and expenses amounted to EUR – 159,9 million in fiscal year 2021 (2020 EUR – 139.2 million). This represents an increase of 14.9% compared to the previous year. As a percentage of sales, the balance of other operating income and expenses was 14.6% and thus corresponded to the level of the previous year (2020: 14.6%).

The year-on-year increase in other operating expenses was mainly driven by the higher level of business activity compared to the same period of the previous year and the resulting increase in the need for temporary workers. Other operating expenses also increased due to freight costs in connection with the higher volume of business and the temporary backlog of deliveries, as well as expenses for IT and telecommunications. The increase in IT and telecommunications expenses, which also include division-specific consulting expenses, is attributable to the Group-wide implementation of a new ERP system and the associated additional need for consulting services and license fees. In the current reporting period, expenses from the devaluation of trade receivables decreased to nearly EUR 0.0 million, whereas the previous year’s figure included higher write-downs on trade receivables (2020: EUR 4.6 million) due to the special corona situation. Furthermore, other operating expenses in the current reporting period include additional costs from the ongoing “Get on track” program in the amount of EUR 1.5 million (2020: EUR 3.9 million) that are not adjusted.

Other operating income includes currency gains from operating activities, income from the reversal of liabilities for personnel-related obligations and provisions, and government grants. The latter mainly result from grants utilized in fiscal year 2021 in connection with temporary employment guarantees at Eastern European sites, as well as positive effects from government incentives for wage support in the Asia-Pacific and Americas region. → [NOTES](#)

NORMA Value Added (NOVA)

NORMA Value Added (NOVA), which also serves as the relevant benchmark for the long-term remuneration of the Management Board, improved significantly year-on-year to EUR 16.0 million in fiscal year 2021 (2020: EUR – 46.4 million). The significant increase in operating profit (adjusted EBIT) was the main driver of the positive development.

Financial result

The financial result amounted to EUR – 12,4 million in fiscal year 2021, compared to EUR – 14.8 million the previous year. The significant improvement was mainly due to lower net interest expense compared to the previous year as a result of reduced gross debt. → [NOTES](#). The increased use of low-interest commercial paper programs also contributed to the improvement in the financial result.

Income taxes

The tax expense at Group level amounted to EUR 23.6 million in fiscal year 2021 (2020: tax income of EUR 0.1 million). Based on a pre-tax result of EUR 79.7 million (2020: EUR 5.4 million), this resulted in a tax rate of – 29.6% (2020: 1.8%). The tax rate of the previous year was positively influenced by a one-time effect realized in the US that exceeded the tax expenses. The adjusted tax rate in fiscal year 2021 was – 28.6% (2020: – 20.3%).

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Profit for the period and appropriation of profit

Net profit for the period amounted to EUR 56.1 million in fiscal year 2021, thus significantly exceeding the figure for the same period of the previous year (2020: EUR 5.5 million). Based on an unchanged number of 31,862,400 shares compared to the previous year, this results in earnings per share of EUR 1.76 (2020: EUR 0.18) after deduction of the profit for the period attributable to non-controlling interests.

Adjusted profit for the period amounted to EUR 72.3 million in fiscal year 2021 (2020: EUR 24.3 million). This results in adjusted earnings per share of EUR 2.27 after deduction of the profit for the period attributable to non-controlling interests (2020: EUR 0.77).

The Management Board and Supervisory Board will propose to the Annual General Meeting on May 17, 2022, the distribution of a dividend totaling EUR 23.9 million from the unappropriated profit of EUR 46.9 million; this is equivalent to a dividend of EUR 0.75 per no-par value share entitled to a dividend. The proposed payout ratio amounts to approximately 33.0% and is thus in the corridor between 30% and 35% in line with NORMA Group's sustainable dividend strategy.

Development of sales and earnings in the segments

EMEA

External sales in the EMEA region increased by 12.9% to EUR 462.4 million in fiscal year 2021 (2020: EUR 409.5 million). This includes organic sales growth of 12.6%. The increase in sales is a result of the rebound effects in key customer industries following the corona-related declines in 2020, with the Standardized Joining Technology (SJT) business making the main contribution with strong growth of 21.9% (organic: 20.3%) to EUR 126.6 million (2020: EUR 103.9 million). Its sales thus exceeded the level of the pre-crisis year 2019 (EUR 123.1 million) by 2.9%. NORMA Group's European automotive business also showed significant year-on-year growth of 9.5% (organic: 9.7%) over the full year (2021: EUR 332.0 million; 2020: 303.1 million), which was due in particular to a clearly positive development in the first half of 2021. By contrast, the sales of the EJTB business declined from the third quarter of 2021 on. The main causes here were the effects of the production backlog at automotive manufacturers triggered by the semiconductor shortage. Overall, the EMEA region accounted for around 42% of total sales in fiscal year 2021 (2020: 43%).

Adjusted EBIT in the EMEA region increased significantly in fiscal year 2021, reaching EUR 43.9 million (2020: EUR 9.3 million). The adjusted EBIT margin was

8.8% (2020: 2.1%). This was primarily due to the significant business recovery and the related recovery of sales in the first half of 2021. In fiscal year 2021, the operating result in the EMEA region was also supported by positive contributions from the measures of the "Get on track" program. By contrast, the previous year was burdened primarily by additional personnel expenses of EUR 23.1 million in connection with the "Get on track" program. These were mainly related to provisions in the area of personnel expenses.

Americas

In the Americas region, external sales in the reporting year 2021 amounted to EUR 456.8 million, exceeding the previous year's figure (2020: EUR 385.5 million) by 18.5%. Compared to the pre-crisis year 2019, a 1.3% higher sales level was achieved. This includes a 22.9% increase in organic sales, whereas currency effects, mainly from the devaluation of the US dollar, had a significant negative impact on sales of – 4.4%. The sales growth in the region is based on a very good business development in the area of SJT: At EUR 282.4 million (2020: EUR 238.8 million), an 18.3% (organic: 22.6%) higher sales level was achieved here compared to the same period of the previous year. On the one hand, this positive development resulted from the general economic recovery. On the other hand, the US subsidiary NDS once again performed very well, enabling the US water business to achieve organic growth of 20.9% over the year as a whole (2020: 6.7%). The EJTB business also contributed to the positive sales development as a result of the significant recovery in production figures in the light and heavy vehicles sector despite the global semiconductor shortage. The automotive business, however, showed flatter sales growth, particularly from the third quarter of 2021 on, with slightly negative growth in the fourth quarter. Overall, sales of the automotive business in the Americas region reached EUR 171.7 million in 2021 (2020: EUR 146.0 million), representing 17.7% growth in sales (organic: 22.3%). The share of Group sales generated in the Americas region increased to 42% (2020: 40%) in fiscal year 2021.

Adjusted EBIT in the Americas region improved significantly year-on-year to EUR 52.7 million (2020: EUR 31.0 million). The adjusted EBIT margin for the Americas region was thus 11.3% (2020: 7.9%). This is primarily attributable to the very good sales performance. Effects from government incentives for wage support also had a positive impact. By contrast, operating earnings in the Americas region in fiscal year 2021 were impacted by the high price level for raw materials, including mainly steel, while in the previous year operating earnings were mainly impacted by the consequences of the corona pandemic.

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Asia-Pacific

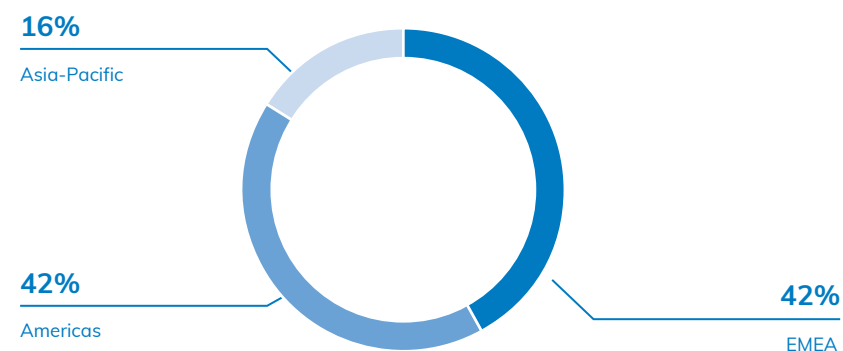
External sales in the Asia-Pacific region amounted to EUR 172.8 million in fiscal year 2021 and thus exceeded not only the figure for the pandemic-ridden previous year by 9.9% (2020: EUR 157.2 million), but also the level of the pre-crisis year 2019 (EUR 163.4 million) by 5.8%. Organic sales growth totaled 9.1% in fiscal year 2021, and currency effects had a positive impact of 1.9%. The positive development is mainly attributable to strong demand from the Chinese automotive industry, especially in the first half of 2021, which resulted in EJT sales growth of 12.9% (organic: 10.6%) to EUR 116.9 million (2020: EUR 103.5 million), thus exceeding the sales level of the pre-crisis year 2019 by 16.1%. Nevertheless, the global shortage of semiconductors and the resulting production backlog in the automotive industry had a negative impact in the past fiscal year, which was reflected in declining EJT sales in the third and fourth quarters of 2021. By comparison, SJT sales amounted to EUR 55.3 million (2020: EUR 52.9 million), resulting in a 4.6% increase and in organic terms by 6.7%, respectively, compared to the corona year 2020. The Asia-Pacific region accounted for 16% of Group sales (2020: 17%) in fiscal year 2021.

The Asia-Pacific region recorded adjusted EBIT of EUR 25.0 million in fiscal year 2021, significantly exceeding not only the comparative figure for the previous year (2020: EUR 20.0 million) but also the pre-crisis level (2019: EUR 19.7 million).

The adjusted EBIT margin amounted to 14.0% and thus improved again compared to the previous year (2020: 12.6%; 2019: 11.8%). The main reason for the positive development in the Asia-Pacific region was primarily the strong sales growth in the region coupled with strict cost discipline. In addition, there were further positive effects from government incentives to support wages.

Sales by Segment

G027



Development of segments

T030

	EMEA			Americas			Asia-Pacific		
	2021	2020	Δ in %	2021	2020	Δ in %	2021	2020	Δ in %
Total segment sales (in EUR million)	500.1	439.6	13.8	465.2	391	19.0	179.4	159.2	12.7
External sales (in EUR million)	462.4	409.5	12.9	456.8	385.5	18.5	172.8	157.2	9.9
Contribution to consolidated sales (in %)	42	43	n/a	42	40	n/a	16	17	n/a
Adjusted EBITA ¹ (in EUR million)	47.4	12.0	295.2	55.6	34.3	62.0	25.7	21.3	20.7
Adjusted EBITA margin (in %) ^{1,2}	9.5	2.7	n/a	12.0	8.8	n/a	14.3	13.3	n/a
Adjusted EBIT ¹ (in EUR million)	43.9	9.3	370.4	52.7	31.0	70.1	25.0	20.0	25.3
Adjusted EBIT margin (in %) ^{1,2}	8.8	2.1	n/a	11.3	7.9	n/a	14.0	12.6	n/a

1_Adjusted for expenses related to acquisitions. → **ADJUSTMENTS**

2_In relation to segment sales.

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Asset position

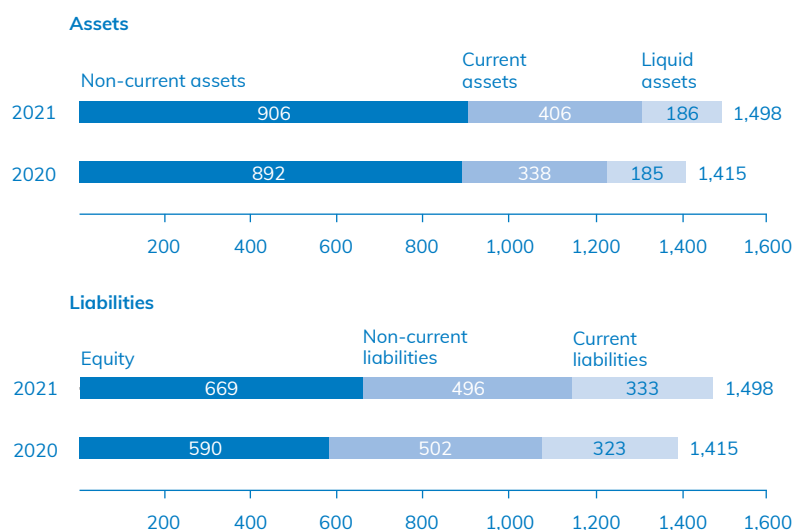
Assets

Total Assets

Total assets amounted to EUR 1,498.2 million as of December 31, 2021, an increase of 5.9% compared to the previous year (Dec 31, 2020: EUR 1,414.7 million).

Asset and capital structure in EUR million

G028



Non-current assets

Non-current assets amounted to EUR 905.6 million as of December 31, 2021, an increase of 1.6% compared to the previous year's reporting date (Dec 31, 2020: EUR 891.7 million). While the goodwill included in this figure increased by 4.0% to EUR 392.7 million (Dec 31, 2020: EUR 377.6 million) due to currency effects, other intangible assets decreased by 4.4% to EUR 212.8 million (Dec 31, 2020: EUR 222.6 million) as a result of scheduled amortization during the year. By contrast, property, plant and equipment increased by 2.8% to EUR 277.7 million (Dec 31, 2020: EUR 270.0 million). In fiscal year 2021, a total of EUR 47.4 million was invested in fixed assets (property, plant and equipment and intangible assets,

excluding leasing) (Dec 2020: EUR 41.2 million). Thus, NORMA Group's investment activities in fiscal year 2021 resulted in a constant investment ratio of 4.3% compared to the previous year (2020: 4.3%). → [PRODUCTION AND LOGISTICS](#) The investments mainly related to the construction of the new production site in Wuxi, China, investments in capacity expansions for the water management business in the US, and investments in manufacturing equipment, tools, and testing capacities with a regional focus on Poland, Serbia, the UK, Mexico and Malaysia.

Non-current assets accounted for 60.4% of total assets as of the reporting date (Dec 31, 2020: 63.0%). → [NOTES](#)

Current assets

Current assets amounted to EUR 592.6 million as of the balance sheet date and were thus 13.3% above the level of the previous year's reporting date (Dec 31, 2020: EUR 523.0 million). The main reason for this was the strong increase in inventories by 36.7% to a value of EUR 208.0 million (2020: EUR 152.2 million). On the one hand, the increase resulted from the strong recovery of the business and, on the other hand, was due to the price increases in material procurement during the year as well as the increase in inventories during the year. The increase in current assets was also due to an exchange rate effect relating to the reporting date in connection with the US dollar. Trade and other receivables increased by 3.0% to EUR 162.0 million as of December 31, 2021 (Dec 31, 2020: EUR 157.3 million). In addition, EUR 6.0 million was reclassified from property, plant and equipment to assets held for sale in fiscal year 2021.

At EUR 185.7 million, cash and cash equivalents were nearly at the level of the previous year (Dec 31, 2020: EUR 185.1 million). At 39.6%, current assets as a percentage of total assets increased slightly compared to the previous year's reporting date (Dec 31, 2020: 37.0%).

(Trade) Working Capital

(Trade) working capital (inventories plus receivables less payables, in each case mainly trade payables) amounted to EUR 189.5 million as of December 31, 2021, and thus increased by 17.9% compared to the previous year (Dec 31, 2020: EUR 160.8 million). The increase can be attributed in particular to the disproportionate increase within inventories, which resulted from a targeted build-up of reserves in advance of the announced price increases for raw materials in fiscal year 2021 in response to challenges on the procurement side. This was partly offset by an increase in trade payables. The working capital ratio (trade working capital in relation to sales) was 17.4% as of December 31, 2021 (Dec 31, 2020: 16.9%).

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Liabilities

Equity ratio

Group equity amounted to EUR 668.6 million as of December 31, 2021, and was thus 13.4% higher than in the previous year (Dec 31, 2020: EUR 589.5 million). The consolidated equity ratio increased significantly to 44.6% as of the reporting date of fiscal year 2021 (Dec 31, 2020: 41.7%). The increase in equity mainly resulted from the net profit for the period of EUR 56.1 million, as well as positive currency effects from the translation of foreign operations amounting to EUR 42.9 million. On the other hand, equity was reduced by a total of EUR 22.3 million (2020: EUR 1.3 million) due to the dividend payment (dividend of EUR 0.70 per share) following the 2021 Annual General Meeting.

Net debt

Net debt (financial liabilities, including derivative hedging instruments of EUR 1.7 million, less cash and cash equivalents) amounted to EUR 318.5 million at the end of December 2021. The main reason for the 5.9% year-on-year decrease (Dec 31, 2020: EUR 338.4 million) was net cash inflows from the sum of cash inflows from operating activities, net cash outflows from the procurement and disposal of non-current assets, and from the dividend payment. This was offset by current interest expenses in fiscal year 2021, the increase in lease liabilities due to additions in the area of rights of use, and the valuation-related increase in liabilities from derivatives. In addition, cash-neutral negative net currency effects from foreign currency loans, cash and cash equivalents, lease liabilities, and other financial liabilities had a negative impact on net debt.

Financial liabilities

NORMA Group's financial liabilities decreased by 3.7% to EUR 504.2 million as of the reporting date in 2021 (Dec 31, 2020: 523.5 million). The main reason for this was the decrease in current loans payable, which mainly resulted from the net repayment of loans in fiscal year 2021. In addition to the scheduled repayment in the area of promissory note loans (EUR 70.3 million), borrowing took place from the commercial paper program in the amount of EUR 45.0 million. Exchange rate effects in connection with the US dollar had an increasing effect on loan liabilities.

Lease liabilities declined by 9.0% compared to the end of 2020. This was due to the fact that the change resulting from repayments (payment of lease installments), the increase resulting from additions in the area of rights of use and interest effects led to a net reduction. By contrast, exchange rate effects, especially on the US dollar liabilities of subsidiaries in the US, had an increasing effect on lease liabilities. Conversely, lease liabilities declined due to reassessments of renewal options.

The decline in other financial liabilities mainly resulted from the repayment of ABS and factoring liabilities and the repayment of liabilities in connection with the minority interests in Fengfan acquired in fiscal year 2020. → [NOTES](#)

Gearing (net debt in relation to equity) was 0.5 as of the reporting date in 2021 (2020: 0.6).

Leverage (net debt excluding hedging derivatives in relation to adjusted EBITDA for the past twelve months) decreased considerably to 1.9 compared to the previous year (Dec 31, 2020: 3.4). The high level of leverage in the previous year was also influenced in particular by the additional expenses incurred as part of the "Get on track" program. The leverage relevant for the financing agreements (excluding expenses under the change program) was also 1.9 as of the reporting date December 31, 2021 (December 31, 2020: 2.6).

Assets not recognized in the balance sheet

NORMA Group's trademark rights and patents to the brands it holds as well as customer relationships, if acquired externally, are recognized in the balance sheet under intangible assets. However, important influencing factors for a successful business are also the awareness and reputation of these brands among customers and their trust in NORMA Group products. The trustful customer relationships based on NORMA Group's long-established distribution network are equally important. In addition, NORMA Group's workforce makes an important contribution to the company's success with its extensive experience and specific expertise, so that the knowledge gained over many years in the areas of research and development and project management is also seen as a competitive advantage. The values listed are not recognized individually in the balance sheet, but are partly reflected in goodwill.

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Financial position

Financing measures

NORMA Group monitors risks from changes in exchange and interest rates on a regular basis and seeks to limit them by using derivative hedging instruments among other tools. Furthermore, NORMA Group generally strives to achieve a diversification of its financing instruments in order to reduce risks. These also include prolongation of repayment obligations and an even distribution of the maturity profile. Most of the supply and service relationships between individual currencies are simultaneously hedged over the course of the year.

NORMA Group had already successfully refinanced its bank credit lines in fiscal year 2019, thus creating further financial security and even greater flexibility for the future. The credit agreement has a total volume of initially EUR 300 million, including a revolving facility of EUR 50 million and a flexible accordion facility. An additional EUR 50 million revolving facility was agreed under the existing credit agreement in October 2021. The refinancing was concluded with a banking syndicate consisting of ten international banks. In addition, a sustainability component links the financing conditions to NORMA Group’s commitment in the area of corporate responsibility. In 2021, as in the previous year, NORMA Group was able to achieve an improvement in its sustainability scoring, which enabled further savings to be realized. After exercising the first of two extension options from the syndicated loan agreement in fiscal years 2020 and 2021, all components of the loan agreement will be available to NORMA Group through at least 2026. This ensures maximum financing flexibility.

The additional credit line of up to EUR 80 million taken out in 2020 in response to the coronavirus pandemic and installed for one year was not extended further after this period expired in the summer of 2021.

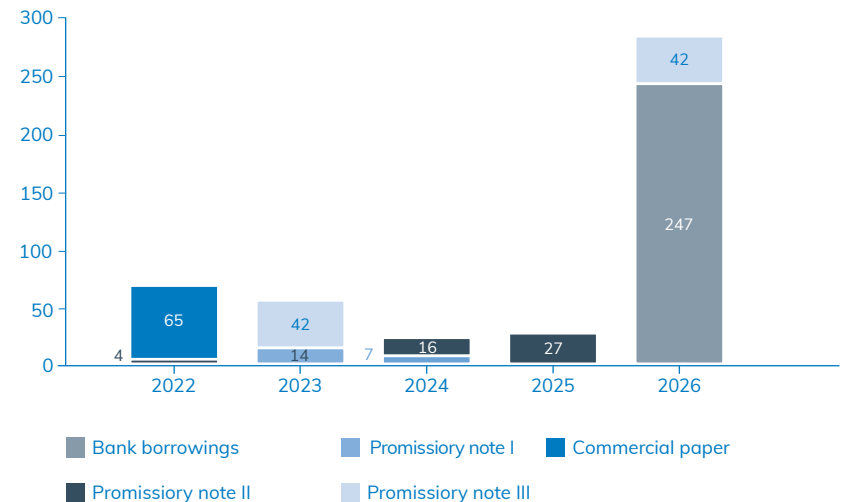
The commercial paper program introduced in 2019 is used for short-term liquidity management and was utilized in the amount of EUR 65 million as of December 31, 2021. NORMA Group’s gross debt (liabilities to banks) was reduced again from EUR 478 million to EUR 463 million in 2021. As of December 31, 2021, none of the additional available credit lines totaling EUR 100 million had been utilized.

NORMA Group uses interest rate hedges to hedge interest rate risks that could arise from the external financing components. As of December 31, 2021, the average interest rate of the gross debt (excluding derivatives) was 1.30%. NORMA Group’s maturity profile, based on the utilization of the short-term CP program and the promissory note loans I (2013), II (2014) and III (2016), as well as the syndicated bank loan (2019), was shown in the → [GRAPHICS G029: "MATURITY PROFILE BY FINANCIAL INSTRUMENT"](#) and → [G030: "MATURITY PROFILE BY CURRENCY"](#) as of December 31, 2021.

As of the balance sheet date in 2021, NORMA Group complied with all key figures contained in the credit agreements (financial covenants: net debt in relation to adjusted Group EBITDA).

Concrete future financing steps depend on the current changes in the financing markets and acquisition potentials.

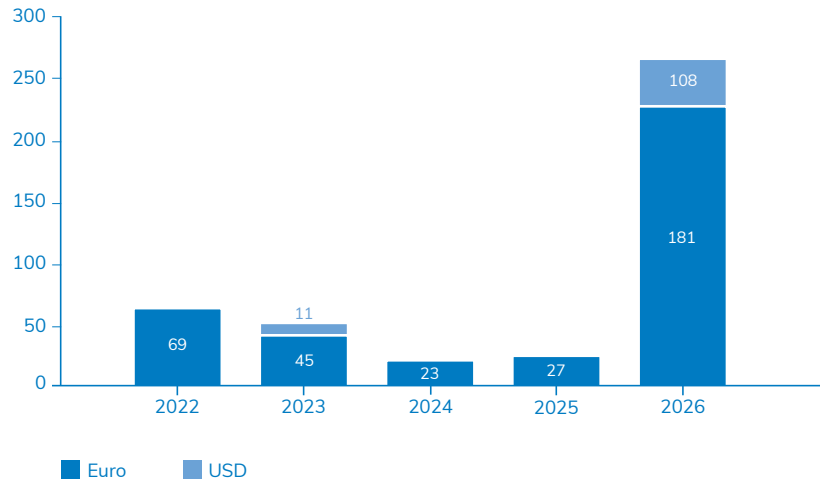
Maturity profile by financial instrument in EUR G029



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Maturity profile by currency in EUR

G030



Cash flow

Net operating cash flow

In fiscal year 2021, NORMA Group generated net operating cash flow (adjusted EBITDA less changes in working capital and investments from operations) of EUR 99.8 million (2020: EUR 78.3 million). Positive effects were realized here primarily through the significantly improved EBITDA compared to the pandemic-ridden previous year. On the other hand, the cash outflow from (trade) working capital and the renewed increase in capital expenditure compared to the previous year due to the higher level of business activity had a diminishing effect on net operating cash flow. Net operating cash flow in the same period of the previous year was impacted by the partly non-cash expenses for the “Get on track” program.

Cash flow from operating activities

Cash flow from operating activities decreased significantly to EUR 108.4 million in fiscal year 2021 (2020: EUR 133.5 million). While net profit for the period had an increasing effect in the current reporting period, cash flow from operating activities was primarily impacted by the cash outflow for trade working capital. Cash outflows from the restructuring provisions recognized in the previous year also had a reducing effect. → [NOTES](#)

Cash flow from investing activities

The cash outflow from investing activities increased to EUR 45.2 million in fiscal year 2021 (2020: EUR 39.1 million). This is due to the significant business recovery in 2021 and the related increase in the company’s investing activities. By contrast, the focus of investment activities was prioritized and placed on selected areas in the previous year due to COVID-19. In addition, ongoing customer and strategic projects, as part of the “Get on track” program, for example, were prioritized.

Investments in the EMEA region included the expansion of production capacities for electromobility applications in Poland, capacity expansions in the fluid systems business in Serbia, and investments in a new mold concept in the UK. Investments in the Americas region included capacity expansions in the water management field and investments in testing capacities in the fluid components and systems area, including for electromobility applications. In the Asia-Pacific region, construction of the new production site in Wuxi continued and was completed in March 2021. In addition, investments were made in capacity expansions in the Fasten and Fluid businesses and in the manufacture of products for the US water market.

Cash flow from financing activities

The cash flow from financing activities decreased to EUR –71,1 million in fiscal year 2021 (2020: EUR –81,0 million). This was mainly due to significantly lower net payments for loans of EUR –27,9 million (2020: EUR –56,2 million) and the lower interest payments (2021: EUR 10.1 million; 2020: EUR 12.9 million). By contrast, the cash flow from financing activities in fiscal year 2021 includes increased payments for dividends to the shareholders of NORMA Group SE in the amount of EUR –22,3 million (2020: EUR –1.3 million).

Production and logistics

NORMA Group manufactures and markets more than 40,000 different products and operates 26 production sites all over the world. In addition, the company has a broad network of distribution, sales and competence centers through which it ensures timely delivery to its customers in the respective regions.

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Production and capacity utilization

The degree of utilization of NORMA Group's production and distribution sites varies between the global sites. In the emerging markets, where NORMA Group's business is still being established, the capacity utilization of the production plants in terms of floor space is still relatively low. Forward-looking investment decisions there ensure that sufficient space is available for the flexible expansion of production. In industrialized countries and markets where NORMA Group already has a long-standing market position and production space is largely utilized, investments in additional space are avoided wherever possible. NORMA Group's goal here is to optimize production processes by increasing efficiency in such a way that additional capacities are created within the existing area.

The capacity utilization of the production facilities can be varied according to customer demand and the order situation. Several different products with various specifications can be manufactured using the current production lines within the individual product categories by performing minor retooling measures. This allows production to be optimally aligned with current customer demand.

In fiscal year 2021, NORMA Group's production activities were affected in particular by the disruption of supply chains worldwide due to the corona pandemic. In this context, the occurrence of extraordinary weather events also had a negative impact, which further impaired the closely interlinked global supply chains. In the Americas region, for example, the severe onset of winter in Texas in March 2021 led to considerable restrictions in the area of transport logistics. Furthermore, the flood disaster in western Germany in July 2021 resulted in dramatic production losses at NORMA Group suppliers. In the context of these events, both the production activities and the deliveries of NORMA Group were noticeably affected, especially in the third quarter of 2021 and partly in the fourth quarter.

Measures to bundle production activities under the "Get on track" change program further implemented

In fiscal year 2021, NORMA Group continued to implement the "Get on track" change program initiated back in November 2019 to increase efficiency and competitiveness.

In connection with the closure of the Gerbershausen, Germany, site by the end of 2022, which was announced in June 2020, three product groups were successfully relocated from Gerbershausen to Hustopeče, Czech Republic, in the reporting year.

In addition, one product group was integrated into the production site in Anderstorp, Sweden. Production of the relocated product groups has already started.

In addition, the integration of Fengfan's production at the Shaoxing site in China into the existing plant in Changzhou in the first quarter of 2021 also contributed to the further consolidation of NORMA Group's production landscape. As a result, business activities can now be even better aligned with the strategic business units Mobility and New Energies as well as Industry Applications. → [SIGNIFICANT DEVELOPMENTS IN FISCAL YEAR 2021](#)

New plant opened in China

Due to the increase in demand, especially for connectors and plastic connectors, NORMA Group has expanded its production capacities at its site in Wuxi, China, and almost tripled the total production area. The new plant not only enables an expansion of the product range for each market segment, but also a local market launch of new products. At the same time, it was possible to introduce pipeline systems, including for fuel application, urea transport and cooling water systems.

The new plant in Wuxi was completed in March 2021. In mid-April, the production facilities and materials were transferred from the previous site, also in Wuxi, to the new plant, whereupon production commenced at the end of April 2021. The previous site was closed as part of the transfer of activities to the new production plant.

The expansion of production capacities in Wuxi is part of NORMA Group's growth and localization strategy.

Investments in capacity expansion

NORMA Group invested in the expansion of its capacities in fiscal year 2021. The focus of investment activities was mainly on the areas of water management and electromobility. The following table provides an overview of the most significant strategic investments in the current reporting year.

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Strategic investment highlights 2021

T031

Region	Country	City	Investment
EMEA	Serbia	Subotica	Further development of new manufacturing capacities for a newly developed SCR system for a leading European automotive manufacturer in the fluid systems sector area Establishment of production capacities and tools in the fluid systems sector for a leading European automotive manufacturer
		United Kingdom	Newbury
	Poland	Pilica	Investment in production equipment and tools for new major customer orders from leading automotive manufacturers, including in the area of cooling water systems for e-mobility Investment in the structural expansion and strategic build-up of manufacturing capacities in the area of multilayer fluid lines for e-mobility applications, among other purposes
Americas	Mexico	Monterrey	Further investment in the development of new production capacities in the field of cooling water for a leading European automotive manufacturer in the fluid systems area
		Tijuana	Investment in the development of manufacturing capacities and toolmaking in the clamp production area
	USA	Lindsay, Kalifornien	Significant expansion of manufacturing capacities in the area of water management Substantial modernization and development of new tools in the area of water management
		Saltsburg, Pennsylvania	Capacity expansion and modernization of in-house production of clamp components
Asia-Pacific	China	Wuxi	Continuation of the structural extensions to the fluid components production site
		Changzhou	Investment in a new transfer press system to expand capacity for profile clamps Continuation of the production capacity expansion for TORRO clamps for the Asian market Consolidation of site capacities in the Fasten division
		Qingdao	Establishment of production capacities and tools in the Fluid Systems division for two leading automotive manufacturers
	Malaysia	Ipoh	Significant investment in production of water management products for the US market

Continuous optimization of the entire value chain

At NORMA Group, all internal process steps in the value chain are continuously examined for optimization potential. The Global Operational Excellence Management System is an important tool that helps to analyze existing processes, identify potential for improvements, introduce the appropriate measures for implementation and realize cost saving projects. As a result, many processes have already been automated and standardized in recent years, so that significant economies of scale have been achieved.

NORMA Group has been implementing the NORMA Group Production System (NPS) at all of its production plants worldwide since 2014. The goal of the NPS is to increase operational performance, safety, delivery reliability and quality in the plants and to identify and realize further cost savings. NORMA Group uses a "toolbox" of lean methods for this purpose. These include the 5S methodology, the daily Gemba walk, setup time optimization using SMED (Single Minute Exchange of Die) and TPM (Total Productive Maintenance). Furthermore, a standardized problem-solving process ensures that internal and external customer complaints are processed more quickly and effectively.

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Customer proximity and a secure supply chain

In order to optimize its supply chain costs, NORMA Group always strives to keep the geographical distances of the value chain as short as possible and avoid intermediate steps that do not add value via other NORMA Group sites. The goal is therefore to manufacture close to the customer, which not only leads to an optimization of working capital and supply chain costs, but also minimizes delivery risks, reduces negative effects on the environment and ensures the higher flexibility that is increasingly being demanded. The corona pandemic and the related short-term fluctuations in demand once again underscored the importance of short and direct delivery routes in fiscal year 2021. Due to capacity bottlenecks in ports and the resulting shortage of sea containers, sea transports in particular pose new challenges for the logistics of internationally operating companies, including NORMA Group. The main challenge is to be able to react flexibly to fluctuating demand at all times despite longer transit times.

Despite these efforts, cross-border deliveries are indispensable for NORMA Group in many places in order to be able to react flexibly to customer requirements. Optimized and secure customs processes are therefore essential. For this reason, NORMA Group participates in various customs trade partnership programs in the US, China and the EU, for example. Through the supply chain security programs, in particular the Authorized Economic Operator (AEO) and the Customs Trade Partnership against Terrorism (C-TPAT), which are part of the global Compliance Program, NORMA Group strives to ensure a legally compliant supply chain. By regularly reviewing all its business partners, NORMA Group is able to rule out the supply of legally sanctioned third parties. In addition, internal organizational instructions and regular reviews ensure compliance with the relevant statutory export control regulations.

Quality management

NORMA Group's products are usually "mission-critical" in its customers' end products. This means that any quality defects or functional failures can have a significant direct impact on customers or end users. In this context, product safety and the health of end users correlate strongly with the quality of NORMA Group products. Ensuring that products meet all customer expectations and quality requirements is therefore of the highest priority for NORMA Group. → [PRODUCT QUALITY AND SAFETY](#)

In order to ensure a global and standardized quality approach, all NORMA Group production sites are certified according to international quality standards. Currently, all production sites are certified according to ISO 9001, EN 9100 or IATF 16949. In addition to the production sites, NORMA Group Holding GmbH is certified according to ISO 9001. This certification helps ensure that NORMA Group as a whole – i. e., including all relevant specialist departments at Group level – complies with high quality standards. The extensive requirements of the quality standards also ensure the safety of the end products through measures such as risk assessments, training, incident assessments and appropriate corrective actions.

NORMA Group's Quality Management is responsible for the introduction, certification and continuous implementation of the quality management system. To this end, local quality management officers have been appointed at each NORMA Group production site, who report to the respective regional quality managers and global Quality Management.

NORMA Group operates globally. Therefore, a key challenge here is to recognize and understand the various customer requirements as well as the many different standards and market conditions. NORMA Group meets this challenge by localizing its production and using standardized tools.

NORMA Group uses a variety of key performance indicators to measure quality, customer satisfaction and delivery performance. The most important indicator is the number of defective parts rejected by customers – so-called parts per million (PPM). This key figure is recorded continuously and reported to the Management Board on a monthly basis. At the same time, root cause analyses are carried out at plant level and countermeasures defined and initiated.

The number of defective parts per million (PPM) was 4.9 (2020: 5.1) in fiscal year 2021. This development shows that the improvement trend is clearly continuing, which is at the same time an expression of increasingly demanding customer requirements. → [NON-FINANCIAL KEY PERFORMANCE INDICATORS](#)

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Purchasing and supplier management

The procurement costs of materials, goods and services have a significant impact on NORMA Group's earnings situation. By managing all procurement activities and selecting suppliers, Purchasing can make a significant contribution to the success of the Group. The main task here is to optimize purchased services and minimize costs by taking Group-wide economies of scale into account.

Global purchasing organization

NORMA Group's purchasing activities are divided into four superordinate product groups based on the strategic product categories:

- Steel and metal components (Fasten)
- Technical granulates, plastic and rubber products (Fluid)
- Standard plastics, components and commodities (Water)
- Capital goods, non-production materials and services (indirect goods and services)

In addition to this central structure, there is a subdivision into the regional segments EMEA, Asia-Pacific and Americas. This organizational structure enables centralized control by the respective experts of the product groups and the integration of the knowledge of the regional or local purchasing teams concerning specific local market conditions. NORMA Group thus ensures professional purchasing management and the achievement of competitive prices for goods and services. E-procurement solutions support the global organization in its work and enable efficient reporting.

Development of material prices

The costs of materials amounted to EUR 500.0 million (2020: EUR 417.5 million) or 45.8% (2020: 43.8%) of sales revenue in fiscal year 2021. As a result, the cost of materials ratio was thus once again higher than in the previous year. → [EARNINGS POSITION](#). The purchasing volume, which is used for internal management purposes and adjusted for currency effects, amounted to around EUR 481.5 million (2020: EUR 404.1 million). Of this amount, EUR 372.2 million, or 77%, was attributable to sales of production materials.

Steel and metal components

Fiscal year 2021 was characterized by a highly challenging environment. Among other things, this was due to the effects of the ongoing coronavirus pandemic and the resulting continued congestion of certain supply chains. Another major negative factor was the continuing shortage of raw materials, which led to severely limited material availability and a tense procurement price situation. Against this backdrop, ensuring security of supply for NORMA Group's production sites worldwide was the top priority of purchasing and supplier management in the past fiscal year. Although the negative effects of the tense market environment were successfully minimized by the multi-sourcing strategy that has been in place for years, in some cases not all materials were available in the desired quantities at all times. Force majeure declarations in the aftermath of the July 2021 floods in Germany temporarily exacerbated the situation.

For the stainless-steel product group, the most important product group for NORMA Group, slight reductions in the base prices (basic purchase price for stainless steel excluding alloy surcharges) were achieved in the annual price negotiations for the EMEA region despite the market conditions described above. In the Americas region, price stability was achieved until the fourth quarter of 2021. In contrast, the procurement market in Asia-Pacific, in China in particular, was already characterized by significant increases in procurement prices at the beginning of 2021. In the further course of the year, NORMA Group was confronted with a noticeable increase in the price of goods purchased, in some cases on a quarterly basis. This is due in particular to the fact that alloy surcharges are already included in the price agreements in the Asia-Pacific region.

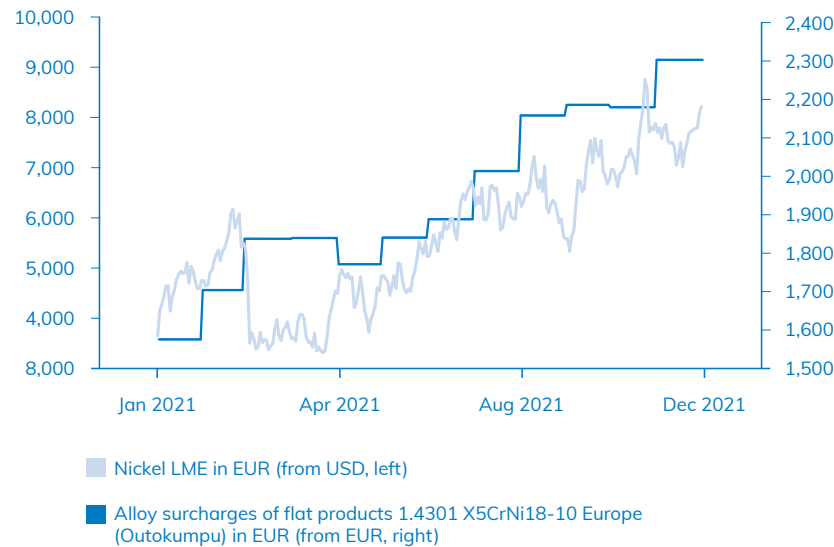
In many cases, NORMA Group succeeded in slightly reducing the purchase prices for the metal components used in fiscal year 2021. However, in the case of expiring contracts, double-digit percentage price increases usually had to be accepted.

In the product group of surface-refined non-stainless steel, massive price increases were recorded both in the first half of 2021 and in particular in the second half of 2021, resulting in significantly higher procurement prices overall compared to the previous year. This was further exacerbated by the price development of the new monthly fixed alloy surcharges (price components include nickel, scrap and ferrochrome prices), especially as procurement costs for nearly all grades increased nearly every month and thus recorded their highest level in December 2021.

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Development of nickel prices and the alloy surcharge 1.4301

G031



Technical granulates, plastic and rubber products

In the product group of engineering granulates, plastics and rubber products, fiscal year 2021 was characterized by considerable volatility and uncertainty. The surge in demand that had already taken place at the end of 2020 continued in the first three quarters of 2021. This led to sustained high price pressure and material shortages on the global procurement markets. This development was exacerbated by extreme weather events, such as the unpredictable onset of winter in Texas and the hurricane season in the US. As a result of these extreme weather events, several major suppliers issued force majeure declarations. Despite this environment, NORMA Group was able to ensure sufficient volume supplies through targeted supplier management, albeit at increased input costs in some cases. The global shortage of glass fibers as well as limited transport capacities also had a negative impact on the price development of the engineering plastics product group. This effect was partially mitigated by the many long-term price agreements that NORMA Group had concluded with its suppliers for 2021.

The noticeable decline in demand in the fourth quarter of 2021 – particularly from the automotive sector – led to a significant improvement in the supply situation, although the majority of force majeure cases had not been lifted by the end of 2021. In contrast, prices for engineering plastics did not decline despite reduced demand. The reason for this was that in some cases falling prices for intermediates were more than offset by suppliers' demands for increases in energy, transportation and fiberglass surcharges. It can be assumed that the situation will not improve before the second half of 2022. → [FORECAST REPORT](#)

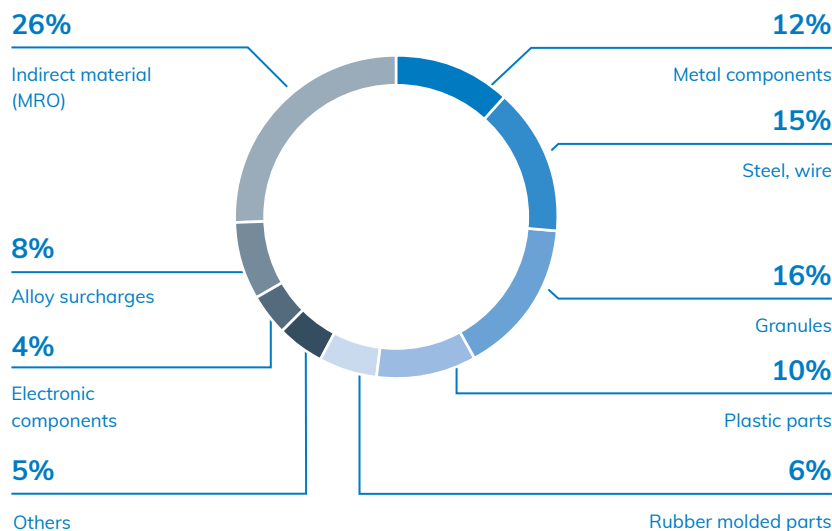
Standard plastics, components and commodities

The market for granulates was affected by significant market turbulence in 2021. In February 2021, the unexpected onset of winter in the US state of Texas caused around 90% of the country's plastics production to be down for several weeks in many cases. The resulting direct capacity shortage combined with a persistently high level of demand, caused prices to rise to unprecedented levels. Global logistical challenges also had a negative impact in this context. The overall tight availability of materials triggered an extreme wave of demand throughout the industry that caused prices to remain at a very high level throughout 2021.

With the decline in demand and rising inventories, the first signs of a weakening in price levels became visible again in the fourth quarter of 2021. However, this did not affect the PVC sector, whose capacities were hit above all by the negative effects of hurricane "Ida" in the US in the third quarter of 2021. This is justified by the situation that the industry was still busy securing necessary raw materials for the production of the resin on the one hand, and on the other hand by the fact that at the same time the industry started to rebuild the stocks after removing the damage caused by the hurricane.

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Purchasing turnover in 2021 by material groups G032



High freight costs and special transport conditions for sourced goods in 2021

Global supply chains faced a challenging situation in fiscal year 2021 for various reasons. In the area of sea freight, extreme weather conditions and the typhoon in China at the beginning of 2021 led to the closure of major container ports. The prolonged blockade of the Suez Canal also had a dramatic impact on global shipping. Against this backdrop, freight costs rose to extreme heights, especially as shipping companies, logistics firms and ports struggled to keep pace with the surge in trade volumes, while at the same time the resurgence of the coronavirus pandemic in parts of Asia threatened the supply of goods in early 2021. To make matters worse, bottlenecks at ports on the US West Coast had tied up container capacity, driving up transpacific ocean freight prices. As a result, sea freight costs in fiscal year 2021 peaked at up to 400% higher than in the previous year.

Increased costs were also observed for the transport of goods by land due to the strong price increases for diesel fuels in 2021. Significant price differences could be seen between countries, due to various taxes on and subsidies for gasoline. In addition, a significant shortage of drivers continues to be felt in some countries, including the US in particular, further exacerbating existing supply chain disruptions.

Supplier management and structure

The purchasing organization continuously monitors the performance of suppliers. A key instrument in this respect is the annual implementation of detailed supplier evaluations. This involves the use of globally uniform criteria from the areas of quality, logistics, sustainability and commercial aspects. The relevant departments are involved in the assessments at the local level. The evaluation process is mapped using e-procurement software. → [SUSTAINABILITY IN PURCHASING](#)

The focus of NORMA Group's supplier selection is a balance of supplier consolidation to reduce complexity and avoiding strong dependencies. This balance is continuously optimized by the purchasing department. The current supplier base is structured as follows: The share of the top 10 suppliers of NORMA Group accounted for 30.6% of the total purchasing volume in fiscal year 2021. The top 50 suppliers accounted for around 63.2% of the total purchasing volume of production material, amounting to EUR 372.2 million.

Workforce

Decentralized organization, jointly lived company culture

The employees of NORMA Group make a significant contribution to the success of the Group. For this reason, personnel management and development play an important role.

NORMA Group's personnel management is organized on a decentralized basis. This reflects the international nature of the business and the rapid growth of the company. The decentralized organization allows the individual sites to adapt flexibly to local conditions at any time and to contribute their specifications in a targeted manner, particularly with regard to regional expertise in human resources development and recruiting. One of the main tasks of human resources management is to ensure the availability of specialist and managerial staff on an ongoing basis. The aim here is also to recruit as many of the specialist staff required as possible from our own junior staff and thus to become less dependent on the external labor market. The targeted training and development of its own workforce is therefore an integral part of NORMA Group's human resources strategy.

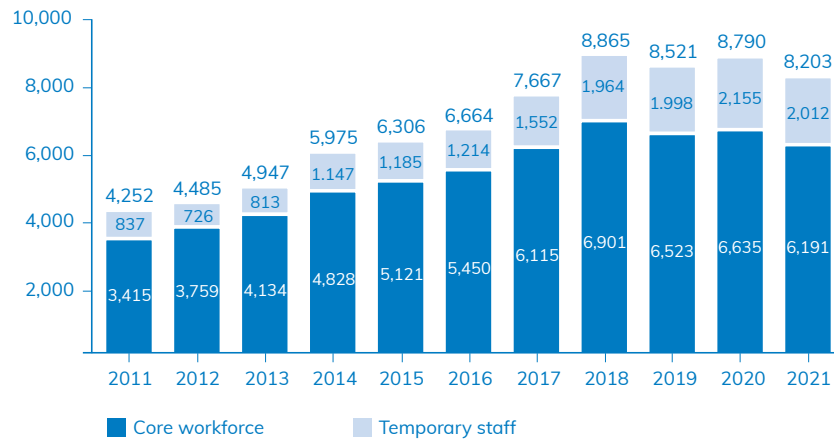
To promote a uniform company culture, NORMA Group has formulated central guiding principles and standardized company values that reflect the fundamental convictions of the company. These guiding principles are communicated and lived at all sites.

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Development of the workforce figures

As of December 31, 2021, NORMA Group employed 8,203 people across the Group (core workforce including temporary workers). Compared to the previous year's reporting date (December 31, 2020: 8,790), this represents a 6.7% decline. 2,012 temporary workers were employed at the end of December 2021 (December 31, 2020: 2,155) and thus accounted for around 25% of the total workforce, unchanged from the previous year (2020: 25%).

Development of personnel figures at NORMA Group G033



Core workforce by segment

T032

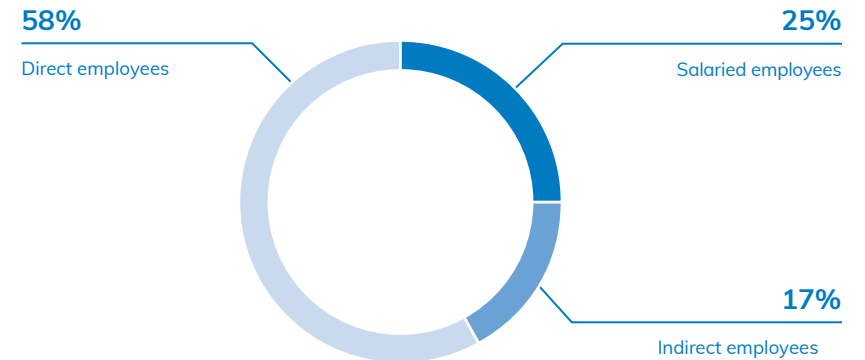
	2021	Share in %	2020	Share in %
EMEA	3,467	56	3,858	58
Americas	1,385	22	1,401	21
Asia-Pacific	1,339	22	1,376	21
Total	6,191		6,635	

The lower number of employees compared to the previous year is mainly due to a decrease in the EMEA region (– 10.8%). This was primarily due to the restructuring measures carried out at the Maintal site as part of the “Get on track” program, as well as the closure of the Gerbershausen site by the end of 2022 announced in the previous year and the associated staff reductions. The number of employees also fell slightly year-on-year in the Americas (– 1.1%) and Asia-Pacific (– 2.7%) regions.

The total number of employees (core workforce and temporary workers) in the current reporting year comprises 4,572 direct employees (2020: 5,124) and 1,449 indirect employees (2020: 1,516) and 2,182 salaried employees (2020: 2,150). While direct employees are people involved in the manufacturing process, indirect employees are people from production-related areas, such as the quality department. The group of salaried employees is primarily assigned to administrative functions.

Breakdown of employees by group

G034



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Coping with the corona pandemic

The health and safety of its employees is a top priority for NORMA Group. Therefore, NORMA Group introduced measures to protect its workforce and to contain the spread of the virus right at the beginning of the corona pandemic. The measures are controlled by a global COVID-19 task force, which is responsible for implementing safety measures in accordance with the recommendations of the World Health Organization (WHO) and regulatory requirements at the local and regional levels, as well as for their central control and monitoring. The measures range from standardized emergency plans and internal COVID-19 guidelines, which regulate behavior in the workplace and are regularly adapted in line with current local conditions, to conducting vaccination campaigns. Regular reporting provides the necessary transparency on current cases of infection or quarantine and allows for rapid intervention.

Further information on → [EMPLOYEE SATISFACTION](#), → [OCCUPATIONAL SAFETY AND HEALTH](#), → [TRAINING AND EDUCATION](#) and → [DIVERSITY AND EQUAL OPPORTUNITIES](#) can be found in the chapter → [CR REPORT](#).

Environmental protection and ecological management

As a manufacturing company, NORMA Group is well aware of its environmental, economic, and social responsibility. Environmentally compatible and sustainable economic activity is therefore a main element of the Group strategy. For this reason, the company considers it important to systematically include environmental aspects in its business decisions. Therefore, NORMA Group has implemented a Group-wide environmental management system and certifies its production sites in accordance with ISO 14001.

NORMA Group's goal is to increase the efficiency of its production processes, continuously lower its energy consumption. In addition, the generation of waste is to be reduced wherever possible. The long-term cost savings associated with this contribute to the economic efficiency of the Group.

NORMA Group quantifies its targets for the reduction of greenhouse gases, water consumption and waste generation at its production sites and publishes them in its CR Roadmap. Moreover, NORMA Group includes the environmental impact resulting from the supply chain as well as from the application of its products in its environmental strategy. Progress towards climate, water and waste targets is reviewed at the local level through regular management assessments and at the global level through the reporting of aggregated data to the Management Board.

Climate-relevant CO₂ emissions (Scope 1 and 2) are considered an important non-financial performance indicator in the area of the environment and have also been part of the Management Board's remuneration system since January 2020. NORMA Group aims to reduce CO₂ emissions generated during its production processes by around 19.5% by 2024 compared to the reference year 2017. → [CLIMATE PROTECTION](#)

Detailed information on the environmental strategy can be found in the → [CR REPORT](#).

Marketing

In order to further increase awareness of NORMA Group's products all over the world, boost product sales, strengthen customer relationships and thereby contribute to the Group's growth, NORMA Group's long-term marketing strategy is based on the following objectives:

- Building a strong NORMA Group brand image
- Focusing on marketing activities
- Optimizing the brand portfolio
- Optimizing the marketing tools used
- Achieving a better understanding of market needs

In order to be able to focus on its end markets and customers as much as possible, NORMA Group aligns all of its marketing activities to address local market conditions and consumer habits in its respective regions and markets. The regional marketing units are responsible for executing the various activities and synchronizing them with NORMA Group's operational objectives.

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Marketing focus in 2021

The main marketing activities in fiscal year 2021 included the following:

- Launch of a global brand project for the targeted revision of the brand architecture and the optimal positioning of key brands in the market.
- Definition of a digital commerce strategy with a time horizon of five years for important sales-related areas: NORMA Group’s presence on Market Places, support for customers in digital activities and development of a NORMA portal with a wide range of information and interaction options for customers
- Further development of existing websites for special customer groups (e. g. Automotive Aftermarket, Water Management, EMEA SJT industry)
- Further expansion of the Product Information Management (PIM) platform as a basis for further digitalization activities

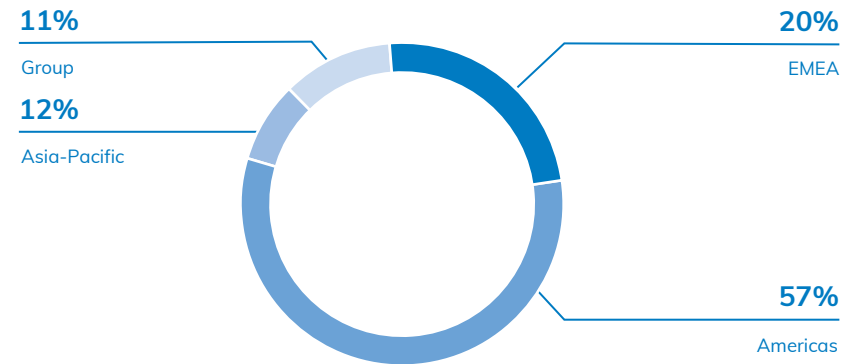
After being able to participate in only a few trade show activities in 2020 due to corona, this marketing tool was used more intensively again in 2021 to gain new customers and strengthen existing customer relationships.

Marketing expenses in 2021

Marketing expenses amounted to a total of EUR 4,1 million in fiscal year 2021 and were thus significantly below the level of the previous year (2020: EUR 4.0 million). Marketing expenses as a percentage of sales amounted to 0.4% in fiscal year 2021 (2020: 0.4%).

Marketing expenses 2021 by segment

G035



Condensed Management Report of NORMA Group SE (HGB)

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General information

NORMA Group SE is the parent company of NORMA Group. Its headquarters are located at Edisonstrasse 4, Maintal, Germany, and the company is registered in the commercial register of Hanau under the number HRB 94473. NORMA Group SE is a capital market-oriented corporation within the meaning of Section 264d of the German Commercial Code (HGB) and is therefore to be considered a large corporation within the meaning of Section 267 (3) sentence 2 HGB.

NORMA Group SE acts as the formal legal holding of NORMA Group. In addition to holding investments, the management of the Group's own brand rights is the main task of NORMA Group SE. NORMA Group SE generates income from profit transfers and distributions of its subsidiaries and from the granting of licenses to affiliated companies that depends on the results that the subsidiaries actually achieve. Furthermore, it is responsible for Strategy, Human Resources, Legal and M & A, Compliance, Internal Auditing and Risk Management as well as communicating with the company's important target audiences, in particular the capital market and shareholders.

The Management Report of NORMA Group SE and the Consolidated Management Report of NORMA Group have been combined in accordance with Section 315 (5) HGB in conjunction with Section 298 (2) HGB. The complete Annual Financial Statements of NORMA Group SE and the Consolidated Financial Statements, which have been issued with an unqualified audit opinion by the auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, are published simultaneously in the electronic German Federal Gazette [Bundesanzeiger].

Business development

The business performance of NORMA Group SE essentially corresponds to that of the Group and is described in detail in the Chapter → [ECONOMIC REPORT](#).

The result of NORMA Group SE determined in accordance with the German Commercial Code (HGB) is mainly influenced by the business development and the results of the affiliated companies. These are mainly reflected in the income from profit and loss transfer as well as the currency effects, the allocations and the interest result.

Key financial control parameters with regard to the individual company NORMA Group SE are earnings before taxes and retained earnings to ensure the ability to pay dividends on an ongoing basis. For this reason, NORMA Group monitors and optimizes the ability of its subsidiaries to pay dividends. This is of particular relevance as the adjusted consolidated net income is the decisive factor for the amount of the dividend distribution to the shareholders. NORMA Group aims for a payout ratio of 30% to 35% of the adjusted consolidated net income.

Earnings before taxes amounted to EUR 29,065 thousand in the reporting year (previous year: EUR 4,431 thousand). Earnings before taxes developed more strongly than forecast, mainly due to the higher income from profit and loss transfer agreements.

Earnings

NORMA Group SE reports earnings after taxes before profit and loss transfer of EUR 28,228 thousand in 2021 (previous year: EUR 3,538 thousand). The development of earnings before taxes was significantly stronger than forecast, mainly due to higher other operating income as well as income from profit and loss transfer and investments.

At EUR 5,086 thousand, the company generated EUR 618 thousand more in sales revenues from license fees for the NORMA Group brand (previous year: EUR 4,468 thousand).

Sales by Region

T033

in EUR thousand	Dec. 31, 2021	Dec. 31, 2020
Americas	1,423	1,216
Asia-Pacific	934	838
EMEA	2,729	2,414
Total Sales	5,086	4,468

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Other operating income amounted to EUR 15,432 thousand in 2021 (previous year: EUR 11,444 thousand). This included higher income from currency conversion in the amount of EUR 2,839 thousand (previous year: EUR 470 thousand) and income relating to other periods in the amount of EUR 386 thousand (previous year: EUR 363 thousand), mainly resulting from the reversal of provisions. Furthermore, this item included income of EUR 12,047 thousand (previous year: EUR 10,466 thousand) for licenses used by subsidiaries but held by other Group companies. In this case, the company assumed the distribution of the license income.

Compared to the previous year, personnel expenses declined by EUR 263 thousand from EUR – 6,868 thousand to EUR – 6,605 thousand. The change resulted mainly from the decrease in personnel expenses for MSP bonuses due to the lower share price. The average number of employees in the reporting year was 25 (previous year: 23). In addition, reference is made to the separate disclosure of Management Board remuneration in the Group's Remuneration Report.

Other operating expenses in the amount of EUR – 23,513 thousand (previous year: EUR – 23,379 thousand) included in particular expenses for license fees in the amount of EUR – 12,047 thousand (previous year: EUR – 10,466 thousand), which are distributed by the company to the subsidiaries as license holders. In addition, there were expenses for consulting services (M & A consulting, services of NORMA Group Holding GmbH, legal advice) as well as increased expenses from currency translation compared to the previous year in the amount of EUR – 3,126 thousand (previous year: EUR – 944 thousand).

There was no income from investments in the reporting year. Income from investments in the previous year resulted from the dividend distribution in the amount of EUR 28,904 thousand. Due to the existing profit and loss transfer agreement with the subsidiary NORMA Group Holding GmbH, corresponding income in the amount of EUR 41,587 thousand was received. In the previous year, losses of EUR 6,711 thousand had to be offset. This resulted, among other factors, from the restructuring measures at NORMA Germany GmbH in the amount of EUR 22,300 thousand (closure of the production facility in Gerbershausen) and the associated and the associated assumption of losses by the parent company.

In the reporting year 2021, income from loans of financial assets amounted to EUR 2,168 thousand (previous year: EUR 3,112 thousand). Other interest and similar income fell by EUR 550 thousand to EUR 13 thousand (previous year: EUR 564 thousand). Interest and similar expenses fell by EUR 2,003 thousand from EUR – 7,039 thousand to EUR – 5,036 thousand.

Earnings before taxes increased by EUR 24,634 thousand to EUR 29,065 thousand (previous year: EUR 4,431 thousand). Income taxes for NORMA Group SE amounted to EUR – 836 thousand (previous year: EUR – 893 thousand). The result after taxes amounted to EUR 28,228 thousand in the reporting year (previous year: EUR 3,538 thousand).

The Annual Financial Statements as of December 31, 2021, show net profit of EUR 46,901 thousand (previous year: EUR 40,976 thousand). The proposal to distribute EUR 23,897 thousand for fiscal year 2021 and to carry EUR 23,004 thousand forward to new account will be made to the Annual General Meeting on May 17, 2022. This would mean that a cash dividend of EUR 0.75 per share will be paid.

Profit and loss account

Income statement for the period from January 1 to December 31, 2021 T034

in EUR thousand	Dec. 31, 2021	Dec. 31, 2020
1. Sales revenue	5,086	4,468
2. Other operating income	15,432	11,444
3. Personnel expenses	– 6,605	– 6,868
4. Amortization of intangible assets and depreciation of property, plant and equipment	– 68	– 64
5. Other operating expenses	– 23,513	– 23,379
6. Income from investments	0	28,904
7. Income from profit and loss transfer agreements	41,587	0
8. Income from loans held as financial assets	2,168	3,112
9. Other interest and similar income	13	564
10. Expenses from profit and loss transfer agreements	0	– 6,711
11. Interest and similar expenses	– 5,036	– 7,039
12. Income taxes	– 836	– 893
13. Earnings after taxes / net income for the year	28,228	3,538
14. Other taxes	0	0
15. Net income for the year	56,457	7,075
16. Profit carried forward from the previous year	18,673	37,438
17. Retained earnings	46,901	40,976

Asset and financial positions

The asset and capital structure of NORMA Group SE is strongly influenced by the holding function of the company within the Group. The cash inflows of NORMA Group

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SE mainly result from direct or indirect distributions of the subsidiaries. There has been a profit and loss transfer agreement with NORMA Group Holding GmbH since 2015. Due to the solid financial position of NORMA Group SE and its direct and indirect subsidiaries, the company was able to meet its due liabilities at all times during the fiscal year.

Of the assets side of the balance sheet, 85.0% or EUR 484,311 thousand (previous year: 84.2% or EUR 502,897 thousand) consists of financial assets, including shares in affiliated companies and loans. Shares in affiliated companies remained unchanged at EUR 425,487 thousand. Total loans to affiliated companies declined by EUR 18,568 thousand to EUR 58,824 thousand (previous year: decrease of EUR 57,300 thousand to EUR 77,410 thousand).

On the asset side, at 14.2% or EUR 80,853 thousand, receivables from affiliated companies are lower than in the previous year (previous year: 15.4% or EUR 91,755 thousand) as of December 31, 2021. These include in particular receivables in the amount of EUR 25,162 thousand (previous year: EUR 81,600 thousand) from the cash pool agreement with NORMA Group Holding GmbH. In addition, the company has receivables from NORMA Group Holding GmbH of EUR 41,587 thousand from the profit and loss transfer agreement (previous year: liabilities from loss compensation of EUR – 6,711 thousand).

In addition to cash and cash equivalents of EUR 566 thousand (previous year: EUR 278 thousand), NORMA Group SE has assets from the cash pool with the subsidiary NORMA Group Holding GmbH in the amount of EUR 25,162 thousand (previous year: EUR 81,600 thousand).

Compared to the previous year, total assets declined by EUR 27,593 thousand to EUR 569,759 thousand (previous year: EUR 597,352 thousand). Liabilities to banks fell by EUR 27,490 thousand to EUR 216,981 thousand (previous year: EUR 244,471 thousand), in particular due to the repayment of parts of the second and third promissory note loans (EUR 70,281 thousand; previous year: EUR 54,200 thousand).

Liabilities to affiliated companies declined by EUR 3,850 thousand to EUR 3,851 thousand in the reporting year (previous year: EUR 7,701 thousand), mainly due to the discontinuation of the loss assumption at NORMA Group Holding GmbH.

Equity increased from EUR 334,439 thousand to EUR 340,364 thousand in the reporting year. The increase of EUR 5,925 thousand resulted from the net income of EUR 28,228 thousand generated in fiscal year 2021 and, conversely, the dividend distribution of EUR – 22,303 thousand. The equity ratio of 59.74% is above the level of the previous year (56.0%) due to the repayment of the two external loans and the related lower total assets. Retained earnings are unchanged from the previous year at EUR 45,000 thousand.

Pension provisions increased to EUR 5,755 thousand in the reporting year (previous year: EUR 4,395 thousand) due to the pension agreements concluded at the end of 2018 and the actuarial assumptions taken into account. At EUR 2,531 thousand, other provisions are EUR 2,701 thousand lower than in the previous year (previous year: EUR 5,232 thousand).

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Total assets as of December 31, 2021

Assets		T035	
in EUR thousand	Dec. 31, 2021	Dec. 31, 2020	
A. Fixed assets			
I. Intangible assets	9	15	
II. property, plant and equipment	181	193	
III. financial assets			
1. shares in affiliated companies	425,487	425,487	
2. loans to affiliated companies	58,824	77,410	
Total fixed assets	484,501	503,105	
B. Current assets			
I. Receivables and other assets	84,524	93,811	
II. credit balances with banks	566	278	
Total current assets	85,090	94,089	
C. Prepaid expenses	168	158	
Total assets	569,759	597,352	

Financial position

The cash inflows of NORMA Group SE mainly result from direct or indirect distributions of the subsidiaries. A profit and loss transfer agreement has been in place with NORMA Group Holding GmbH since 2015.

Due to its function as the ultimate holding company of NORMA Group, the financial position of NORMA Group SE is significantly dependent on the financial position of its direct and indirect subsidiaries. In this context, NORMA Group SE's financial requirements for the performance of its group-wide functions and the maintenance of its ability to pay dividends are mainly covered by the funds received in the course of the IPO, the promissory note loans raised, ongoing profit transfers and distributions as well as royalties from its subsidiaries.

The external financing of NORMA Group as well as the intra-group financing of the group companies were primarily carried out by NORMA Group Holding GmbH and other foreign group companies.

Equity and liabilities		T036	
in EUR thousand	Dec. 31, 2021	Dec. 31, 2020	
A. Equity			
I. Subscribed capital	31,862	31,862	
II. capital reserve	216,601	216,601	
III. retained earnings	45,000	45,000	
IV. UNAPPROPRIATED Unappropriated profit	46,901	40,976	
Total shareholders' equity	340,364	334,439	
B. Accrued liabilities			
1. provisions for pensions and similar obligations	5,755	4,395	
2. other accrued liabilities	2,531	5,232	
Total accrued liabilities	8,286	9,627	
C. Liabilities			
1. liabilities to banks	216,981	244,471	
2. trade accounts payable	162	981	
3. liabilities to affiliated companies	3,851	7,701	
4. other liabilities	115	133	
Total liabilities	221,109	253,286	
Total liabilities	569,759	597,352	

Conditional capital EUR 3,186 thousand (previous year: EUR 3,186 thousand)

NORMA Group Holding GmbH has passed on the promissory note loans taken up by NORMA Group SE for the most part as long-term intercompany loans. NORMA Group SE has cancelled individual tranches of promissory notes in the financial year 2020 and extended the term of individual parts of the promissory notes in the course of negotiations. As of the reporting date 2021, NORMA Group has complied with all key figures contained in the loan agreements (financial covenants: net debt in relation to adjusted Group EBITDA).

In addition, NORMA Group SE together with NORMA Group Holding GmbH has a Senior Facilities Agreement with a bank consortium including comprehensive credit lines. NORMA Group had already successfully refinanced its bank credit lines in the 2019 financial year, thereby creating further financial security and even greater flexibility for the future. The credit agreement has a total volume of initially EUR 300m, including a revolving facility of EUR 50m and a flexible accordion facility.

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In October 2021, an additional revolving facility of EUR 50 million was agreed under the existing credit agreement. The additional credit facility of up to EUR 80 million, which was concluded in 2020 in response to the Corona pandemic and installed for one year, was not extended further after this period expired in summer 2021.

As of December 31, 2021, the committed credit line was not drawn.

The primary objective of NORMA Group SE's financial management is to ensure liquidity for current business transactions at all times. Cash and cash equivalents amount to EUR 0.6 million at the end of 2021 (previous year: EUR 0.3 million). In addition, NORMA Group SE has assets from the cash pool with the subsidiary NORMA Group Holding GmbH in the amount of EUR 25.2 million (previous year: EUR 81.6 million). Due to the solid financial position of NORMA Group SE and its direct and indirect subsidiaries, the Company was able to meet its due obligations at any time during the financial year.

Overall statement of the Management Board

NORMA Group SE generated net profit of EUR 46,901 thousand (previous year: EUR 40,976 thousand) in the reporting year, taking into account the profit after tax / net income of EUR 28,228 thousand (previous year: EUR 3,538 thousand). As expected, the ability to distribute the profit could thus be ensured.

NORMA Group SE continues to pursue a sustainable dividend policy with a payout ratio of approx. 30% to 35% of the adjusted consolidated net income for the year, provided that the economic situation permits this.

Opportunities and risks

NORMA Group SE acts as the holding company managing NORMA Group. Its development as well as its risks and opportunities therefore mainly depend on the business development of the companies affiliated with the Group. NORMA Group SE is integrated into the Group-wide opportunity and risk management system. For detailed information, please refer to the chapter Group Opportunity and Risk Management. The description of the internal control system for NORMA Group required under Section 289 (4) of HGB is also provided there.

NORMA Group SE generates its income mainly from license, profit and loss transfer and investment income of its direct and indirect subsidiaries. Due to its holding

function, NORMA Group SE is therefore exposed to the risk of receiving lower investment income as a result of declining profits of the subsidiaries or lower license income as a result of lower sales revenues of the NORMA Group companies. In case of increasing profits or higher sales revenues of the subsidiaries, NORMA Group SE receives higher investment income or higher license income. In particular, military activities as well as economic sanction measures in connection with the Russia Ukraine crisis could have a negative impact on the global economy as well as – directly or indirectly – on NORMA Group's business activities, such as a reduction in sales in affected markets or fundamental effects on global supply chains. Due to the solid financial position of the NORMA Group companies and the possibility to control distributions of the subsidiaries, the opportunities and risks in connection with investment and license income are assessed as possible with a moderate effect on earnings.

Forecast / Outlook

For fiscal year 2022, NORMA Group SE expects a moderate increase in license income for the subsidiaries' brands and the NORMA Group brand compared to 2021. The expenses from licenses for the Group subsidiaries as license holders were also expected to be slightly higher accordingly. The Management Board of NORMA Group expects personnel expenses and other cost factors to grow moderately compared to previous years.

However, this Forecast is made under the assumption that no significant negative effects in connection with the Corona pandemic or other influencing factors occur in the course of 2022 that could lead to a strong weakening of the global economy and to significant pressure on the business development of NORMA Group. Potential influencing factors in connection with the Russia Ukraine crisis are discussed in the Group's → [FORECAST REPORT](#).

Taking into account the expected profit transfer of NORMA Group Holding GmbH as well as the interest result for the year 2022, earnings before taxes are expected to be slightly higher compared to 2021. In this context, it is assumed that the retained earnings and the ability of the company to pay dividends are still secured.

Forecast Report

Macroeconomic and industry-specific conditions

The global economy in 2022: further upswing expected with risks remaining very high

Despite continuing challenges in global supply chains and high energy costs, economic research institutes are forecasting a strong economic upturn in the course of 2022. Assuming that the pandemic situation steadily subsides, supportive stimulus is also expected from catch-up effects in the consumer sector and investment activities. On the fiscal policy side, a stabilizing effect is seen in many countries in 2022 according to current estimates, whereas further tightening is expected for monetary policy in the US due to the interest rate increase announced in January 2022. This will create pressure on countries around the world to support their currencies by raising interest rates, which is likely to affect emerging markets in particular. Due to the current high risks worldwide, the IMF expects global economic growth of 4.4% in 2022, 50 basis points lower than in the fall forecast for 2021. Growth of 3.8% is assumed for the following year. It should also be borne in mind that the further course of the pandemic, continuing material bottlenecks, high inflation and above all the interest rate turnaround could impact the economy more severely than currently assumed and lead to turbulence on the foreign exchange and capital markets. Uncertainties regarding possible escalations in military conflicts are also having a negative impact on the global economy.

In China, monetary and fiscal policy is currently pursuing an expansionary course with the goal of supporting the domestic economy. Accordingly, the central bank there has recently lowered the minimum reserve ratio several times. The IMF therefore expects the Chinese economy to gradually return to a largely flattening expansion path, which was already the trend before the pandemic. With lower infection figures, the ASEAN-5 countries are likely to benefit more from the global demand stimulus and grow strongly (+ 5.6%). According to the IMF, India will also remain on a very dynamic growth path (+ 9.0%). By contrast, slight impetus is expected for Brazil and Russia. According to the IMF's forecasts, the emerging and developing countries – boosted by the high level of energy and raw material costs – will continue their recovery in 2022 by achieving 4.8% growth.

The economic upswing should continue to unfold in the industrialized countries, as well, in 2022 with a gradual overcoming of the pandemic due to steady immunization of the population. Supporting impetus has already been provided by political initiatives to strengthen infrastructure and curb climate change, among

other measures. The fact that the US Federal Reserve is planning to adjust the interest rate turnaround in the US with a view to the economy should also have a positive effect. By contrast, according to announcements to date, the ECB will maintain its expansionary monetary policy despite high inflation. In this environment, industrial production should grow at an accelerated pace, despite strained global supply chains, and investment activity should also pick up. The IMF therefore expects the industrialized countries to grow by 3.9% in 2022. A robust upturn is forecast in both the US and Canada. The UK (+ 4.7%) and Japan (+ 3.3%) are also expected to continue their economic recovery in 2022.

To contain the spread of the Omicron variant of the coronavirus, Europe had responded in early 2022 with contact bans and extensive restrictions on public life. In addition, the disruptions to global value creation and supply chains resulting from the initial lockdowns at the beginning of the pandemic still exist. Both factors will initially continue to dampen the economic recovery in the first months of 2022. Nevertheless, the eurozone economy should recover noticeably in the further course of the year. In the area of private consumption, spending is expected to rise despite high inflation due to expected catch-up effects and a buoyant labor market. Further growth impetus should come from increased investment activities due to the resumption of postponed projects. The topics of digitalization, the energy and mobility transition, and increased in-sourcing initiatives to eliminate bottlenecks in production processes should also have a positive impact. The IMF therefore forecasts a sustained upturn for the eurozone with growth of 3.9% in 2022. Based on the estimates, the German economy is also expected to move along a clear expansion path at the level of the eurozone as a whole. Nevertheless, according to the Ifo Institute and IMF Kiel, the potential escalation of the Russia-Ukraine crisis in particular remains a risk factor. The associated risks in terms of higher energy prices and increased uncertainty could weigh on the investment and consumer climate in Germany and thus have a negative impact on the economic upturn.

This macroeconomic outlook forms the basis of NORMA Group's forecast and outlook for 2022.

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Forecast for GDP growth

T037

in %	2021	2022e	2023e
World	5.9	+ 4.4	+ 3.8
USA ¹	5.6	+ 4.0	+ 2.6
China ²	8.1	+ 4.8	+ 5.2
Euro zone ³	5.2	+ 3.9	+ 2.5
Germany ⁴	2.7	+ 3.8	+ 2.5

Sources: IMF

1_US Department of Commerce

2_National Bureau of Statistics (NBS)

3_Eurostat

4_German Federal Statistical Office (Destatis)

Partly significantly improved framework conditions for important customer industries of NORMA Group

Based on the assumption that both the pandemic and the supply chain problems can be gradually overcome and that the global economy will continue its recovery on a regional basis in 2022, it can be assumed that the prospects for important customer industries of NORMA Group should thus also improve further.

Mechanical engineering

In the mechanical engineering sector, significant burdens are still expected in the first months of 2022 due to the ongoing material bottlenecks, which should primarily impact electronic components and metal products. Nevertheless, according to the VDMA industry association, the general order situation is solid. In the German mechanical engineering sector alone, new orders increased by 32% in real terms in 2021, which represents a good starting point. Accordingly, the upswing in the mechanical engineering sector is expected to continue over the full year 2022 thanks to the economic tailwind and the renewed increase in investment activity. This assumption is supported by an increase in investment volumes in the expanding logistics sector, which relates to capacity expansion and automation initiatives. The automotive industry will also need to invest heavily in production facilities in the wake of the technology shift towards electromobility. Further positive impetus for the investment climate should also come from the digitalization and decarbonization of industrial production processes, especially since the pace of structural change will continue to increase in the future as a

result of new climate protection legislation. According to the current VDMA forecast, robust growth is thus estimated for the global mechanical engineering sector in 2022 despite ongoing bottlenecks and cost increases. While the VDMA expects a negative development for Brazil (– 3%), the development in India (+ 4%) and Turkey (+ 3%) is expected to be positive. A growth trend is also emerging in Japan (+ 5%), Canada (+ 4%) and Mexico (+ 3%). Moderate expansion is expected for China, the US and Europe, while both Switzerland (+ 9%) and the UK (+ 10%) are forecasting disproportionately strong growth. The association expects strong growth in both sales (+ 6%) and production (+ 7%) for the German mechanical engineering sector in 2022.

Engineering: real change in industry sales

T038

in %	2020	2021	2022e
China	5	13	5
USA	– 8	12	3
Euro zone	– 13	11	5
World (excluding China)	– 6	13	5

Source: VDMA

1_Revised date according to VDMA.

Automotive industry

The industry experts at LMC Automotive (LMCA) expect the automotive industry to experience a significant recovery in 2022 following the in part very weak development and slumps in previous years. Nevertheless, the peak values from the years 2016 to 2018 are not expected to be reached for the time being. The main reason for this is the technological upheaval in the industry. For 2022, LMCA anticipates a robust increase in sales volumes, while growth of 12.5% on the production side to a total of 85.6 million is forecast in the light vehicles (LV) segment. LMCA anticipates growth of 7.3% for China. Production in the US is expected to rise by 16.6%. An even stronger increase in production is expected in the European automotive industry in 2022, with growth of 18.6%. Manufacturers in Germany in particular are expected to benefit from this. After two weak years, a noticeable upward trend with an increase of 41.0% is estimated. In this context, there is also an increasing willingness to purchase electric vehicles (EVs) worldwide. In the segment of purely battery-powered vehicles (BEV), demand is also rising much more exponentially than for plug-in hybrids (PHEV). Overall, it can be assumed

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that the technology breakthrough trend will continue to gain momentum, while at the same time faster expansion of the charging infrastructure will also be required to serve the market in a targeted manner. In terms of EV production volume, LMCA expects an overall increase of 36.6% and a volume of 8.2 million units produced in 2022.

From a general perspective, the commercial vehicle market is expected to show a moderate market trend in 2022, meaning that production figures are also likely to remain stable going forward.

Automotive industry: global production and development of sales T039

in %	2021	2022e	2023e
Production of light vehicles	2.2	12.5	8.9
Classic Combustion Engine	-4.2	4.5	3.8
PHEV	62.8	27.8	19.3
BEV	91.1	40.2	40.2
Sales of light vehicles	3.9	6.0	9.7
Production of commercial vehicles	-2.9	0.1	13.1
Sales of commercial vehicles	3.1	-3.6	9.6

Source: LMC Automotive
1_Revised date according to LMC

Construction industry

The construction industry in Asia represents a major pillar of the economy there. Dynamic population and economic growth and urbanization are providing the sector with significant structural impetus. Countries are increasingly investing in infrastructure, water management and environmental protection – and are specifically promoting residential construction to accommodate population growth. Supported by the good overall economic situation, the environment for the construction industry in India and the ASEAN 5 countries is favorable for 2022. Potential risk factors remain the ongoing pandemic and high debt levels with interest rates tending to rise. In China, construction activity will most likely continue to be dampened in 2022 by the measures already introduced to curb debt in the real estate sector (“three red lines”). Current risks from the unresolved liquidity crisis at major real estate financiers will continue to have a negative impact.

By contrast, the construction industry in Europe is expected to literally flourish. The Euroconstruct industry network (including the ifo Institute) expects a solid upturn in the medium term. Construction output in 2022 is initially expected to rise relatively strongly by + 3.6% due to the good order situation, partly boosted by expected catch-up effects. This will be countered by effects relating to bottlenecks in materials and a lack of skilled personnel, however. In Germany, the construction industry is expected to show a steady upswing due to impetus from lively residential construction. According to the IfW, construction investment will increase by + 2.9% in real terms in 2022. The German Institute for Economic Research (DIW) even expects the construction volume to increase by 12.7% in nominal and 2.7% in real terms in 2022. Within this framework, the upturn in 2022 will not only continue in residential construction (+ 2.4% in real terms), commercial construction (+ 3.9% in real terms) is also expected to pick up. According to DIW calculations, growth in both new construction and investment in existing buildings will reach double digits in nominal terms.

The upturn in the US construction sector is forecast to continue in 2022, albeit at a slower pace than previously. In private residential construction, the key data at the turn of the year 2021 / 22 creates the impression of a robust order situation. According to current estimates, the upswing in the US construction sector in particular is expected to continue in 2022 and accelerate further, especially in the private housing sector. In this environment, double-digit growth rates in building permits are expected in most regions of the US. Combined with the high number of housing units already under construction, this should lead to a robust increase in spending on new buildings and building materials. According to current forecasts, housing starts are expected to grow by a further 6% in 2022 (2020: + 14%). Similarly, spending on renovations and repairs, a key driver of the NDS business, is also expected to rise sharply. The industry experts at JBREC (John Burns Real Estate Consulting) therefore expect solid market growth of 10% in 2022. An increase of 8% is forecast for the following year. The IfW also expects the US economy to grow again, albeit at a slower pace than before. The interest rate turnaround, material shortages and high inflation in particular could slow the positive trend.

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Construction industry: development of European construction output

T040

in %	2021	2022e	2023e
Western Europe	5.9	3.6	1.3
Eastern Europe	2.0	4.1	4.0
Europe	5.6	3.6	1.5

Source: Euroconstruct / ifo Institute (19 core markets in total)

Future development of NORMA Group

NORMA Group places a strategic focus on sustainable value creation. Key objectives are sustainable sales growth, profitability above the industry average and the most efficient use of capital possible. In addition, NORMA Group orients itself towards sustainability targets in order to live up to its own claim of a responsible approach to people and the environment. → [STRATEGY AND TARGETS](#)

General statement by the Management Board on probable development

Development of sales growth in 2022

Based on the current assessments of relevant economic research institutes and industry associations, the Management Board expects the positive trend in the economic environment to continue in fiscal year 2022 despite the ongoing global challenges. The management therefore expects a good development in NORMA Group's key customer industries, albeit with slightly less dynamic growth in some cases, due to the high comparative values of the previous year.

In the automotive industry in particular, a significant increase in global passenger car production volumes is expected in fiscal year 2022 on the basis of the uniformly optimistic forecasts of industry experts and automotive associations consulted. With reference to this and additionally supported by NORMA Group's continued solid order situation, the Management Board forecasts medium to high single-digit organic sales growth for the EJT division (Mobility and New Energy).

For the SJT business, with the associated strategic business units Water Management and Industrial Applications, the Management Board also expects a further increase in demand and organic sales growth in the medium to high single-digit range in fiscal year 2022. Continued strong US water business is expected to be the main growth driver here.

The positive trend forecasts are expected to be reflected in the development of the regional segments in fiscal year 2022 as follows:

For the development in the EMEA region, the Management Board forecasts medium single-digit organic sales growth. This is based on the expectation of a noticeable revival in demand from the European automotive industry. Additional growth impetus is also expected to result from the SJT business.

In the Americas region, the management expects medium to high single-digit organic sales growth. Key assumptions for this forecast are both a continued strong US water business and a good development in the automotive sector (light and heavy vehicles).

For the Asia-Pacific region, the Management Board expects demand to continue to develop positively, resulting in medium to high single-digit organic sales growth.

Against this backdrop, the Management Board of NORMA Group expects a medium to high single-digit organic Group sales growth for fiscal year 2022. However, this forecast is made under the assumption that no significant negative effects in connection with the Corona pandemic or other influencing factors occur in the course of 2022 that could lead to a strong weakening of the global economy and to significant pressure on the business development of NORMA Group. Potential influencing factors are, 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%. However, it is currently not possible to fully assess how the Russia-Ukraine crisis will affect the global economy and thus NORMA Group in the long term.

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Development of the cost of materials ratio

In fiscal year 2021, NORMA Group was confronted with a highly strained situation on the global procurement markets due to numerous negative effects from the ongoing pandemic, unforeseen extreme weather events and ongoing material shortages. This resulted in a sharp increase in raw material prices for key material groups of NORMA Group. The Management Board expects the situation on the international raw materials markets to remain tense for the time being in fiscal year 2022. However, the development of purchase prices should be less volatile compared to 2021 at a level that will remain high for the time being. Among other developments, the multi-sourcing strategy of NORMA Group's purchasing organization, which seeks to constantly minimize negative effects, will have a partially offsetting effect. For this reason, the Management Board expects a stable development of the cost of materials ratio for fiscal year 2022 compared to the previous year.

Development of the personnel cost ratio

Assuming a continued good sales development in all major customer industries of NORMA Group, the Management Board expects a stable personnel cost ratio in fiscal year 2022. Savings from the "Get on track" change program are expected to contribute to this in particular. This includes, most notably, the staff reductions associated with the closure of the Gerbershausen site by the end of 2022.

Research and development expenses

To maintain its innovation and competitiveness in the long term, NORMA Group invests a fixed percentage of its Group sales in research and development activities every year. In fiscal year 2022, the targeted investment ratio in R & D activities is expected to reach a value of around 3% of Group sales.

Adjusted EBIT margin

An important focus of NORMA Group is on maintaining profitability. Accordingly, all business activities are strategically aligned with this. In this context, the profitability of the Group is to be sustainably increased, among other things, through the measures implemented as part of the "Get on track" change program initiated in November 2019. In addition to optimizing site capacities in all regions, these also include systematically revising structures and processes and focusing the product portfolio. The measures implemented are intended to contribute to further improving NORMA Group's competitiveness and maintaining it in the long term.

Cumulative total costs of around EUR 55 million are expected for the implementation and execution of the "Get on track" program by 2023. Of this amount, costs of around EUR 35 million have already been incurred since its initiation up to and including the end of fiscal year 2021. Additional expenses of around EUR 10 million are expected in fiscal year 2022. As in previous years, the costs of the change program are not presented on an adjusted basis.

Assuming further positive earnings contributions from the measures initiated as part of the change program and in light of the good sales forecast, the management expects an EBIT margin adjusted for acquisition effects of around 11% for fiscal year 2022.

Financial result of up to EUR – 10 million expected

The Management Board expects a financial result of up to EUR – 10 million for fiscal year 2022. This includes interest charges on the Group's gross debt, which bears interest at an average rate of approximately 1.5%, as well as further expenses for currency hedges and transaction costs.

Tax rate between 27% and 29%

The Management Board expects a tax rate of between 27% and 29% for fiscal year 2022.



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Significant increase in adjusted earnings per share

Based on the assumptions described above, the Management Board expects a significant increase in adjusted earnings per share in fiscal year 2022.

Adjustments to the result

As in previous years, the Management Board expects adjustments from the allocation of purchase prices to depreciable tangible and intangible assets related to acquisitions from previous years. These will amount to around EUR 23 million in total. In the event that new acquisitions are made in fiscal year 2022, however, the Management Board reserves the right to make further adjustments in this regard.

NORMA Value Added (NOVA)

For fiscal year 2022, the Management Board expects NOVA of between EUR 20 million and EUR 40 million.

Investment ratio of between 5% and 6% targeted

The Management Board expects the good performance of the previous year to continue in fiscal year 2022. In this context, investment activity (excluding M & A activities) is expected to remain at the level of the previous year and the investment ratio in fiscal year 2022 will thus be around 5% to 6% of Group sales.

Net operating cash flow

Assuming that sales continue to develop well and at the same time constant optimization measures are implemented in the area of working capital management, the Management Board of NORMA Group expects net operating cash flow of around EUR 100 million in fiscal year 2022.

Sustainable dividend policy

NORMA Group pursues a sustainable dividend policy. This is based on a payout ratio of approximately 30% to a maximum of 35% of the adjusted consolidated net income, provided the future economic situation permits this.

Market penetration and innovation capability

The degree of market penetration is reflected in organic growth in the medium term. Therefore, securing its innovative capability is essential for the future and competitiveness of NORMA Group. NORMA Group records the number of annual invention disclosures as a key figure for measuring and managing the company's innovative strength. The current target for the Group is more than 20 new invention disclosures per fiscal year.

Carbon dioxide emissions

One key area of NORMA Group's environmental strategy is aimed at sustainably reducing greenhouse gas emissions at its production sites worldwide. Taking the steady implementation of further CO₂ reduction measures into account, the Management Board expects CO₂ emissions to fall to a level of below 10,000 tons of CO₂ equivalents in fiscal year 2022.

Problem-solving behavior of employees

To ensure quality and maximize customer satisfaction, NORMA Group measures and controls the problem-solving behavior of its workforce based on the number of defective parts per million (PPM) rejected by customers. A value of 5.5 is targeted annually for the PPM performance indicator.

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Forecast for fiscal year 2022

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Organic group sales growth	Medium to high single-digit organic Group sales growth
	EJT: Medium to high single-digit organic sales growth
	SJT: Medium to high single-digit organic sales growth
	EMEA: Medium single-digit organic sales growth
	Americas: Medium to high single-digit organic sales growth
	APAC: Medium to high single-digit organic sales growth
Cost of materials ratio	Stable cost of materials ratio
Personnel cost ratio	Stable personnel cost ratio
R & D investment ratio ¹	Around 3% of sales
Adjusted EBIT margin	Around 11%
NORMA Value Added (NOVA)	Between EUR 20 million and EUR 40 million
Financial result	From up to EUR – 10 million
Tax rate	Between 27% and 29%
Adjusted earnings per share	Significant increase in adjusted earnings per share
Investment rate (without acquisitions)	Investment ratio between 5% and 6% of Group sales
Net operating cash flow	Around EUR 100 million
Dividend / pay-out ratio	Approx. 30% to 35% of adjusted Group net income for the year
CO ₂ emissions	Under 10,000 metric tons of CO ₂ equivalents
Number of invention applications	More than 20
Number of defective parts (parts per million / PPM)	5.5

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

Risk and Opportunity Report

NORMA Group is exposed to a wide variety of risks and opportunities that can have a positive or negative short-term or long-term impact on its earnings, assets and financial position. For this reason, opportunity and risk management represents an integral component of corporate management for NORMA Group, at both the Group management level and at the level of the individual companies and functional areas. Due to the fact that all of the company’s 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.

Risk and opportunity management system

NORMA Group defines opportunities and risks as possible future developments or events that could have a positive or negative impact on the Group’s forecasts or targets. The focus with regard to possible deviations is on a period of three years for concrete opportunities and risks. Opportunities and risks that could have an impact on the company’s success beyond this period of time are recorded and managed at the Group management level and taken into consideration in the corporate strategy. The assessment of the individual opportunity and risk categories takes a period of up to three years into account, unless a different period is specified in the individual categories. NORMA Group assesses the opportunities and risks it identifies using systematic evaluation procedures and quantifies them in terms of both their financial impact – i. e. gross and net impact on the planned earnings figures – and their probability of occurrence. Opportunities are thus considered and documented in a process that is separate from NORMA Group’s risk management system.

The Management Board of NORMA Group is responsible for maintaining an effective risk and opportunity management system. The Supervisory Board is responsible for monitoring the effectiveness of the Group’s risk management system. Compliance with the Group’s risk management policy in the individual companies and functional areas is subject to the internal audit department’s periodic reviews.

Revision of the risk management system in fiscal year 2021

Taking the revised regulatory requirements of the “Auditing Standard 340 new version” of the Institute of Public Auditors in Germany (IDW PS 340 new version) into account, the risk management system at NORMA Group was gradually improved in fiscal year 2021. In particular, the following core aspects were revised or implemented in the process:

- Introduction of a new software solution as a basis for the further system-supported integration of the risk management system into all organizational levels of NORMA Group as well as for the mapping of regulatory requirements (in particular in order to determine a statistically valid overall risk position)
- Revision of the regulations on the risk management system as well as the structural and process organization to increase the efficiency of risk management processes
- Strengthening of functional responsibilities at Group level to ensure homogeneous risk management throughout the Group in the regions and segments of NORMA Group
- Further development of the risk catalog to be applied Group-wide derived from NORMA Group’s risk profile
- Optimization of the assessment methodology of risks, including scaling of the assessment classes of the risk matrix to prioritize risks as well as a focus on an assessment period of three years
- Assessment of risks with regard to potential liquidity effects in addition to the previous focus on earnings effects
- Assessment of the statistically valid overall risk position and, based on this, assessment and monitoring of NORMA Group’s risk-bearing capacity at Group level
- Realignment and revision of the training concept for the further developed risk management system of NORMA Group as well as its Group-wide implementation in fiscal year 2021

Due to the revision of the risk management process in fiscal year 2021, the approach to assessing and presenting opportunities and risks has changed in part. This means that it can only be compared to the previous year to a limited extent.

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Risk management process

The risk management process at NORMA Group includes the core elements of risk identification, risk assessment and controlling and monitoring risks and is coordinated by the Risk Management department at Group level. The risk management process is fully depicted in an integrated software solution. The risk managers at all organizational levels of NORMA Group record the risks that are identified and assessed in this software. For all risks, a review and approval of the respective risks is carried out by the risk or functional managers at Group level. The process of identifying, evaluating and controlling risks is accompanied by continuous monitoring and communication of the reported risks by the respective risk managers.

Risk identification is carried out bottom-up by the individual companies as well as top-down by the individuals responsible for functions at the regional and Group levels. Various methods that correspond to the structure of the organization are used to identify risks. Such methods include interdisciplinary workshops, interviews and checklists, but also market and competitive analyses. In certain cases, analyses of the process workflows as well as results from internal and external audit reports are used. NORMA Group's risk managers are responsible for verifying on a regular basis whether all material risks have been recorded.

As part of the risk assessment process, the risks identified are evaluated using systematic assessment procedures and quantified in terms of both their financial impact (on earnings and liquidity) and their probability of occurrence. This involves recording those risks that can be specified and substantiated and that exceed a defined threshold in terms of the potential amount of damage. Risks are generally assessed taking possible scenarios into account in order to be able to present a risk assessment that is as realistic as possible.

As part of risk controlling, the appropriate risk mitigating measures are developed and implemented, and their implementation is monitored. These include, in particular, strategies to avoid, reduce and hedge against risks. Risks are managed in accordance with the principles of the risk management system as described in the Group risk management policy.

Risk reporting

Group-wide recording and assessment of risks as well as their reporting to the functional managers and individual companies by functional areas, the management of the segments, the Management Board and the Supervisory Board take place on a quarterly basis. In addition, risks that are identified within a quarter and whose expected value could have a significant impact on the results of the Group are reported ad hoc to the Management Board and, if necessary, to the Supervisory Board.

In order to analyze NORMA Group's overall risk situation and initiate appropriate countermeasures, all recorded and assessed risks are aggregated into a risk portfolio. For this purpose, statistically reliable methods are applied in the newly implemented risk management software. Here, the scope of consolidation for risk management corresponds to the scope of consolidation in the Consolidated Financial Statements. In this context, the overall risk position determined in relation to NORMA Group's risk-bearing capacity for the period under review is monitored regularly by the Management Board for developments that could potentially jeopardize the company's continued existence. In addition, NORMA Group categorizes risks according to type and the functional area they affect. This makes it possible to aggregate individual risks into risk groups in a structured manner. This aggregation enables NORMA Group to identify and manage not only individual risks, but also trends, and thus sustainably influence and reduce the risk factors with certain types of risks. If not indicated otherwise, the risk assessment applies for all regional segments.

Opportunity management process

Operational opportunities are identified, documented and analyzed in monthly meetings at the local and regional level and by the Management Board. In addition, measures aimed at capitalizing on strategic and operational opportunities through local and regional projects are approved at these meetings. The identification and success of the implementation of potential opportunities are tracked and reviewed by producing regular forecasts as part of periodic reporting. Strategic opportunities are recorded and evaluated as part of annual planning. Significant opportunities are presented in NORMA Group's Annual Report after the fiscal year has ended.

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Risk management system of NORMA Group

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Management Board and Supervisory Board

Internal control and risk management system with regard to the Group accounting process

NORMA Group's internal control and risk management system with regard to the Group accounting process can be described as follows. The system is geared towards identifying, analyzing, assessing and managing risks as well as monitoring these activities. The Management Board is responsible for ensuring that this system meets the company's specific requirements. Based on the allocation of responsibilities within the company, the CFO is responsible for the Finance and Accounting divisions. These functional areas define and review the Group-wide accounting standards within the Group and compile the information used to prepare the Consolidated Financial Statements. The need to provide accurate and complete information within predefined timeframes represents a significant risk for the accounting process. Because of this, requirements must be communicated clearly, and the respective units must be put in a position to meet these requirements.

Risks that could affect the accounting process arise, for example, from the late or incorrect entry of business transactions or non-compliance with accounting rules. The failure to enter business transactions also represents a potential risk. In order to avoid errors, the accounting process is based on the separation of duties and functions or responsibilities as well as plausibility checks as part of the reporting process. Both the preparation of the financial statements of the Group companies included in the Consolidated Financial Statements and the consolidation measures based on these are characterized by consistent observance of the "dual control principle." Comprehensive and detailed checklists must be completed before the respective reporting deadlines. The accounting process is fully integrated into NORMA Group's risk management system. This ensures that accounting risks are identified at an early stage and that measures to prevent and avert risks can be implemented without delay.

The internal control system ensures the accuracy of NORMA Group's financial reporting with respect to its accounting process. The internal audit department reviews the accounting processes on a regular basis to ensure that the internal control and risk management system is effective. External specialists also support these efforts. Furthermore, the financial statement auditor conducts audit procedures of the annual financial statements during the audit based on the risk-based audit approach, whereby material misstatements and violations are to be uncovered with reasonable assurance.

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The IFRS accounting standards as they are to be applied in the European Union are summarized in an accounting manual that includes an account assignment guideline (IFRS Accounting Manual). All companies in the Group must base their accounting processes on the standards described in the Accounting Manual. Important accounting and valuation standards, such as the recognition and measurement of fixed assets, inventories and receivables, as well as provisions and liabilities, are defined in a binding manner. Tax issues and responsibilities are regulated in a Group tax guideline. The Group also has system-supported reporting mechanisms to ensure that identical situations are handled in a uniform manner across the Group.

The Consolidated Financial Statements and Combined Management Report are prepared according to a uniform time schedule for all companies. Each company in the Group prepares its separate financial statements in accordance with the applicable local accounting guidelines and IFRS. Intra-Group deliveries and services are recorded in separately designated accounts by the Group companies. The net balances of Intra-Group offsetting accounts are reconciled on the basis of defined guidelines and schedules by means of balance confirmations. The companies in the Group use the COGNOS reporting system for financial reporting. In accordance with NORMA Group's regional segmentation, technical responsibility for the financial area is shared by both the financial officers in the Group companies as well as by the regional CFO for the respective segment. They are responsible for the quality assurance of the financial statements of the respective Group companies. The comprehensive quality assurance of the financial statements of the Group companies included in the Consolidated Financial Statements is carried out by Group Accounting, Tax & Reporting, which is responsible for preparing the Consolidated Financial Statements. The preparation of the Combined Management Report is the responsibility of the Investor Relations department, which reports directly to the member of the Management Board of NORMA Group responsible for finance, the CFO. In addition, the data and disclosures of the Group companies as well as the consolidation measures necessary for the preparation of the Combined Financial Statements are verified through audit procedures conducted by external auditors under consideration of the associated risks.

The financial accounting systems used by the Group companies of NORMA Group are gradually being converted over to the Group standard Microsoft Dynamics 365. All systems have structured access authorizations. The local management decides on the type, design and allocation practices of the access authorizations in consultation with the central IT department.

Risk and opportunity profile of NORMA Group

As part of the preparation and monitoring of its risk and opportunities profile, NORMA Group assesses risks and opportunities based on their financial impact and their probability of occurrence. The financial impact of opportunities and risks is assessed in relation to EBITA, based on the effect on the Group's earnings or liquidity. The following four categories (five categories in the previous year) are used to determine the potential maximum average annual impact in the period under review of the risk management system. The categories used in the previous year are shown in parentheses:

- Low: up to EUR 5 million effect on earnings or liquidity (previous year: Insignificant – up to 1% of budgeted EBITA – or Minor – more than 1% and up to 5% of budgeted EBITA)
- Moderate: more than EUR 5 million and up to EUR 15 million effect on earnings and or liquidity (previous year: more than 5% and up to 10% of budgeted EBITA)
- Significant: more than EUR 15 million and up to EUR 30 million effect on earnings or liquidity (previous year: more than 10% and up to 25% of budgeted EBITA)
- High: more than EUR 30 million effect on earnings or liquidity (previous year: more than 25% of budgeted EBITA)

The probability of individual risks and opportunities occurring is quantified based on the following four categories:

- Unlikely: up to 5% probability of occurrence (previous year: Very unlikely – up to 3% probability of occurrence – or Unlikely – more than 3% and up to 10% probability of occurrence)
- Possible: more than 10% and up to 25% probability of occurrence (previous year: more than 10% and up to 40% probability of occurrence)
- Likely: more than 25% and up to 50% probability of occurrence (previous year: more than 40% and up to 80% probability of occurrence)
- Very likely: more than 50% probability of occurrence (previous year: more than 80% probability of occurrence)

The main areas of risk and opportunity related to NORMA Group's business model are described below. Unless stated otherwise, the risk and opportunity profile represents the assessment of the management of NORMA Group as of the reporting date December 31, 2021. The financial effects and probabilities of occurrence are presented as net effects, i. e. taking countermeasures already

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initiated into account. In addition to the overall assessment of the material risk areas, material individual risks identified within the risk areas are also presented. Material individual risks exist if the potential impact on NORMA Group's earnings or liquidity – irrespective of the probability of occurrence – is assessed as exceeding EUR 10 million.

Financial risks and opportunities

NORMA Group is exposed to various financial risks, including default, liquidity and market risks. The Group's financial risk management strategy concentrates on the identification, assessment and mitigation of risks, focusing on minimizing the potential negative impact on the company's earnings, assets and financial position. Derivative financial instruments are also used to hedge certain risk items. Financial risk management is carried out by Group Treasury and Insurance (Group Treasury). Group management defines the areas of responsibility and necessary controls related to the risk management strategy. Group Treasury is responsible for identifying, assessing and hedging financial risks in close consultation with the Group's operating units. In this context, various processes and organizational structures work together to measure and assess opportunities and risks on a regular basis and to initiate appropriate measures if necessary. Group Treasury regularly conducts analyses of default, interest rate, currency and liquidity risks. The results are then discussed internally, and actions are defined. Group Treasury also informs the senior managers of the relevant departments of significant risks in a committee that meets twice a month and discusses how to deal with these risks and their potential impact on NORMA Group. → [NOTES](#)

Capital risk management

NORMA Group's objective when it comes to managing its capital is primarily the long-term servicing of its debts and remaining financially stable. In connection with a few of its long-term financing agreements (promissory note tranches from 2013 and 2014), NORMA Group is obliged to comply with the financial covenant Total Net Debt Cover (debt in relation to adjusted consolidated EBITDA).

This key figure and compliance with it are monitored continuously, as are the amount of net debt and the maturity structure of financial debt. Changes in the value of the parameters included in this financial indicator are limited by employing long-term hedging strategies. Other financial covenants exist only as part of a syndicated bank loan negotiated in 2019 and are tested only in advance of possible M & A transactions without providing the creditor banks with grounds to terminate the loan.

Default risks

Default risks are risks that contractual partners of NORMA Group fail to meet their obligations arising from business activities and financial transactions. Due to the nature of the respective assets and business relationships as well as the soundness of its current banking partners, default risks with respect to deposits and other transactions concluded with credit and financial institutions currently do not represent a major risk category for NORMA Group. Nevertheless, the creditworthiness of the contract partners is continuously monitored and discussed at regular senior management meetings.

Relevant default risks can arise, however, with respect to business relationships with customers and relate to outstanding receivables and committed transactions. NORMA Group reviews the creditworthiness of new customers to minimize the risk of default on trade receivables. In addition, the company generally only supplies to customers whose creditworthiness does not meet the Group's requirements or who have defaulted on payment if they pay in advance. In addition, a diversified customer portfolio reduces the financial repercussions of default risks. Despite the aforementioned measures, the probability of default risks occurring is assessed as likely, mainly because it is still not possible to fully assess the future impact of the global COVID-19 pandemic on potential insolvencies of individual customers. The potential financial effects of default risks are still judged to be insignificant considering the relevant factors, such as bad debt losses experienced in the past, and due to the countermeasures taken (previous year: "insignificant").

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Liquidity risks and opportunities

Prudent liquidity risk management requires holding sufficient cash funds or marketable securities, having sufficient financing from committed lines of credit and being able to close out market positions. Due to the dynamic nature of NORMA Group's business, Group Treasury seeks to ensure flexibility in financing by keeping committed credit lines available. Therefore, NORMA Group's primary objective is to ensure the uninterrupted solvency of all Group companies. Group Treasury is responsible for liquidity management and thus for minimizing liquidity risks. As of December 31, 2021, cash and cash equivalents amounted to EUR 185.7 million (2020: EUR 185.1 million). In addition, NORMA Group has a high level of financial flexibility thanks to a committed revolving credit line with national and international credit institutions in the amount of EUR 100 million. This committed credit line was increased by EUR 50 million to EUR 100 million in 2021 in order to further increase NORMA Group's ability to take strategic action. As of December 31, 2021, the committed credit line has not been used. In addition, NORMA Group launched a commercial paper program with a total volume of EUR 300 million in 2019, which can be used flexibly to cover short-term liquidity requirements. These money market papers, which are equivalent to bearer bonds, are issued on a revolving basis for a short-term period of 1 to 52 weeks and thus allow for the Group's own liquidity to be managed in line with requirements. As of December 31, 2021, the commercial paper program was used as a source of refinancing in a volume of EUR 65 million (2020: EUR 20 million).

NORMA Group sees financial opportunities, among other areas, in its high creditworthiness as well as its solid asset, financial and earnings positions, which will enable the company to gradually reduce its capital costs. Accordingly, the financing concluded in 2019 is characterized by an increase in the committed degrees of freedom and lower interest costs. This bank loan of EUR 250 million also includes a sustainability component linked to an external rating. Due to an improvement in its sustainability rating in the past fiscal year, NORMA Group was again able to reduce its external interest burden. Despite the economic impact of the COVID-19 pandemic, the liquidity-related opportunities are assessed as likely, in particular due to the stable business relationships with banking partners and the resulting reputation on the capital markets. In light of the refinancing measures carried out in the recent past, which have already significantly reduced borrowing costs, the potential financial impact of liquidity-related opportunities on NORMA Group's earnings is assessed as only low. → [FINANCIAL POSITION](#)

Currently, only a small share of the Group's financing agreements contain standard market credit conditions (financial covenants). If these were not complied with, the lending banks and investors would be entitled to reevaluate the contracts and/or demand higher credit margins. In light of the measures implemented in the past fiscal year, non-compliance with the financial covenants would now have a minor (previous year: "moderate") financial impact. Irrespective of the scope of financial covenants, compliance with them is continuously monitored in order to be able to take appropriate measures at an early stage if necessary and to avoid any worsening of the conditions. NORMA Group uses rolling hedging transactions if necessary to hedge balance sheet items in foreign currencies whose valuation leads to fluctuations in the profit and loss account. Group Treasury ensures that sufficient liquidity or granted credit lines are available at all times to cover any possible cash outflows related to these hedging measures. This is continuously monitored by means of risk simulation and discussed in senior management meetings. The probability of liquidity risks having a negative impact on NORMA Group's activities is considered unlikely due to the high financial flexibility provided by committed and not yet utilized bank credit lines. The risk that financial covenants will not be met is still considered unlikely due to the company's high profitability and strong operating cash flow. In the event of (short-term) increased liquidity requirements that exceed currently negotiated lines, the possibilities of raising funds at market conditions, by issuing new bonds on the commercial paper capital market, for example, are considered to be very good.

Exchange rate developments

As an internationally operating company, NORMA Group is active in more than 100 countries and therefore exposed to foreign currency risks. The US dollar, British pound, Swiss franc, Chinese renminbi, Polish złoty, Swedish krona, Czech koruna, Singapore dollar, Indian rupee and Serbian dinar are considered to be the main risk-prone currency positions.

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Foreign currency risks that cannot be offset against each other are hedged if necessary by using futures contracts. The high volatility of many major currencies and the particular influence of the US dollar on the Group's earnings, assets and financial position represent a considerable risk that can only be hedged in part and only for a short period of time. In the medium term, NORMA Group will strive to counteract currency risk by increasingly producing locally. → [PRODUCTION AND LOGISTICS](#)

Because the Group's subsidiaries operate in key countries with currencies other than the euro, it has sufficient cash-in and cash-out capabilities to absorb short-term exchange rate fluctuations via targeted income and expenditure management. The syndicated bank loan refinanced in fiscal year 2019 has also increased its flexibility in managing foreign currencies. It provides for the utilization of credit lines in various currencies (e. g. US dollar and euro tranches). In addition, the US dollar promissory note tranches issued lead to a better congruence of the payment profiles in US dollars. The remaining foreign currency risks are continuously monitored in the Group and, in the event that risk limits are exceeded, transferred to the euro on a rolling basis using derivative hedging instruments. Translation risks are continuously monitored by Group Treasury. Nevertheless, items in the Statement of Financial Position and the Statement of Comprehensive Income of subsidiaries in foreign currency areas inevitably result in translation effects when they are translated into euros.

The potential financial effects of opportunities and risks related to exchange rate changes are considered to be low (previous year: "moderate") based on the sensitivity analyses that have been performed. The probability of the incidence of these opportunities and risks is assessed as highly likely (previous year: "possible") in light of recent exchange rate fluctuations and the uncertainties with regard to the further development of relevant exchange rates.

Changes in interest rates

Changes in global market interest rates affect future interest payments for variable interest liabilities and can therefore have an adverse effect on the Group's earnings, assets and financial position. NORMA Group's interest change risk arises in particular from long-term loans.

Some of the current loans have fixed interest rates and are therefore not subject to interest rate risk. → [GOALS AND STRATEGIES REGARDING FINANCE AND LIQUIDITY MANagements](#)

Loans that initially had variable interest rates were partly synthetically converted into fixed interest rate positions using derivative instruments. NORMA Group has hedged over 60% of its variable interest rate loans in USD valued at USD 112 million in total. The remaining USD floating rate loans are unsecured and continuously monitored by Group Treasury. On the other hand, variable rate loans denominated in euros in the amount of EUR 158 million are unhedged. Due to the Group's internal interest rate expectations, this item is deliberately not hedged. In the event of an increase in interest rates, Group Treasury would limit the interest rate risk by using appropriate hedging measures.

Due to the fact that there are currently no signs of a more restrictive monetary policy in the eurozone, NORMA Group views the risk of interest rate increases in the short term to be unlikely and in the medium term as possible. In view of the current low interest rate level in the eurozone, the chances of a further interest rate cut are considered unlikely in the short and medium term. In the US dollar zone the probability of further interest rate cuts, which would lead to corresponding opportunities for NORMA Group, is also considered unlikely in both the short and medium term. NORMA Group regards the risk of rising US interest rates to be very likely. In light of the measures already implemented to optimize the financing structures, the financial effects associated with these risks and opportunities are assessed as low.

In summary, NORMA Group assesses the opportunities arising from changes in interest rates as unlikely (previous year: "possible"), whereas risks from changes in interest rates are assessed to be very likely (previous year: "possible"). The possible effects are classified as low in all scenarios.

Economic and cyclical risks and opportunities

NORMA Group's success largely depends on the macroeconomic trends on its sales markets and its customers' sales markets. Therefore, important indicators of economic development worldwide are taken into account both in planning and in risk and opportunity management. In order to gauge the macroeconomic trend, NORMA Group relies, among other sources, on the forecasts of widely regarded institutions such as the IMF, the Bundesbank and reputable economic research institutes. According to the latest estimates, economic conditions are expected to continue to develop positively in 2022 with global growth of 4.4% following the growth of the global economy in the past fiscal year (+ 5.9%).

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In the past fiscal year, economic development continued to be significantly impacted by the corona pandemic as well as direct and indirect global effects of the pandemic. Following a recovery in the first half of 2021, supply bottlenecks, cost increases and further waves of the corona pandemic in particular slowed the upswing in the second half of the year. For the current fiscal year as well, the further development of the corona pandemic, in particular the possible effects of further waves of the pandemic – and direct and indirect potential macroeconomic effects on the global value and transport chains associated with the pandemic – continue to be considered a significant risk factor and are assessed as a significant individual risk in the overall context of NORMA Group’s business activities. In particular, setbacks in the fight against the pandemic, due to resistant virus mutations, for example, persistent material shortages, rising inflation rates and a possible turnaround in interest rates in individual regions could have a significant negative impact on economic growth. Furthermore, geopolitical risks, such as military conflicts, and risks in connection with trade disputes, continue to be major negative factors for the development of the global economy. In particular, military activities as well as economic sanction measures in connection with the Russia-Ukraine crisis could have a negative impact on the global economy and – directly or indirectly – on NORMA Group’s business activities, such as a reduction in sales in affected markets or a fundamental impact on global supply chains. 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%. However, it is currently not possible to fully assess how the Russia-Ukraine crisis will affect the global economy and thus NORMA Group in the long term.

In assessing the possible macroeconomic consequences of these developments, NORMA Group comes to the conclusion that a negative development of the global economy compared to the planning assumptions is currently classified as possible, taking these risks into account. Should these factors lead to an impairment of global demand, the financial deviations compared to the planning are estimated to be moderate. A positive development of the global economy that extends beyond the planning assumptions would represent an opportunity for NORMA Group. The company considers it possible that the global economic situation and thus NORMA Group’s earnings will improve beyond the planning assumptions. In the overall view of the current macroeconomic climate and the prospects based on it, the potential financial impact of these opportunities is considered moderate, as in the previous year.

Industry-specific and technological risks and opportunities

Industry-specific and technological risks and opportunities for NORMA Group are closely linked to the conditions and developments in the respective customer industries. → [PRODUCTS AND END MARKETS](#). It should be borne in mind, however, that the customer industries in the regions relevant to NORMA Group, EMEA, the Americas and Asia-Pacific, have partly specific characteristics and challenges.

Business activities with OEMs 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. In this area, the increasingly strict emission standards worldwide and the growing use of more environmentally friendly drive technologies in particular represent a development that is associated with various opportunities and risks for NORMA Group. NORMA Group’s current product portfolio includes a wide variety of product solutions that help reduce emissions from passenger cars and commercial vehicles with combustion engines, including hybrid vehicles, and thus help customers meet ever-stricter emission requirements.

NORMA Group is also well positioned for the growth market of electromobility thanks to its future-oriented product portfolio. Accordingly, research and development activities relating to purely battery-powered electric vehicles and hybrid vehicles represent a strategic focus, as part of which new product solutions are being developed and current products constantly enhanced. Regulatory measures such as stricter exhaust gas standards and the resulting increased demand for environmentally friendly products and technologies thus open up a variety of opportunities for NORMA Group in the fields of Mobility and New Energy.

On the other hand, risks for NORMA Group could arise from the ongoing debate regarding compliance with emission standards for vehicles with combustion engines. The company counters these risks through continuous initiatives aimed at securing and expanding its technological and innovative leadership and by focusing on customers and markets. Accordingly, NORMA Group systematically analyzes current market developments in the area of future technologies and consistently develops new products based on this analysis. In the context of a steadily increasing share of purely battery-powered electric vehicles, it will continue to be important for NORMA Group to be able to offer suitable innovative product solutions in this dynamic environment. In the area of fuel cell-powered vehicles

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as well, products have already been successfully placed on the market. For example, NORMA Group has already been supplying a line system for a fuel cell vehicle in series production since 2018 that could lead to further research and follow-up projects. → [RESEARCH AND DEVELOPMENT](#)

Water Management is another strategically important segment for NORMA Group that has been consistently expanded and strengthened through the acquisitions made in recent years. Here, the increasing scarcity of resources that can be seen in many regions and the responsible handling of this important resource in this context are leading to business opportunities.

NORMA Group's strong diversification in terms of customers in different industries is yet another element of the company's risk and opportunity management. NORMA Group counters long-term industry-specific opportunities and risks through a consistent innovation policy and regular market analyses, which provide the best possible support for the targeted identification of and focus on high-growth future markets.

In summary, the industry-specific and technological opportunities and risks are assessed to be possible with a moderate financial impact.

Risks and opportunities associated with company strategy

NORMA Group's strategic goal is to achieve a sustained increase in the company's value. In view of this goal, NORMA Group is pursuing the strategy of profitably expanding its business activities through organic growth as well as selective value-enhancing acquisitions and achieving broad diversification with respect to its products, regions and end markets, in order to become less dependent on individual products, regions and end markets. This goes hand in hand with NORMA Group's aspiration to grow in current end markets and tap into new end markets with innovations, superior product quality and strong brands, as well as to continuously improve the efficiency of its business processes in all functional areas and regions. With this in mind, the "Get on track" change program was launched already at the end of 2019 with the goal of increasing NORMA Group's profitability and flexibility. This was also consistently implemented in 2021. → [STRATEGY AND GOALS](#). Furthermore, NORMA Group addresses sustainability issues such as climate change as well as water and resource scarcity with its strategic orientation and pursues corresponding activities as part of the company-wide CSR program. The resulting opportunities and risks are evaluated on a regular basis. → [CLIMATE PROTECTION](#)

Besides the company's strategic activities aimed at continuing to develop the business organically, NORMA Group sees considerable opportunities to sustainably increase the Group's financial result, particularly through its strategy of profitably expanding its business activities by making selective, value-adding acquisitions. NORMA Group has been able to demonstrate the success of this strategy on many occasions in the past by completing its acquisitions. If, however, in individual cases, the development of the acquired companies falls behind the expectations at the time of acquisition or if integration progresses more difficultly than assumed, risks could also arise from acquisitions for NORMA Group. However, NORMA Group believes that the company's goals for the profitability of potential acquisitions, careful due diligence measures in advance of the acquisition, and well-coordinated integration plans form the basis for mitigating these risks accordingly.

In addition, opportunities for NORMA Group to achieve its financial targets arise from the broad diversification with regard to its products, regions and end markets. Should demand in individual regions and end markets or demand for individual products temporarily lag behind planning, NORMA Group still has the chance to compensate for this by turning to other regions, end markets or products. Nevertheless, such broad diversification with regard to products, regions and end markets also implies a certain degree of complexity, which can be associated with risks for NORMA Group. Because NORMA Group's diversification efforts are being carried out step by step with regard to the regions and end markets as well as its products, these risks can be limited appropriately by adapting the organization to the changed circumstances. Accordingly, NORMA Group is addressing the reduction of complexity and streamlining of its current product portfolio via an independent field of action as part of its "Get on track" change program.

With respect to the efficiency of its business processes, NORMA Group's global orientation enables the company to set up production processes that require more manual assembly work in countries with lower labor costs and thus secure or further increase its profitability. However, these types of decisions on the locations for sites and the related investments are inevitably associated with risks if key assumptions made at the time of the investment decision prove to be incorrect. NORMA Group addresses the respective risks by conducting careful analyses in advance of investment decisions and uses graded approval procedures. Risks from site decisions already made are evaluated across all regions as part of the "Get on track" change program and included in decisions on optimizing the capacities of Group sites.



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When the corporate strategy initiatives of NORMA Group are combined, the financial impact of the opportunities associated with NORMA Group's company strategy is assessed as moderate and a positive deviation from planning as still possible. Based on the measures taken to limit the risks associated with NORMA Group's company strategy, the probability of the occurrence of strategic risks is considered unlikely, while the potential financial impact of company strategy risks is considered moderate.

The company strategy is adapted to the individual market conditions in the individual segments. For instance, acquisitions are made particularly in those countries and regions that offer attractive growth opportunities for NORMA Group. Nevertheless, the general assessment of company strategy opportunities and risks in the regions is identical.

Operational risks and opportunities

Commodity prices

The materials NORMA Group uses, in particular the raw materials steel and plastics, are subject to the risk of price fluctuations. The price trend is also influenced indirectly by the further development of the global economic situation as well as by institutional investors. NORMA Group limits the risk of rising purchase prices through systematic material and supplier risk management. Thanks to a powerful global Group purchasing structure, economies of scale are being used to purchase the most important commodity groups as competitively as possible. This Group purchasing structure also enables NORMA Group to balance out the risks of individual segments with each other. NORMA Group also constantly strives to

secure permanently competitive procurement prices by continuously optimizing its selection of suppliers and applying the best-landed-cost approach. The company also tries to reduce dependency on individual materials through constant technological advances and testing of alternative materials. NORMA Group protects itself against commodity price volatility by concluding procurement contracts with a term of up to 24 months, whereby material supply risks are minimized and price fluctuations can be calculated more accurately.

In fiscal year 2021, NORMA Group was confronted with various effects of the ongoing corona pandemic, unforeseen weather events and persistent raw material shortages in the steel and granule sector. This resulted in production downtimes and thus, material shortages at NORMA Group suppliers in all industrial sectors worldwide and ultimately led to a general increase in demand and price levels for the materials needed. The blockade in the Suez Canal, the continued reduced availability of sea freight containers and the price increase for diesel fuels also led to higher prices in the transportation sector. Details on the individual areas are described in the section on → [PURCHASING AND SUPPLIER MANAGEMENT](#).

Taking into account NORMA Group's procurement portfolio, price increases or fluctuations in the prices of raw materials are considered very likely overall (previous year: "likely"). However, due to the measures implemented, such as medium-term framework agreements and regular price monitoring, the resulting financial impact is considered to be low. Similarly, opportunities arising from possible declines in raw material prices are also considered to be low in terms of their financial impact. Against the backdrop of the complete procurement spectrum and taking into account the prevailing volatility on the raw material markets, price reductions are still considered unlikely overall.

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Suppliers and dependencies on key suppliers

The loss of suppliers and dependencies on individual suppliers can lead to material bottlenecks and thus have negative effects on the Group's business activities. In order to minimize this risk, NORMA Group works exclusively with reliable, progressive suppliers who meet its high-quality requirements. All main and strategically important suppliers are visited regularly and assessed as part of quality management. If there are any indications of supplier defaults, alternative options are evaluated immediately. Risks arising from the insolvency of key suppliers, lack of delivery reliability and quality problems are also addressed by the established supplier monitoring system. In addition, the existing sourcing strategies and regular material risk analyses help reduce risks. In addition, opportunities arise for NORMA Group to reduce risks by means of an operational risk management tool that was implemented in the first quarter of fiscal year 2021. Based on artificial intelligence, it continuously provides information about external events relating to suppliers, NORMA Group sites as well as the associated supply chains and immediately initiates measures. In particular, as a result of the ongoing corona pandemic and the global increase in unpredictable external events (e. g. extreme weather events), risks from supplier dependencies are considered likely (previous year: "possible"). However, taking the measures implemented into account, the potential financial extent is considered to be low (previous year: "moderate").

However, NORMA Group also sees opportunities in this area as a result of its proactive approach both in terms of current supplier relationships as well as identification of new suppliers and raw materials. Since further optimization in the area of purchasing can also be anticipated in the medium term due to the "Get on Track" change program rolled out at the end of 2019, the potential from the measures implemented to date for a positive deviation from planning is considered possible. The financial impact of the measures initiated continues to be assessed as low.

Quality and processes

NORMA Group's products are often mission critical with respect to the quality, performance and reliability of the final product. Quality defects can lead to legal disputes, liability for damages or the loss of a customer. Therefore, the reliable guarantee of product quality is a key factor to ensuring NORMA Group's long-term success, so that its products provide crucial added value for its customers. → **QUALITY MANAGEMENT**. Maintaining the right balance between cost leadership and quality assurance is a constant challenge. To reduce this risk, far-reaching

quality assurance measures and uniform Group-wide quality standards are used. Furthermore, NORMA Group focuses on innovative and value-added joining solutions tailored to meet customer requirements. For this reason, the company believes that it is possible for quality risks to occur, while the potential financial repercussions would be minor due to its insurance coverage against loss events.

NORMA Group takes every opportunity to realize cost advantages to improve its competitive position. The company develops and implements initiatives focused on cost discipline, the continuous improvement of processes in all functions and regions and the optimization of supply chain management and production processes. These initiatives are expected to have a positive impact on its business. → **PRODUCTION AND LOGISTICS**. Since NORMA Group pursues a continuous process of improvement, there are opportunities over and above planning for positive deviations in the area of these processes. This applies for all regions NORMA Group is active in. The company estimates the likelihood of cost savings to be possible. Since planning already allows for continuous optimization of production processes, and NORMA Group's processes are already extremely efficient, the short-term financial impact of a deviation from the plan as a result of improved production processes is minor. Due to extensive, Group-wide activities to track planned cost savings and process improvements, the probability that these will not be achieved is assessed as possible with a low financial impact.

Customers

Customer risks result from being overly dependent on important customers with whom the Group generates a rather significant share of its sales. These customers could take advantage of their bargaining power, which could lead to increased pressure on the company's margins. Decreases in demand from these customers or the loss of these customers could have a negative impact on the company's earnings. For this reason, NORMA Group continuously monitors incoming orders and customer behavior so as to identify customer risks early. The financial repercussions of customer risks are reduced by its diversified customer portfolio. Accordingly, no single customer accounted for more than 4% of sales in fiscal year 2021. Therefore, it is considered possible that customer risks could have a negative impact on NORMA Group's business, however the financial effects would be minor – particularly in light of the volatile demand in the markets – and are assessed as moderate here (previous year: "low").

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Based on NORMA Group’s strategy and the goal of further expanding its markets, the company managed to expand its customer portfolio compared to the previous year. Thanks to an attractive product range, innovative solutions and – especially in the area of water management – good availability of products, new customers were gained for NORMA Group products in all regions. Therefore, the opportunities for positive deviations from planning thanks to a growing number of customers are assessed as possible with a minor effect on earnings.

Risks and opportunities of personnel management

NORMA Group’s success is largely dependent on its employees’ enthusiasm, commitment to innovation, expertise and integrity. The Group’s human resources work is therefore aimed at developing and expanding these core competencies, among other skills. The departures of employees with vital skills as well as a shortage of trained workers could have a negative impact on NORMA Group’s operations. Furthermore, competition for the most talented employees as a result of demographic developments and the shortage of skilled labor in Western industrial nations of particular importance to NORMA Group is becoming more and more intense.

NORMA Group counters these risks with far-reaching programs and activities aimed at increasing its attractiveness as an employer. Besides establishing and expanding further education, training and support programs as well as competitive remuneration systems, variable remuneration systems in particular are aimed at promoting the alignment of the workforce with the company’s success. In return, NORMA Group’s employees contribute to its continuous further development by participating in employee surveys and improvement initiatives. Extensive personnel planning activities as well as a distribution of tasks that is geared towards interdisciplinary cooperation protect NORMA Group against risks that could arise if an employee leaves despite an efficient organizational structure. When identifying potential new employees who can make a crucial contribution to performance, NORMA Group also seeks the advice of external human relations advisors.

While NORMA Group regards the probability of personnel risks occurring as possible overall, the potential financial impact is considered to be low (previous year: “insignificant”) due to a sustainable personnel policy.

In addition, opportunities arise from the consistent further development of employees. NORMA Group fosters its employees and offers them incentives to develop their personal expertise even further through educational and training opportunities as well as the targeted search for talent within the Group. NORMA Group also offers its employees flexible and family-friendly working time models. Through the above-mentioned measures, NORMA Group actively supports the retention of knowledge and thus also ensures the development of knowledge within the company, which will thus offer opportunities for the future development of NORMA Group. The occurrence of these opportunities is considered likely, whereby the associated financial success is considered to be minor.

IT-related risks and opportunities

The use of functional and high-performance IT systems is of key importance for an innovative and global company like NORMA Group with regard to the effectiveness and efficiency of its business processes. In this context, it is critical for the company’s success to support NORMA Group’s business processes, some of which are organized across company and national borders, along the value chain with stable and high-performance IT systems that provide the management at all levels of the company with the necessary information in a timely manner and allow for workflows to be organized efficiently. IT solutions that are precisely tailored and linked to the respective ERP systems are also of immense importance for the exchange of information with NORMA Group’s customers and suppliers. With regard to this business-critical IT infrastructure, there is a risk that a severe breakdown of these systems, due to technical malfunctions of the systems or attacks by hackers, for example, could seriously disrupt the company’s operations.

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In addition, NORMA Group sees the risk that external parties could gain unauthorized access to sensitive company information and make improper use of it. In this context, unauthorized access to information on production processes, financial, customer and employee data in particular could have negative consequences for the company.

In response to these risks, NORMA Group has implemented a number of measures that are embedded in the IT risk management process and are continuously adapted to changing conditions. For example, NORMA Group counters the IT risks that are identified by arranging for redundant provision of business-critical applications and databases via physically separated data center areas, using decentralized data storage and outsourced data archiving to a certified external provider, and by using state-of-the-art firewalls and e-mail filters and security monitoring by the dedicated Security Operations Team (SOC). Employee access to sensitive information is controlled by using authorization systems customized for the respective positions, taking into account the principle of segregation of duties. Finally, training courses for employees and awareness campaigns on aspects of information security are held on a regular basis. Furthermore, strategic cybersecurity models to protect the digital company infrastructure and digital services (e. g., private and public clouds, SaaS applications) are being gradually implemented. The gradual transfer of old ERP systems to new, uniform Group systems, which was continued in 2021, also harbors risks. During the necessary process changes at the respective plants and distribution centers, adjustment problems could arise at the process level that could result in additional shifts or special freight requirements, for example. Redundant internal and external resources are kept available to mitigate these risks, if necessary. Furthermore, delays in the individual implementation projects can possibly lead to higher implementation costs.

Despite the countermeasures in place, the probability of occurrence of IT-related risks continues to be assessed as likely in all regions and the potential financial impact as moderate.

The risks arising from the migration from the old ERP systems to uniform new systems for the entire Group are also likely to be offset in the medium term by opportunities arising primarily from the potential for process standardization and optimization across all companies in NORMA Group. The opportunities that could result from this standardization are regarded as probable. The related financial effects are expected to be low.

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Legal risks and opportunities

Risks related to standards and contracts

Future changes to legislation and requirements, especially liability law, environmental law, tax law, customs law and labor law, as well as changes in related standards, could have a negative impact on NORMA Group's development. Violations of laws and regulations, but also of contractual agreements, can lead to penalties, regulatory requirements or claims from injured parties. Conversely, NORMA Group can be adversely affected by legal or contractual breaches by third parties. In addition, defective products could result in legal disputes and liability for damages. Likewise, the results of tax audits can lead to tax payments, including penalties and interest.

As in the previous year, litigations generally involved labor disputes, most of them in Germany. Besides lawsuits against dismissal, disputes with employee representatives were a major focus of labor law proceedings. Disputes with customers mainly involved purchase price claims, alleged product defects and delayed deliveries. NORMA Group managed to assert claims against suppliers in connection with defective deliveries. Furthermore, NORMA Group conducted proceedings on its own or third-party IP rights as well as due to customs issues.

NORMA Group uses its current compliance and risk management systems to ensure that it complies with constantly changing laws and regulations. Furthermore, the company ensures that it meets its contractual obligations. NORMA Group counters the risk of product defects through its Group-wide quality assurance program. → [QUALITY MANAGEMENT](#) In addition, NORMA Group is also insured against claims arising from certain defective products.

NORMA Group is exposed to tax risks in particular due to the significant changes in international tax law currently being observed (e. g. the OECD BEPS initiative), which in some cases give rise to unresolved legal issues, and due to the increased intensity of tax audits in many countries. Risks also arise in other areas from questions of interpretation or application with regard to new or increasing legal requirements, such as the Supply Chain Act, which will come into force in 2023.

Overall, the probability of occurrence of risks in connection with standards and contracts continues to be assessed as possible. The extent of the potential financial impact of these risks is assessed as moderate, however, due to the risk management measures in place.

Known legal risks to which NORMA Group is exposed and whose occurrence is sufficiently specified are adequately taken into account by provisions in the Consolidated Financial Statements.

Social and environmental standards

Violating social and environmental standards could damage the reputation of NORMA Group and result in restrictions, claims for damages or disposal obligations. NORMA Group has therefore implemented Corporate Responsibility as an integral part of the Group strategy. In this context, a systematic Environmental Management System was introduced at NORMA Group so that company decisions can always be evaluated also considering the goal of avoiding emissions and conserving resources. The company also invests in the area of occupational health and safety for its continuous improvement. → [EMPLOYEES](#)

The probability of occurrence of negative developments due to social and environmental risks is still estimated as possible and their potential financial impact as low (previous year: "moderate").

Investments in the area of Corporate Responsibility serve not only to ward off risks, however. The measures and initiatives are also seen as having the potential to positively impact both the business environment as well as NORMA Group and its stakeholders. Therefore, NORMA Group estimates the opportunities in this area to be possible and assumes that the measures and initiatives will have only a minor impact on its planning.

Intellectual property

Violations of intellectual property rights could lead to lost sales and reputation. For this reason, the company ensures that its technologies and innovations are legally protected. NORMA Group also minimizes the potential impact by developing

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customer-specific solutions and through its speed of innovation. At the same time, it is also possible for NORMA Group to violate the intellectual property of third parties. Therefore, developments are reviewed for potential patent violations at an early stage. Despite these measures, there is still a risk of using third-party intellectual property. The probability of infringements of intellectual property is therefore assessed as probable (previous year: “possible”). However, the potential impact of IP-related disputes and other possible infringements is considered to be low (previous year: “moderate”). In addition, consistently protecting intellectual property and building up unique legal selling points are also seen as potential opportunities that could lead to a slight deviation from planning.

Assessment of the overall profile of risks and opportunities by the Management Board

The Group's overall situation results from the aggregation of individual risks and opportunities from all categories of the business units and functions. After assessing the likelihood of risks occurring and their potential financial impact as well as in light of the current business outlook, NORMA Group's Management Board does not believe that there is any individual risk or group of risks with the potential to jeopardize the continued existence of the Group or individual Group companies as a going concern. Taking the aggregated opportunities into account, NORMA Group is, in the opinion of the Management Board, in a very good position with respect to both the medium and long terms to further expand its market position and grow globally. This assessment is reinforced by its strong ability to cover its financing requirements. Therefore, NORMA Group has not made any effort to obtain an official rating from a leading rating agency.

General economic risks remain for NORMA Group in all areas, which is why setbacks on the way to long-term realization of the growth and profitability targets cannot be ruled out. In contrast, there are clear opportunities that NORMA Group is taking advantage of through its strategy and consistent opportunity management, so that it is possible that the company could even exceed its profitability targets.

In summary, the changes in the individual opportunities and risks shown in the overview have no significant impact on NORMA Group's overall risk profile. NORMA Group has therefore concluded that the Group's overall profile has not changed significantly compared to the previous year. Due to the further development and revision of the valuation methodology of the risk management system currently in use at NORMA Group, the comparability of the risk situation with the previous year is limited as of the balance sheet date December 31, 2021. However, no significant valuation effect results from the changes in the risk management system on the basis of the analyses carried out.

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Risk and opportunity profile of NORMA Group ¹

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		Probability of occurrence				Change comp. to 2020	Financial impact				Change comp. to 2020
		Unlikely	Possible	Likely	Very likely		Low	Moderate	Significant	High	
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			■			▶	■				▶
	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		■			▶	■				▶

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

2021 Remuneration Report

This Remuneration Report describes the basic principles of the remuneration system for the members of the Management Board and the Supervisory Board of NORMA Group SE and provides information on the remuneration granted and owed in fiscal year 2021.

Remuneration of the Management Board

In accordance with the recommendation of the German Corporate Governance Code (GCGC) as amended on December 16, 2019, the Supervisory Board shall agree on a clear and comprehensible system for the remuneration of the members of the Management Board and determine the exact remuneration of the individual members of the Management Board on the basis of this. Accordingly, the Annual General Meeting must resolve – basically in an advisory capacity – on the approval of the remuneration system presented by the Supervisory Board.

Remuneration system for Management Board members

The Supervisory Board fundamentally revised and redefined the system for the remuneration of Management Board members with effect from January 1, 2020. The new remuneration system, which complies with the requirements of the Act on the Transposition of the Second Shareholder Rights Directive (ARUG II) and takes the recommendations of the German Corporate Governance Code (GCGC), as amended on December 16, 2019, into account; it was explained to and approved by the 2020 Annual General Meeting.

The following key points of the remuneration system are particularly worth noting:

- The bonus components are based on actually achieved, transparently comprehensible and audited results.
- The Short-Term Incentive (STI) depends on the absolute performance factor adjusted, i. e. EBIT (earnings before interest and taxes) of NORMA Group adjusted for acquisitions, on the one hand. On the other hand, the STI now depends on a relative performance factor (relative total shareholder return (TSR)). NORMA Group SE's TSR is compared with the TSR of a predefined peer group of 15 listed companies. Depending on NORMA Group SE's ranking within the peer group, the payout amount from the STI either increases or decreases by up to 20%.
- Within the Long-Term Incentive (LTI), an amount of up to 20% of the fixed annual salary now depends on the fulfillment of sustainability targets, e. g.

the reduction of CO₂ emissions (Environment, Social and Governance LTI, or ESG LTI for short).

- With the introduction of a comprehensive share acquisition and shareholding obligation, NORMA Group SE is implementing a recommendation of the German Corporate Governance Code. The members of the Management Board must invest 75% of the amount paid out from the NOVA LTI and 100% of the amount paid out from the ESG LTI in shares of NORMA Group SE. The company may also pay out this amount in full or in part in shares of NORMA Group SE. As a result, more than 50% of the payout target amount of the variable remuneration will either be invested in shares of NORMA Group SE by the members of the Management Board or granted by NORMA Group SE on a share-based basis. The NOVA LTI includes a four-year shareholding obligation. The ESG LTI is four years into the future and provides for a one-year retention obligation.
- The Supervisory Board sets binding performance criteria for the STI and the LTI. The Supervisory Board sets the targets for ESG LTI before the start of the fiscal year. The respective amounts to be paid out are calculated after the end of the fiscal year on the basis of achievement of the targets. The Supervisory Board has the option to adjust the terms of the STI and the LTI at its reasonable discretion only in the event of exceptional events. Otherwise, the Supervisory Board has no discretion in determining the STI and LTI payout amounts.
- The change-of-control clause, according to which Management Board members may leave the company with severance pay of three years' remuneration in the event of a change of control, has been abolished for new members of the Management Board.
- The variable remuneration components are subject to a clawback if the audited Consolidated Financial Statements and / or the basis for determining other targets on which the calculation of the variable remuneration is based are subsequently found to be objectively incorrect and therefore need to be corrected and the error has led to an incorrect calculation of the variable remuneration.

Basic principles of the remuneration system

The system for the remuneration of the members of the Management Board is designed to be clear and comprehensible. The goal of NORMA Group's remuneration system is to remunerate the members of the Management Board in accordance with their tasks and performance and in an appropriate relationship to the

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company's situation. In line with NORMA Group's strategy, the remuneration of the members of the Management Board promotes the business strategy as well as the long-term interests of NORMA Group and thus contributes to the sustainable and long-term development of the company. The strengthening of profitable growth of NORMA Group's divisions – also by making certain acquisitions – as well as the consideration of the sustainability strategy are the focus and basis for the design of the remuneration system for the members of the Management Board.

In this context, the remuneration system takes into account various targets aligned to profitability (through EBIT), return on investment (through NOVA), development of the company's value (through its share price and relative share return) and sustainability. The metrics used have different but always multi-year terms to support the strategic success of the company on a sustainable basis. The remuneration of the Management Board members is designed to create an appropriate incentive system for the implementation of the company strategy and sustainable value creation and enhancement. Particular attention is paid to achieving the greatest possible congruence between the interests and expectations of shareholders and Management Board remuneration.

In line with the role and performance, individual target achievement is taken into account by distinguishing between the fixed remuneration of the Management Board members on an individual basis. Due to the limited number of Management Board members, their performance is regarded as a joint effort and responsibility as a body, and no further individual targets have been included in the remuneration system. In accordance with the recommendations of the German Corporate Governance Code, remuneration is composed of a fixed component (fixed remuneration) as well as short-term variable and long-term variable components.

Overview of the remuneration components and their respective relative share of remuneration

The remuneration of the members of the Management Board includes fixed and variable components. The fixed components of the remuneration of the Management Board members are the fixed annual salary, fringe benefits and the company pension plan. The variable components are the short-term variable remuneration STI and the long-term variable remuneration. The long-term variable remuneration in turn comprises the multi-year LTI and the ESG LTI, a multi-year variable component based on sustainability targets. The share of long-term variable remuneration in total remuneration exceeds the share of short-term variable remuneration. The relative shares of the fixed and variable remuneration components are shown below in relation to the maximum remuneration.

The maximum payout amounts that are limited relative to the fixed annual salary for the STI (180% of the fixed annual salary), the LTI (200% of the fixed annual salary), the ESG LTI (20% of the fixed annual salary), the pension expense for the company pension plan (service costs), and fringe benefits are set in relation to the maximum remuneration.

Excluding the company pension plan and fringe benefits, the share of fixed remuneration is 20% and the share of variable remuneration is 80% of the sum of the fixed annual salary and the maximum payout amounts from the STI, LTI and ESG LTI ('adjusted maximum total remuneration'). The STI (maximum payout amount of 180% of the fixed annual salary) accounts for 36%, the LTI (maximum payout amount of 200% of the fixed annual salary) for 40%, and the ESG LTI (maximum payout amount of 20% of the fixed annual salary) for 4% of the adjusted maximum total remuneration.

Taking the company pension plan and fringe benefits into account, for the Chairman of the Management Board, the share of fixed remuneration (fixed annual salary, pension expense (service costs) and fringe benefits) is approximately 38% of the maximum remuneration, and the share of variable remuneration is approximately 62% of the maximum remuneration. The STI (maximum payout of 180% of the fixed annual salary) accounts for approximately 28% of the maximum remuneration, the LTI (maximum payout of 200% of the fixed annual salary) for approximately 31% of the maximum remuneration, and the ESG LTI (maximum payout of 20% of the fixed annual salary) for approximately 3% of the maximum remuneration. For ordinary Management Board members, taking the company pension plan and fringe benefits into account, the share of the fixed remuneration (fixed annual salary, pension expense (service costs) and fringe benefits) is approximately 36% of the maximum remuneration and the share of variable remuneration is approximately 64% of the maximum remuneration. The STI (maximum payout of 180% of the fixed annual salary) accounts for approximately 29% of the maximum remuneration, the LTI (maximum payout of 200% of the fixed annual salary) for approximately 32% of the maximum remuneration and the ESG LTI (maximum payout of 20% of the fixed annual salary) for approximately 3% of the maximum remuneration.

The percentages cited may differ slightly due to the different actuarial calculation of service costs for each fiscal year and each member of the Management Board as well as the development of the cost of contractually agreed-upon fringe benefits.

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Determination of the target total remuneration

The Supervisory Board determines a target total remuneration for the individual members of the Management Board. The target total remuneration is the sum of all remuneration components that are relevant for the total remuneration. For the STI, LTI and ESG LTI, the target amounts are based on 100% target achievement ('target amounts of variable remuneration components') of the budget values. The Supervisory Board determines the target amounts of the variable remuneration components for each fiscal year. In doing so, the Supervisory Board decides which targets the company should achieve on the basis of the results of the previous fiscal years as part of the budget planning for the current fiscal year.

Maximum remuneration

The total remuneration to be granted for a fiscal year (total of all remuneration amounts expended for the fiscal year in question, including the fixed annual salary, variable remuneration components, pension expenses (service costs) and fringe benefits) of the members of the Management Board – irrespective of whether it is paid out in this fiscal year or at a later date – is capped in absolute terms ('maximum remuneration'). The maximum remuneration is EUR 3,900,000 for the Chairman of the Management Board and EUR 2,500,000 for each of the other members of the Management Board. If the total remuneration calculated for a fiscal year exceeds the maximum remuneration, the amount paid out under the LTI is reduced to such an extent that the maximum remuneration is complied with. If necessary, the Supervisory Board may at its discretion reduce other remuneration components or demand reimbursement of remuneration already granted. Irrespective of the maximum remuneration set, the payout amounts of the individual variable remuneration components are also limited in each case relative to the fixed annual salary.

Severance payments

In the event of premature termination of the service contract without good cause, any possible severance payment is limited to the value of a maximum of two years' remuneration in line with the recommendations of the GCGC and, if the service contract has a remaining term of less than two years, may not exceed the contractual remuneration for the remaining term (severance payment cap). The severance payment cap is always calculated on the basis of the total remuneration for the past fiscal year and, if applicable, also the expected total remuneration for the current fiscal year. If a special termination right is exercised in the event of a change of control or due to reorganization – only applicable if the member of the Management Board commences service before 2020 – he or she will receive a severance payment equal to three years' remuneration, but not more than the value of the remuneration for the remaining term of the service contract. In line with the GCGC, the service contracts of Mrs. Stieve and future members of the Management Board no longer include a change of control clause. The annual remuneration is the current fixed annual salary at the time of termination plus the variable remuneration components granted for the past fiscal year.

Fixed remuneration components

Fixed annual salary

The Management Board members receive a fixed annual salary in twelve monthly installments that are paid out at the end of each month. The amount of the fixed annual salary is based on the tasks and the strategic and operational responsibility of the individual Management Board member.

Company pension scheme

The Management Board members Dr. Schneider and Dr. Klein are covered by a company defined benefit plan. The entitlement to a pension arises when the service contract ends and the Management Board member has reached age 65 or is permanently incapacitated for work. The pension level (retirement pension) of the pension agreements is 4% of the fixed annual salary for each completed year of service from being appointed a Management Board member up to a maximum of 55% of the last fixed annual salary. A surviving dependents' pension is also provided for. After retirement, adjustments are agreed in accordance with Section 16 (1) BetrAVG.

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The Management Board member Mrs. Stieve and future members of the Management Board are granted a defined contribution plan on a reinsurance basis. Under the defined contribution plan, the company is required to make payments to an external provider each year. The amount of the payments is in line with standard market practice.

Fringe benefits

The company provides each member of the Management Board with a company car for private use. In addition, Management Board members are included in the company's D & O insurance, and the company reimburses 50% of the expenses for health and long-term care insurance up to a maximum of the expenses the company would have to pay if an employment relationship under social security law existed. The company also takes out accident insurance (private and occupational accident) for the members of the Management Board at its own expense.

Variable remuneration components

The performance indicators used to measure the short-term and long-term variable remuneration components are derived from NORMA Group's company strategy and are based on a three- or four-year observation period. The variable remuneration of the Management Board consists of the following components:

Short-Term Incentive, STI

The STI is a performance-based bonus that takes the absolute performance indicator adjusted EBIT (earnings before interest and taxes, adjusted for acquisitions) of NORMA Group, on the one hand, and, on the other hand, the relative total shareholder return (TSR) of NORMA Group SE in relation to a peer group into account. The payout amount of STI is calculated from a starting value and an adjustment to the target achievement of the TSR in the grant year. The calculation is shown in the following formula:

$$\text{Payout amount} = \text{Initial value} \times (\text{average adjusted EBIT} \times \text{individual STI percentage}) \times \text{TSR adjustment factor}$$

The initial value results from multiplying the average EBIT, adjusted for acquisitions, in the fiscal year for which the STI is granted and the two fiscal years preceding the grant year (arithmetic mean) by the individual STI percentage specified in the service contract. The individual STI percentage is 0.33% for the Chairman and 0.22% for the other members of the Management Board. In a second step, this initial value is then multiplied by the TSR adjustment factor, and the result represents the payout amount. The TSR is defined as the percentage change in the stock market price during the grant year, including notionally reinvested dividends and all capital measures. In other words, the TSR is a measure of how the value of a share investment has developed over a period of time and takes into account both dividends accrued during the period and any share price increases that may have occurred. In the current remuneration system, the share yield is taken into account as a relative performance factor. The TSR adjustment factor is determined by measuring the TSR development (share price and dividend development) of NORMA Group SE in relation to the TSR development of the companies in the peer group during the grant fiscal year. Depending on the results of the comparison, the starting value of the STI is adjusted upwards by 20% if a position in the peer group is reached above the 75th percentile and downwards by 20% if a position in the peer group is reached below the 25th percentile; the TSR adjustment factor is thus limited to the range of 0.8 to 1.2. The peer group currently consists of the following 15 listed companies with a size, structure and industrial sector comparable to NORMA Group: Bertrandt AG, Deutz AG, DMG Mori AG, ElringKlinger AG, Gerresheimer AG, Jungheinrich AG, König & Bauer AG, Leoni AG, SAF-Holland S.A., Schaeffler AG, SGL Carbon SE, Stabilus S.A., Vossloh AG, Wacker Neuson SE and Washtec AG. The Supervisory Board is entitled to adjust the peer group for future assessment periods before the beginning of the respective assessment period.

The payment amount (= base value x TSR adjustment factor) is limited to a maximum of 180% of the basic annual salary; the initial value (= average adjusted EBIT x individual STI percentage rate) is limited to a maximum of 150% of the fixed annual salary. The short-term variable remuneration for the past fiscal year is to be paid out the following year after approval of the Consolidated Financial Statements by the Supervisory Board. If the Management Board member did not work for the company for a full twelve months in a fiscal year, the annual bonus will be reduced accordingly.

All claims to the STI from a current fiscal year lapse without replacement or remuneration if the Management Board member's service contract ends as a result of extraordinary termination by the company for good cause attributable to the Management Board member in accordance with Section 626 of the German Civil

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Code (BGB), the appointment of the Management Board member is revoked due to gross breach of duty and/or the appointment of the Management Board member ends as a result of resignation from office without the resignation being caused by a breach of duty by the company or health impairments of the Management Board member or of a close family member ('bad leaver cases'). In the event of extraordinary events or developments, e. g. the acquisition or sale of part of the company, the Supervisory Board is entitled to adjust the plan conditions of the STI temporarily and appropriately at its reasonable discretion. The same applies if changes in the accounting standards applicable to the company have a material impact on the parameters used to calculate the STI and in the event that a fiscal year comprises less than twelve months (short fiscal year).

The following table provides an overview of the short-term variable remuneration in 2021:

Annual bonus						T043
	Assessment basis	% rate	TSR factor (0.8 – 1.2)	Calculation	Payout Cap	
Dr. Michael Schneider	Adjusted EBIT of the last three years (arithmetic mean)	0.33%	0.80	EUR 94.0 million x 0.33% x 0.8 = EUR 0.25 million	180% of the fixed salary	
Dr. Friedrich Klein	Adjusted EBIT of the last three years (arithmetic mean)	0.22%	0.80	EUR 94.0 million x 0.22% x 0.8 = EUR 0.17 million	180% of the fixed salary	
Annette Stieve	Adjusted EBIT of the last three years (arithmetic mean)	0.22%	0.80	EUR 94.0 million x 0.22% x 0.8 = EUR 0.17 million	180% of the fixed salary	

The TSR factor is 0.80 as the 9th percentile was reached in 2021.

Long-term variable remuneration, LTI

The long-term variable remuneration consists of two components, the NORMA Value Added LTI (NOVA LTI) and the Environmental, Social and Governance LTI (ESG LTI).

• NOVA LTI

The NOVA LTI is granted in the form of a backward-looking performance cash plan in annual tranches, supplemented by a share purchase and share retention obligation. The Management Board members are granted a tranche from the Performance Cash Plan on January 1 of each grant fiscal year. Each tranche of the Performance Cash Plan has a term of three years and covers the grant fiscal year and the two fiscal years preceding the grant fiscal year ('performance period'). The relevant performance criterion for the LTI is the average adjusted NORMA Value Added ('NOVA') during the three-year performance period. The amount to be paid out under the LTI is calculated by multiplying the individual LTI percentage defined in the service contract by the average adjusted NOVA during the performance period. The individual LTI percentage is 1.5% for the Chairman and 1.0% for ordinary Management Board members.

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The annual increase in value is calculated according to the following formula:

$$\text{NORMA Value Added} = (\text{adjusted EBIT} \times (1 - t)) - (\text{WACC} \times \text{capital employed})$$

The calculation of the first component is based on the adjusted Group earnings before interest and taxes (adjusted NORMA Group EBIT) of the fiscal year and the average corporate tax rate. The second component is calculated from NORMA Group's weighted average cost of capital (WACC) multiplied by the capital employed. The weighted average cost of capital (WACC) is derived from the following assumptions:

Assumptions for the calculation of the WACC		T044
in %	2021	2020
Risk-free interest rate	0.10	-0.20
Market risk premium	7.50	7.50
Beta factor of NORMA Group	0.89	1.27
Cost of equity rate	9.62	10.23
Borrowing cost rate after taxes	1.46	1.78
WACC after taxes	7.03	7.85

The base interest rate is derived from the interest rate structure data of the Deutsche Bundesbank (three-month average: October 1 to December 31, 2021). The market risk premium represents the difference between the expected return of a risky market portfolio and the risk-free interest rate. NORMA Group relies on the recommendation of the Institute of Public Auditors in Germany (IDW) to determine this. The beta factor represents the individual risk of a share compared to a market index. It is initially determined as the average value of the non-leveraged beta factors of the comparable companies (peer group) and subsequently adjusted to the individual capital structure of NORMA Group. The cost of equity is the sum of the following three components: the risk-free interest rate, the weighted country risk of NORMA Group, the product of the market risk premium and the leveraged beta factor of the peer group. The credit spread used for the calculation of the cost of debt capital was determined on the basis of conditions of NORMA Group's current external financing. Invested capital is calculated from Group equity plus net financial liabilities as of January 1 of the fiscal year.

The NOVA LTI is limited to a maximum of 200% of the fixed annual salary for all Management Board members. The company can pay out the amount in cash or in company shares. If it is paid in cash, the Management Board members are obliged to purchase shares in the company for an amount equivalent to 75% of the net amount paid out and to hold these shares for a period of four years (share purchase and shareholding obligation). The Supervisory Board of the company may decide at its reasonable discretion to issue shares in the company in whole or in part in lieu of a cash payment. If the company issues shares in the company rather than a cash payment, the members of the Management Board are likewise obliged to hold 75% of the issued shares in their ownership for four years. Regardless of whether the company makes the payout in cash or shares, 75% of the net payout under the NOVA LTI must be invested in company shares and held in ownership for a period of four years. The NOVA LTI is paid out in the following year after approval of the Consolidated Financial Statements by the Supervisory Board, irrespective of the type of payment (cash or in shares of the company). After termination of the service agreement, the retention obligation generally continues until twelve months after the legal end of the service agreement unless the four-year retention period has expired beforehand.

The cases described with regard to the STI for a departure during a current performance period apply accordingly. In the event of extraordinary events or developments, e. g., in the event of an acquisition or the sale of part of the company, the Supervisory Board is entitled to temporarily adjust the plan conditions of the LTI as appropriate in its reasonable discretion. The same applies if changes in the accounting standards applicable to the company have a significant impact on the parameters used to calculate the LTI and in the event that a fiscal year comprises less than twelve months (short fiscal year).

The following table provides an overview of the NOVA LTI in fiscal year 2021 (no bonus is granted due to a negative NOVA value):

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NOVA bonus / LTI

T045

	Assessment basis	% rate	Calculation	Cap	Acquisition of shares / payment
Dr. Michael Schneider	NOVA of the last three years (arithmetic mean)	1.50%	EUR 0.00 million (due to a negative NOVA value)	200% of the fixed annual salary	75% / 25%
Dr. Friedrich Klein	NOVA of the last three years (arithmetic mean)	1.00%	EUR 0.00 million (due to a negative NOVA value)	200% of the fixed annual salary	75% / 25%
Annette Stieve	NOVA of the last three years (arithmetic mean)	1.00%	EUR 0.00 million (due to a negative NOVA value)	200% of the fixed annual salary	75% / 25%

The calculation of the NOVA value is explained in the following table:

Calculation of the NOVA value

T046

Year	Adjusted EBIT	Tax rate	WACC	Invested capital	Annual increase in value
2019 ¹	122,928	27.1%	7.89%	1,037,411	7,686
2020	45,290	20.3%	7.85%	1,050,272	-46,393
2021	113,760	28.6%	7.03%	927,868	15,969
∅					-7,580

¹ The normalized expenses for the rightsizing program were not included in the calculation basis for 2019, resulting in deviations from the figures reported in the reported in the Annual Report 2019.

• ESG-LTI

In addition to the NOVA LTI, the ESG LTI is the second component of long-term variable remuneration. The ESG LTI is a variable remuneration element in the form of a forward-looking performance cash plan in annual tranches, supplemented by a share purchase and shareholding obligation for members of the Management Board. Each tranche of the ESG LTI has a term of four years. A tranche begins on January 1 of the grant fiscal year and ends at the end of December 31 of the third year following the grant fiscal year ('ESG performance period'). The amount paid out under the ESG LTI depends on the achievement of environmental, social and governance targets ('ESG targets'). ESG targets may include reducing greenhouse gas emissions, increasing employee satisfaction, increasing customer satisfaction, reducing workplace accidents, and increasing sustainability, for example.

The target amount of the ESG LTI is 20% of the fixed annual salary. The payout amount is capped at 100% of the target amount. The payout amount under the ESG LTI is due for payment at the end of the month following the month in which the Supervisory Board has approved the company's Consolidated Financial Statements for the grant year. The company may pay the amount payable under the ESG LTI in cash or in company shares. In the case of cash payment, the Management Board members are obliged to purchase shares in the company for the entire net amount paid out and to hold these shares for a period of one year ('share purchase and shareholding obligation'). The company's Supervisory Board may decide at its reasonable discretion to issue shares in the company in whole or in part in lieu of a cash payment. In this case, too, the Management Board members are obliged to hold 100% of the shares issued for one year. As a result, 100% of the net payout amount from the ESG bonus must be invested in the company's shares and be held in ownership for a period of one year.

The cases described with regard to the STI for a departure during a current performance period apply accordingly. In the event of extraordinary events or developments, e. g. the acquisition or sale of part of a company, the Supervisory Board is entitled to temporarily adjust the plan conditions of the ESG LTI as appropriate in its reasonable discretion. The same applies if changes in the accounting standards applicable to the company have a material impact on the parameters used to calculate the ESG LTI or if a fiscal year comprises fewer than twelve months (short fiscal year).

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Disclosure of shares and stock options granted or promised within the meaning of Sec. 162 (1) no. 3 German Stock Corporation Act (AktG) under Long-Term Incentives (LTI)

The following table provides an overview of the shares granted:

Shares in blocked securities account (number)

T047

		Balance at the beginning of the fiscal year	Shares granted in the fiscal year	Retention period expired in the fiscal year	Balance at the end of the fiscal year	Current retention period
Dr. Michael Schneider	NOVA LTI 2014 – 2016 (Payout in 2017)	828	–	828	0	–
	NOVA LTI 2015 – 2017 (Payout in 2018)	792	–	–	792	March 2022
	NOVA LTI 2016 – 2018 (Payout in 2019)	1,784	–	–	1,784	March 2023
	NOVA LTI 2017 – 2019 (Payout in 2020)	2,158	–	–	2,158	March 2024
	NOVA LTI 2018 – 2020 (Payout in 2021)	–	852	–	852	May 2025
Dr. Friedrich Klein	NOVA LTI 2016 – 2018 (Payout in 2019)	500	–	–	500	June 2023
	NOVA LTI 2017 – 2019 (Payout in 2020)	1,175	–	–	1,175	May 2024
	NOVA LTI 2018 – 2020 (Payout in 2021)	–	810	–	810	May 2025
Annette Stieve (since October 1, 2020)	NOVA LTI 2018 – 2020 (Payout in 2021)	–	153	–	153	July 2025

The acquisition of shares from the ESG LTI will only take place in the future; therefore, these shares will only be shown in the future.

Matching Stock Program MSP (applicable solely to former members of the Management Board)

For members of the Management Board who were appointed to the Management Board before 2015 – these members of the Management Board left the Board of Management in fiscal year 2019 at the latest – tranches of share-based compensation (allocation in 2015, 2016 and 2017) were granted. The compensation is composed according to the following parameters:

Matching Stock Program (MSP) at the time of allotment

T048

Tranches	Option factor	Number of options	Exercise price (EUR)	End of retention period
2017	1.5	128,928	41.60	2021
2016	1.5	128,928	46.62	2020
2015	1.5	128,928	44.09	2019

The Matching Stock Program (MSP) provided a share price-based long-term incentive to commit to the success of the company. The MSP was a share-based option right. For this purpose, the Supervisory Board specified a number of stock options to be allotted each fiscal year with the reservation that the Management Board member makes a corresponding personal investment in the company. The MSP was split into different tranches. The first tranche was allotted on the day of the initial public offering of NORMA Group (April 8, 2011). The other tranches were allotted on March 31 each following year, whereby the last allotment took place on March 31, 2017 (no allotment in fiscal years 2018 until 2021). The stock options related to those shares allotted or acquired and qualified in accordance with the MSP stipulated in the Management Board contract. The number of stock options is calculated by multiplying the number of qualified shares held on the grant date (for the years 2015 to 2017, 85,952 shares per year) by the option factor determined by the Supervisory Board. The option factor was or is recalculated for each tranche and amounts or amounted to 1.5 for each of the tranches in 2015, 2016 and 2017. 128,928 shares are or were to be taken into account in fiscal years 2015, 2016 and 2017. Each tranche was or will be recalculated taking into account

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changes in the influencing factors and was settled pro rata temporis over the retention period. The retention period was and continues to be four years and ended on March 31, 2019, 2020 and 2021 for the 2015, 2016 and 2017 tranches. Exercise of the options of a tranche can take place only within an exercise period of two years after the end of the retention period. As a prerequisite for exercise, the share price at the time of exercise (basis: weighted average of the last ten stock exchange trading days before exercise) must be above the relevant exercise hurdle. The exercise hurdle is determined by the Supervisory Board when the respective tranche is allocated and amounts to at least 120% of the exercise price. The exercise hurdle was set at 120% of the exercise price for the 2015, 2016 and 2017 tranches. The exercise price of the tranches is determined on the basis of the weighted average of the closing prices of the company's shares on the last 60 trading days immediately preceding the allocation of the respective tranche. Dividend payments by the Company during the holding period are deducted from the exercise price of the respective tranche. The value of the stock option is calculated on the basis of valuation models recognized by business management. The company is free to decide at the time of exercise whether the option will be settled in shares or in cash. However, based on the history, it is still assumed that compensation will be paid in cash.

The option for the 2015 tranche was not exercised and therefore expired on March 31, 2021. The option for the 2017 tranche was exercised in 2021 (Werner Deggim on May 27, 2021 and Bernd Kleinhens on June 8, 2021) and the following amounts were paid out: Werner Deggim EUR 133 thousand and Bernd Kleinhens EUR 232 thousand. Lastly, the 2016 tranche remains, which can be exercised up until March 31, 2022, and otherwise expires.

Remuneration of the Management Board in fiscal year 2021

The remuneration of the Management Board for fiscal year 2021 is disclosed for the first time in accordance with Section 162 of the German Stock Corporation Act (AktG) and, for reasons of continuity, in accordance with the recommendations of the German Corporate Governance Code (GCGC).

Remuneration of the Management Board in fiscal year 2021 in accordance with Section 162 of the German Stock Corporation Act (AktG)

The remuneration granted and owed to the members of the Management Board breaks down as follows:

Management Board remuneration granted and owed pursuant to Sec. 162 (1) sentence 2 no. 1 German Stock Corporation Act (AktG)

T049

	Dr. Michael Schneider		Dr. Friedrich Klein		Annette Stieve (since Oct 1, 2020)				Total					
	2021		2020		2021		2020		2021		2020			
	in EUR thousands	in %	in EUR thousands	in %	in EUR thousands	in %	in EUR thousands	in %	in EUR thousands	in %	in EUR thousands	in EUR thousands		
Type of remuneration														
Fixed remuneration	600		585		396		386		396		99		1,392	1,070
Fringe benefits	30		29		11		11		16		3		57	43
Total	630	71.8	614	54.0	407	71.2	397	54.5	412	71.4	102	57.3	1,449	1,113
One-year variable remuneration (STI)	248		422		165		281		165		70		578	773
Multi-year variable remuneration:														
NOVA LTI	0		102		0		51		0		6		0	159
ESG LTI	-		-		-		-		-		-		-	-
Total	248	28.2	524	46.0	165	28.8	332	45.5	165	28.6	76	42.7	578	932
Total remuneration	878	100.0	1,138	100.0	572	100.0	729	100.0	577	100.0	178	100.0	2,027	2,045

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The variable remuneration (STI, NOVA LTI and ESG LTI) is presented as granted and owed in the fiscal year in which the activity on which the remuneration is based was performed in full in accordance with Section 162 (1) sentence 2 no. 1 German Stock Corporation Act (AktG). For example, the NOVA LTI for the 2019 – 2021 performance period is presented as granted and owed in fiscal year 2021 (but no bonus is granted in fiscal year 2021 due to a negative NOVA value).

The benefits promised to the Management Board members in the event of regular termination of their service (cf. Art. 162 par. 2 no. 3 German Stock Corporation Act (AktG)) are divided among the individual members of the Management Board as shown in the following table.

Overview of the promised pensions of the Board members T050

in EUR thousands	Dr. Michael Schneider		Dr. Friedrich Klein		Annette Stieve (since October 1, 2020)		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
Present value of pension	3,721	2,875	1,111	703	–	–	4,832	3,578
Expended amount	846	1,032	407	336	165	38	1,418	1,406

The present value of all pension obligations to former members of the Management Board and their surviving dependents amounted to EUR 923 thousand as of December 31, 2021 (2020: EUR 817).

Compliance with the maximum remuneration

The total remuneration to be granted for a fiscal year (total of all remuneration amounts granted for the fiscal year in question, including the fixed annual salary, variable remuneration components, pension expenses (service costs) and fringe benefits) of the members of the Management Board – irrespective of whether it is paid out in this fiscal year or at a later date – is capped in absolute terms

('maximum remuneration'). The fixed maximum remuneration amounts to EUR 3,900,000 for the Chairman of the Management Board and EUR 2,500,000 for each of the other members of the Management Board. In accordance with Section 162 (1) sentence 2 no. 7 of the German Stock Corporation Act (AktG), an explanation must be provided of how the maximum remuneration of the members of the Management Board was complied with. The following table shows that the total remuneration granted and owed to the members of the Management Board is in each case below the maximum remuneration (positive sign in the 'Difference' line):

Compliance with the maximum remuneration pursuant to Sec. 162 (1) sentence 2 no. 7 German Stock Corporation Act (AktG) T051

Remuneration in EUR thousands	Dr. Michael Schneider		Dr. Friedrich Klein		Annette Stieve (since October 1, 2020)	
	2021	2020	2021	2020	2021	2020
Maximum remuneration	3,900	3,900	2,500	2,500	2,500	625
Total remuneration	1,724	2,170	979	1,065	742	216
Difference	2,176	1,730	1,521	1,435	1,758	409

Remuneration of the Management Board for fiscal year 2021 in accordance with the German Corporate Governance Code

For reasons of continuity, this Remuneration Report adheres to the presentation in accordance with the model tables of the German Corporate Governance Code as amended on February 7, 2017 (GCGC 2017 for short), even though this presentation is no longer mandatory. In deviation from Section 162 of the German Stock Corporation Act (AktG), the remuneration of the Management Board is broken down according to whether it was granted in the reporting year or received in or for the reporting year and is presented as follows:

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GCGC: Remuneration granted to the Management Board

T052

	Dr. Michael Schneider				Dr. Friedrich Klein				Annette Stieve (since Oct 1, 2020)				Total			
	2021	2021 (Min)	2021 (Max)	2020	2021	2021 (Min)	2021 (Max)	2020	2021	2021 (Min)	2021 (Max)	2020	2021	2021 (Min)	2021 (Max)	2020
in EUR thousands	2021	(Min)	(Max)	2020	2021	(Min)	(Max)	2020	2021	(Min)	(Max)	2020	2021	(Min)	(Max)	2020
Fixed remuneration	600	600	600	585	396	396	396	386	396	396	396	99	1,392	1,392	1,392	1,070
Fringe benefits	30	30	30	29	11	11	11	11	16	16	16	3	57	57	57	43
Total	630	630	630	614	407	407	407	397	412	412	412	102	1,449	1,449	1,449	1,113
One-year variable remuneration	534	0	1,080	534	356	0	713	356	356	0	713	89	1,246	0	2,506	979
Multi-year variable remuneration	862	0	1,200	862	575	0	792	575	575	0	792	144	2,012	0	2,784	1,581
Total	1,396	0	2,280	1,396	931	0	1,505	931	931	0	1,505	233	3,258	0	5,290	2,560
Pension expenses	657	657	657	543	392	392	392	389	165	165	165	38	1,214	1,214	1,214	970
Total remuneration	2,683	1,287	3,567	2,553	1,730	799	2,304	1,717	1,508	577	2,082	373	5,921	2,663	7,953	4,643

The allocation table does not show the remuneration actually paid. It shows the target values of the respective remuneration components and their theoretically possible minimum and maximum values for 2021. The defined expected and target values provide the indication required by the GCGC of what would be paid out if the targets (EBIT, NOVA and ESG) were to be achieved as planned or typically expected. If the targets are not actually achieved, the payout is correspondingly lower. This is shown in the following table.

Inflow from Management Board member remuneration (GCGC) T053

	Dr. Michael Schneider		Dr. Friedrich Klein		Annette Stieve (since Oct 1, 2020)		Total	
	2021	2020	2021	2020	2021	2020	2021	2020
in EUR thousands	2021	2020	2021	2020	2021	2020	2021	2020
Fixed remuneration	600	585	396	386	396	99	1,392	1,070
Fringe benefits	30	29	11	11	16	3	57	43
Total	630	614	407	397	412	102	1,449	1,113
One-year variable remuneration	248	420	165	280	165	70	578	770
Multi-year variable remuneration								
NOVA LTI	0	100	0	70	0	18	0	188
Total	248	520	165	350	165	88	578	958
Pension expense	657	543	392	389	165	38	1,214	970
Total remuneration	1,535	1,677	964	1,136	742	228	3,241	3,041

No remuneration has been paid to former members of the Management Board – with the exception of the above-mentioned MSP – since fiscal year 2020.

Remuneration of the Supervisory Board

Remuneration system for the members of the Supervisory Board

The remuneration system for the members of the Supervisory Board has been slightly modified compared to previous years and was approved by the Annual General Meeting on May 20, 2021. The remuneration system is intended to contribute to the promotion of the business strategy and the long-term development of NORMA Group. The Supervisory Board remuneration takes into account the requirements of the office of a Supervisory Board member of NORMA Group SE, in particular the associated time commitment and responsibility, both in terms of its structure and amount.

The remuneration is commensurate with the tasks of the Supervisory Board members and the situation of NORMA Group and its amount is comparable to the remuneration of the Supervisory Board members of comparable listed companies. The remuneration makes it possible to recruit appropriate and qualified candidates for the office as a member of the Supervisory Board. In this way, the Supervisory Board remuneration contributes to the Supervisory Board as a whole being able to perform its duties of monitoring and advising the Management Board properly and competently. The limitation on fixed remuneration also takes these duties of

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the Supervisory Board into account. The limitation provides an incentive for the members of the Supervisory Board to appropriately scrutinize the management of the company by the Management Board in the performance of their supervisory and advisory duties without being primarily oriented towards the development of key operating figures. Together with the Management Board, the Supervisory Board thus promotes the business strategy and the long-term development of NORMA Group. The limitation to fixed remuneration also complies with suggestion G.18 sentence 1 of the German Corporate Governance Code as amended on December 16, 2019.

Remuneration components

The remuneration of the members of the Supervisory Board consists of fixed remuneration; this amounts to EUR 100,000 per fiscal year for the Chairperson of the Supervisory Board, EUR 75,000 for the Deputy Chairperson of the Supervisory Board, and EUR 50,000 for each other member of the Supervisory Board. In addition, the Chairpersons of the Audit Committee and the General and Nomination Committee each receive remuneration of EUR 25,000 per fiscal year, and the Chairpersons of other committees receive remuneration of EUR 15,000. Members of a Supervisory Board committee receive additional annual remuneration of EUR 10,000 per committee, up to a maximum of EUR 20,000 per fiscal year for committee membership ('maximum amount'). This maximum amount does not take into account additional remuneration for chairing committees. Remuneration for committee membership is granted in addition to any remuneration for chairing committees. Against this backdrop, the remuneration of Supervisory Board members also complies with Recommendation G.17 of the German Corporate Governance Code as amended on December 16, 2019, according to which the higher time commitment of the Chairperson and Vice Chairperson of the Supervisory Board as well as the Chairperson and members of committees should be appropriately taken into account. The fixed annual remuneration is reduced pro rata temporis if a member does not belong to the Supervisory Board or a committee for the full fiscal year or does not hold a chair or deputy chair position for the full fiscal year.

In addition, the members of the Supervisory Board receive an attendance fee of EUR 1,000 for each attendance at a meeting of the Supervisory Board. Committee members also receive an attendance fee of EUR 1,000 for each attendance of a meeting of the respective committee. For several meetings of the same body (the full Supervisory Board or the respective committee of the Supervisory Board) held on the same day, the attendance fee is paid only once.

Furthermore, the members of the Supervisory Board are included in a pecuniary loss liability insurance for members of the corporate bodies and certain executives ('D & O insurance') maintained by NORMA Group SE. NORMA Group SE reimburses any value-added tax payable on the remuneration and expenses of the members of the Supervisory Board.

Procedures for establishing, implementing and reviewing the remuneration system

The Annual General Meeting sets the remuneration of the Supervisory Board at the proposal of the Management Board and Supervisory Board in the Articles of Association or by resolution. The Supervisory Board remuneration was determined by resolution of the Annual General Meeting on May 20, 2021.

Pursuant to Section 113 (3) of the German Stock Corporation Act (AktG) as amended by the ARUG II, the Annual General Meeting must resolve on the remuneration system for the members of the Supervisory Board at least every four years. In preparation for the resolution of the Annual General Meeting, the Management Board and the Supervisory Board each review whether the Supervisory Board remuneration, in particular with regard to its amount and structure, continues to be in the interest of NORMA Group SE and is appropriate. For this purpose, the Supervisory Board may also conduct a horizontal market comparison. If necessary, the Management Board and the Supervisory Board shall propose an appropriate adjustment of the remuneration to the Annual General Meeting. The General and Nomination Committee can prepare the deliberations and resolutions of the Supervisory Board on Supervisory Board remuneration.

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Remuneration of the Supervisory Board for fiscal year 2021

The remuneration for Supervisory Board activities for fiscal year 2021 is payable on the day after the Annual General Meeting in 2022 as follows:

Remuneration granted and owed pursuant to Sec. 162 (1) sentence 2 no. 1 German Stock Corporation Act (AktG)

T054

Type of remuneration	Günter Hauptmann				Rita Forst				Miguel Ángel López Borrego (since March 16, 2021)				Dr. Knut J. Michelberger			
	2021		2020		2021		2020		2021		2020		2021		2020	
	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in EUR thou- sands	in EUR thou- sands	
Fixed remuneration	125	94.7	95	100.0	75	92.6	64	100.0	47	83.9	n/a	n/a	95	89.6	95	100.0
Attendance fees	7	5.3	0	0.0	6	7.4	0	0.0	9	16.1	n/a	n/a	11	10.4	0	0.0
Total remuneration	132	100.0	95	100.0	81	100.0	64	100.0	56	100.0	n/a	n/a	106	100.0	95	100.0

Type of remuneration	Erika Schulte				Mark Wilhelms				Lars M. Berg (until August 31, 2020)				Total	
	2021		2020		2021		2020		2021		2020		2021	2020
	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in %	in EUR thou- sands	in EUR thou- sands
Fixed remuneration	95	91.3	95	100.0	70	86.4	63	100.0	n/a	n/a	73	100.0	507	485
Attendance fees	9	8.7	0	0.0	11	13.6	0	0.0	n/a	n/a	0	0.0	53	0
Total remuneration	104	100.0	95	100.0	81	100.0	63	100.0	n/a	n/a	73	100.0	560	485

The values in the '2020' columns relate analogously to the remuneration for fiscal year 2020, which was paid in fiscal year 2021.

No remuneration was paid to members of the Supervisory Board in fiscal year 2021 for services provided personally (in particular consulting and mediation services). In addition, the Supervisory Board is reimbursed for reasonable expenses and travel costs incurred in connection with the performance of its official duties for the company within the framework of the guidelines applicable at the company in each case. For the D & O insurance taken out for the Management Board and the Supervisory Board of NORMA Group SE, the statutory deductible of 10% of the damage amount, up to a limit of 1.5 annual salaries, is borne privately by the members of the Supervisory Board or insured privately.

Comparative presentation of the annual change within the meaning of Sec. 162 (1) sentence 2 no. 2 German Stock Corporation Act (so-called vertical comparison)

The provision of Art. 162 par. 1 sentence 2 no. 2 German Stock Corporation Act (AktG) requires a comparative presentation of the annual change in the remuneration of the Management Board and the Supervisory Board, the earnings performance of the company and the average remuneration of employees on a full-time equivalent basis. The annual change was determined as follows:

- The company's earnings development was based on the annual result according to the income statement. As NORMA Group SE is the parent company of the Group and the variable remuneration of the Management Board

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is based, among other parameters, on Group earnings (e. g. adjusted Group EBIT). This parameter was also included in the comparative presentation.

- In order to determine the change in the average remuneration of employees on a full-time equivalent basis, reference was made on the one hand to the total workforce in Germany (excluding the Management Board) and on the other hand to employees covered by collective bargaining agreements in Germany, as this data is comparable with the other remuneration due to the legal and social security framework conditions.
- For the sake of completeness, it should be mentioned that the remuneration data for 2020 was impacted by both short-time working and salary sacrifices by executives.

The following annual changes result for the years 2019 to 2021:

Comparative presentation of the annual change (so-called vertical comparison) pursuant to Sec. 162 (1) sentence 2 no. 2 German Stock Corporation Act (AktG)

T055

Group of persons / yield variables	Change from 2021 to 2020	Change from 2020 to 2019
Members of governing bodies in office as of Dec 31, 2021		
a) Management Board		
Dr. Michael Schneider	- 20.6%	21.2%
Dr. Friedrich Klein	- 8.1%	- 13.3%
Annette Stieve (since October 1, 2020)	243.5%	n / a
b) Supervisory Board		
Günter Hauptmann	38.8%	26.6%
Rita Forst	27.0%	6.3%
Miguel Ángel López Borrego (since March 16, 2021)	n / a	n / a
Dr. Knut J. Michelberger	11.6%	0.0%
Erika Schulte	9.5%	4.2%
Mark Wilhelms	29.6%	11.4%
Former Board members		
a) Supervisory Board		
Lars M. Berg (until August 31, 2020)	n / a	- 33.3%
Earnings indicators		
Annual result for NORMA Group SE	698.9%	- 69.7%
adjusted EBIT NORMA Group [Group]	151.3%	- 66.7%
Average remuneration of employees on a full-time equivalent basis		
Total workforce in Germany (excluding the Management Board)	8.4%	- 2.4%
Pay scale employees in Germany	8.9%	- 5.4%

Other Legally Required Disclosures

An overview of the information required under section 315a paragraph 1 and Section § 289a paragraph 1 of the German Commercial Code (Handelsgesetzbuch, HGB) is presented below:

NORMA Group SE's share capital totaled EUR 31,862,400.00 on December 31, 2021. This is divided into 31,862,400 registered shares with no par value. Each share entitles the bearer to one vote. There are no other classes of shares. NORMA Group SE holds no treasury shares.

The Management Board of NORMA Group SE is not aware of any restrictions affecting voting rights or the transfer of shares or any agreements between shareholders which could result in such restrictions.

There are no direct or indirect capital holdings exceeding one tenth of the voting rights other than those voting rights listed in the Notes to the Consolidated Financial Statements.

There are no shares in NORMA Group SE that confer special control rights to the holder.

There are no employee share plans through which employees can acquire shares of NORMA Group SE. Employees with shareholdings in NORMA Group SE exercise control rights in the same way as other shareholders in accordance with applicable legislation and the Articles of Association.

Management Board members are appointed and dismissed in accordance with Section 84 et seq. of the German Stock Corporation Act (Aktengesetz, AktG). The Articles of Association of NORMA Group SE do not contain any provisions related to this issue that contradict the applicable legislation. The Supervisory Board is responsible for determining the concrete number of members on the Management Board. It can nominate a Chairman and Vice Chairman of the Management Board or a Management Board spokesperson and a deputy spokesperson.

Changes to the Articles of Association are to be decided on by the Annual General Meeting in accordance with Section 179 (1) AktG. In accordance with Section 179 (1) sentence 2 AktG, the Annual General Meeting can authorize the Supervisory Board to make changes which affect only the wording of the Articles of Association. The Annual General Meeting of NORMA Group SE has chosen to do so:

According to Article 14 (2) of the Articles of Association, the Supervisory Board is authorized to make changes to the Articles of Association which only affect their wording. In accordance with Article 20 sentence 3 of the Articles of Association, a simple majority of votes submitted is sufficient for a resolution on changing the Articles of Association if at least half of the share capital is represented when the resolution is adopted and a different majority is not required under the law.

The Supervisory Board is authorized to amend the wording of sections 4 and 5 of the Articles of Association in line with the issue of new shares from Authorized Capital 2020 and, if Authorized Capital 2020 has not been used or not used in full by June 29, 2025, after expiry of the authorization.

The Supervisory Board is authorized to amend the wording of Articles 4 and 6 of the Articles of Association to reflect the issue of new shares from the Authorized Capital 2020. The same shall apply insofar as the authorization to issue convertible bonds, bonds with warrants and / or profit participation rights with or without conversion or option rights or conversion or option obligations in accordance with the resolution of the Annual General Meeting of June 30, 2020 is not exercised during the term of the authorization or the corresponding option or conversion rights or option or conversion obligations lapse due to the expiry of exercise periods or in any other way.

Shares may be redeemed without the redemption or its implementation requiring a further resolution by the Annual General Meeting. The retirement of shares generally leads to a reduction in capital. However, the Executive Board may, in derogation of this, determine that the capital stock shall remain unchanged upon redemption and that instead the redemption shall increase the proportion of the capital stock represented by the remaining shares in accordance with Art. 8 par. 3 AktG. In this case, the Executive Board and Supervisory Board are authorized to adjust the number of shares stated in the Articles of Association.

Authorized capital

In accordance with the resolution passed at the Annual General Meeting on June 30, 2020, the Management Board is authorized, with the Supervisory Board's consent, to increase the company's share capital once or repeatedly by up to a total of EUR 3,186,240 on or before June 29, 2025 (including that day) by issuing up to 3,186,240 new registered shares against cash and / or non-cash contributions

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(Authorized Capital 2020). The Management Board is authorized, with the Supervisory Board's consent, to exclude shareholders' subscription rights wholly or in part, once or repeatedly, in certain cases for capital increases under the Authorized Capital.

Conditional capital

In accordance with the resolution passed by the Annual General Meeting on June 30, 2020, the Management Board is authorized, with the Supervisory Board's consent, to issue once or repeatedly on or before June 29, 2025 (including that day) bearer or registered convertible bonds and / or bonds with warrants and / or participation rights carrying a conversion or option right and / or conversion or option obligation (or a combination of these instruments) in a total nominal amount of up to EUR 200,000,000 with or without a limited maturity term (hereinafter collectively referred to as "bonds" and to grant the creditors of bonds conversion / option rights and / or conversion / option obligations to subscribe to a total of up to 3,186,240 new registered shares of NORMA Group SE with a pro rata amount of the share capital of a total of up to EUR 3,186,240 in accordance with the terms and conditions of the bonds.

The share capital of the company is conditionally increased by up to EUR 3,186,240 through the issuance of up to 3,186,240 new registered shares (Conditional Capital 2020). The purpose of the Conditional Capital 2020 is to issue shares to the creditors of convertible bonds and / or bonds with warrants and / or participation rights carrying a conversion / option right and / or a conversion / option obligation, which will be issued based on the authorizations granted by the Annual General Meeting of the company on June 30, 2020, by NORMA Group SE or companies in which NORMA Group SE directly or indirectly holds a majority of the votes and the capital.

Authorization to acquire treasury shares

Pursuant to the resolution of the Annual General Meeting on June 30, 2020, NORMA Group SE is authorized to acquire up to a total of 10% of the share capital of NORMA Group SE at the time at which the resolution is adopted or – in the event that this value is lower – at the time that the authorization is exercised, for any permissible purpose by June 29, 2025 (including that day). The Management Board is authorized to use shares of the company for any legal purpose. The shareholders' acquisition right to these treasury shares is thereby excluded in certain cases.

NORMA Group SE is authorized to acquire its own shares also by using derivatives such as put options, call options, forward purchases or a combination of these instruments and to conduct corresponding derivative transactions. The acquisition of shares using derivatives is limited to a number of shares that does not exceed a proportionate amount of 5% of the share capital existing at the time of the resolution.

NORMA Group's financing agreements, including the contracts for the promissory notes, include the typical Change of Control Clause. In the event of a takeover by a third party, the possibility that NORMA Group would not be able to finance itself at similarly favorable terms and conditions cannot be ruled out. The service agreements of Dr. Schneider and Dr. Klein also contain a Change of Control clause. In this respect reference is made to the → [REMUNERATION REPORT](#).

Dr. Schneider's and Dr. Klein's Management Board service contracts include a special termination right in the event of a change of control. If their service contracts end due to this special termination right, the company will pay severance compensation when the termination takes effect in the amount of one and a half times the severance cap, but not more than the value of the remuneration for the remaining terms of the service contracts.

Report on Transactions with Related Parties

In fiscal year 2021, there were no reportable transactions with related Parties.

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ORIGINAL NORMA COMPRESSION FITTING PN 16

Enables fast and secure connection of polyethylene hoses for all industrial, commercial or domestic requirements

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in EUR thousands		Note	2021	2020
T056				
Revenue		(8)	1,091,907	952,167
Changes in inventories of finished goods and work in progress			17,479	– 1,797
Other own work capitalized			3,018	3,767
Raw materials and consumables used		(9)	– 499,962	– 417,467
Gross profit			612,442	536,670
Other operating income		(10)	20,407	19,181
Other operating expenses		(11)	– 180,346	– 158,350
Employee benefits expense		(12)	– 284,913	– 298,189
Depreciation and amortization		(18, 19)	– 75,523	– 79,167
Operating profit			92,067	20,145
Financial income			477	456
Financial costs			– 12,887	– 15,221
Financial costs – net		(13)	– 12,410	– 14,765
Profit before income tax			79,657	5,380
Income taxes		(16)	– 23,583	97
Profit for the Period			56,074	5,477
Other comprehensive income for the period, net of tax				
Other comprehensive income that can be reclassified to profit or loss, net of tax			43,700	– 43,598
Exchange differences on translation of foreign operations		(24)	42,916	– 42,976
Cash flow hedges, net of tax		(21, 24)	784	– 622
Other comprehensive income that cannot be reclassified to profit or loss, net of tax			1,198	595
Remeasurements of post-employment benefit obligations, net of tax		(24, 26)	1,198	595
Other comprehensive income for the period, net of tax			44,898	– 43,003
Total comprehensive Income for the Period			100,972	– 37,526
Profit attributable to				
Shareholders of the parent			55,933	5,670
Non-controlling interests			141	– 193
Total comprehensive income attributable to				
Shareholders of the parent			100,837	– 37,642
Non-controlling interests			135	116
(Un)diluted earnings per share (in EUR)		(15)	1.76	0.18

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Assets

in EUR thousands	Note	Dec 31, 2021	Dec 31, 2020
Non-current assets			
Goodwill	(18)	392,745	377,610
Other intangible assets	(18)	212,815	222,649
Property, plant and equipment	(19)	277,685	270,005
Other non-financial assets	(23)	2,209	2,088
Other financial assets		1,135	0
Income tax assets		939	750
Deferred income tax assets	(17)	18,113	18,634
		905,641	891,736
Current assets			
Inventories	(22)	208,008	152,189
Other non-financial assets	(23)	20,366	18,675
Other financial assets	(21)	3,528	2,470
Derivative financial assets	(21)	453	429
Income tax assets		5,610	6,514
Trade and other receivables	(21)	162,009	157,312
Contract assets	(8)	849	270
Cash and cash equivalents	(30)	185,719	185,109
Assets classified as held for sale	(29)	6,043	0
		592,585	522,968
Total assets		1,498,226	1,414,704

Equity and Liabilities

in EUR thousands	Note	Dec 31, 2021	Dec 31, 2020
Equity			
Subscribed capital		31,862	31,862
Capital reserve		210,323	210,323
Other reserves		9,768	-33,938
Retained earnings		416,296	381,063
Equity attributable to shareholders		668,249	589,310
Non-controlling interests		335	200
Total equity	(24)	668,584	589,510
Liabilities			
Non-current liabilities			
Retirement benefit obligations	(26)	15,913	16,542
Provisions	(27)	5,525	14,801
Borrowings	(21)	393,747	387,814
Other non-financial liabilities	(28)	817	495
Contract liabilities	(8)	217	167
Lease liabilities	(20)	22,295	25,727
Derivative financial liabilities	(21)	247	0
Deferred income tax liabilities	(17)	57,590	56,151
		496,351	501,697
Current liabilities			
Provisions	(27)	21,460	23,848
Borrowings	(21)	69,490	90,177
Other non-financial liabilities	(28)	37,686	34,967
Contract liabilities	(8)	427	998
Lease liabilities	(20)	8,520	8,118
Other financial liabilities	(21)	8,407	10,212
Derivative financial liabilities	(21)	1,498	1,419
Income tax liabilities		5,269	5,032
Trade and other payables	(21)	180,534	148,726
		333,291	323,497
Total liabilities		829,642	825,194
Total equity and liabilities		1,498,226	1,414,704

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in EUR thousands		Note	2021	2020
T058				
Operating activities				
Profit for the period			56,074	5,477
Depreciation and amortization		(18, 19)	75,523	79,167
Gain (-) / loss (+) on disposal of property, plant and equipment			373	944
Change in provisions		(26, 27)	- 11,055	26,110
Change in deferred taxes		(17)	- 1,940	- 18,386
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities		(21, 22, 23)	- 46,931	17,209
Change in trade and other payables, which are not attributable to investing or financing activities		(21, 28)	21,899	16,614
Change in reverse factoring liabilities			2,594	- 5,622
Payments for share-based payments			- 365	- 90
Interest expenses in the period			9,847	12,140
Income (-) / expenses (+) due to measurement of derivatives			1,804	- 303
Other non-cash expenses (+) / income (-)		(30)	563	282
Cash flow from operating activities			108,386	133,542
thereof interest received			435	443
thereof income taxes			- 24,621	- 14,390
Investing activities				
Investments in property, plant and equipment and intangible assets		(18, 19)	- 46,648	- 39,418
Proceeds from the sale of property, plant and equipment			1,491	330
Cash flow from investing activities			- 45,157	- 39,088
Financing activities				
Payments for the acquisition of non-controlling interests			0	- 560
Interest paid			- 10,093	- 12,880
Dividends paid to shareholders		(24)	- 22,304	- 1,274
Proceeds from borrowings		(21)	45,006	43,748
Repayment of borrowings		(21)	- 72,926	- 99,977
Proceeds from / repayment of derivatives			- 279	- 14
Repayment of lease liabilities			- 10,497	- 10,012
Cash flow from financing activities			(30)	- 71,093
Net change in cash and cash equivalents			- 7,864	13,485
Cash and cash equivalents at the beginning of the year			185,109	179,721
Effect of foreign exchange rates on cash and cash equivalents			8,474	- 8,097
Cash and cash equivalents at the end of the period			185,719	185,109

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in EUR thousands	Note	Attributable to equity holders of the parent				Total	Non-controlling interests	Total equity
		Subscribed capital	Capital reserve	Other reserves	Retained earnings			
Balance as of Jan 1, 2020 (as reported)		31,862	210,323	9,850	375,843	627,878	1,576	629,454
Result for the period					5,670	5,670	-193	5,477
Exchange differences on translation of foreign operations				-43,285		-43,285	309	-42,976
Cash flow hedges, net of tax	(21)			-622		-622		-622
Remeasurements of post-employment benefit obligations, net of tax	(24, 26)				595	595		595
Total comprehensive income for the period								
Dividends paid	(24)				-1,274	-1,274		-1,274
Acquisition of non-controlling interests	(23)			119	229	348	-1,492	-1,144
Total transactions with owners for the period								
Balance as of Dec 31, 2020		31,862	210,323	-33,938	381,063	589,310	200	589,510
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					55,933	55,933	141	56,074
Exchange differences on translation of foreign operations				42,922		42,922	-6	42,916
Cash flow hedges, net of tax	(21)			784		784		784
Remeasurements of post-employment benefit obligations, net of tax	(24, 26)				1,198	1,198		1,198
Total comprehensive income for the period								
Share-based payment transactions	(25)				406	406		406
Dividends paid	(24)				-22,304	-22,304		-22,304
Total transactions with owners for the period								
Balance as of Dec 31, 2021		31,862	210,323	9,768	416,296	668,249	335	668,584

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General information

1. Group information

NORMA Group SE is the ultimate parent Company of NORMA Group. Its headquarters are located at 63477 Maintal, Edisonstrasse 4, in the vicinity of Frankfurt, Germany, and the Company is registered in the commercial register of Hanau under the number HRB 94473. NORMA Group SE and its affiliated Group subsidiaries operate in the market as 'NORMA Group'.

NORMA Group has been listed in the Prime Standard of Frankfurt Stock Exchange's Regulated Market since April 8, 2011. For a detailed overview of NORMA Group's shareholdings, please refer to the → [APPENDIX TO THE NOTES: 'VOTING RIGHTS'](#).

NORMA Group was established in 2006 as a result of the merger of Rasmussen GmbH and the ABA Group. Rasmussen was founded in 1949 as Rasmussen GmbH in Germany. It manufactured connecting and retaining elements as well as fluid conveying conduits such as monolayer and multilayer tubes and corrugated tubes. All products were marketed globally under the NORMA brand. ABA Group was founded in 1896 in Sweden. The Group has since developed into a leading multinational company specializing in the design and production of hose and pipe clamps, as well as connectors for many worldwide applications.

In past decades, NORMA Group has, driven by its successful acquisitions and continuous technological innovation with products and operations, developed into a Group of companies of global importance.

NORMA Group supplies its customers via two distribution channels:

Engineered Joining Technology – EJT: directly to OEMs
and
Standardized Joining Technology – SJT:
via retailers and sales representatives.

The two distribution channels differ in terms of the degree of specification of the products, while having intersections in production and development.

The area of EJT includes sophisticated, individually customized joining technology and is particularly characterized by close development partnerships with OEMs (original equipment manufacturers). NORMA Group's central development departments and resident engineers work together with the customer on developing solutions for specific industrial challenges. Due to the constant proximity to customers in the area of EJT, NORMA Group's engineers gain comprehensive knowledge and a deep understanding of the various challenges faced by their end markets and customers.

Via its Standardized Joining Technology (SJT), which consists of the two strategic business areas Water Management and Industry Applications, NORMA Group markets a broad range of high-quality, standardized brand products. This also includes various products for stormwater management, irrigation and water infrastructure solutions. In addition to its own global distribution network, the company also relies on multipliers such as sales representatives, retailers and importers. The brands ABA®, Breeze®, Clamp-All®, FISH®, Gemi®, Kimplas®, NDS®, NORMA®, Raindrip®, R.G.RAY®, Serflex®, TRUSTLENE®, CONNECTORS® and TORCA® represent technological know-how, high quality and reliability and meet the technical standards of the countries in which they are sold.

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2. Basis of preparation

The principal accounting policies applied in the preparation of these Consolidated Financial Statements for the fiscal year from January 1, 2021 to December 31, 2021 are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

The Consolidated Financial Statements have been prepared in euros. Unless otherwise indicated, all amounts are stated in thousands of euros (EUR thousands). All amounts have been rounded. Therefore, in individual cases, differences in the order of one thousand euros may arise when adding individual values to the total value.

The Consolidated Financial Statements of NORMA Group have been prepared in accordance with International Financial Reporting Standards and the relevant interpretations as adopted by the EU (IFRS) as well as with the regulations under commercial law as set forth in Section 315e of the German Commercial Code (HGB) for the year ended December 31, 2021.

The Consolidated Statement of Comprehensive Income has been prepared in accordance with the total cost method.

The Consolidated Financial Statements of NORMA Group SE were prepared by the Management Board on March 10, 2022, and are scheduled to be released for publication after approval by the Supervisory Board on March 17, 2022.

The Consolidated Financial Statements of NORMA Group are being filed with and published in the German Federal Gazette (Bundesanzeiger).

The preparation of financial statements in conformity with IFRS requires the Management Board the use of certain accounting estimates. It is also required to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the Consolidated Financial Statements are disclosed in → [NOTE 6 'CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS'](#).

Accounting standards applied for the first time in the current fiscal year

The Group has applied the following standards and amendments for the first time:

- Amendments to IFRS 9 and IFRS 16 due to the "Interest Rate Benchmark Reform – Phase 2"
- Revised IFRS Framework

COVID-19 related rent concessions

In May 2020, the IASB issued COVID-19-Related Rent Concessions – Amendment to IFRS 16 Leases. The amendments introduce an optional practical expedient that simplifies how a lessee accounts for rent concessions that are a direct consequence of COVID-19. A lessee that applies the practical expedient is not required to assess whether eligible rent concessions are lease modifications, and accounts for them in accordance with other applicable guidance. The practical expedient will only apply if:

- the revised consideration is substantially the same or less than the original consideration;
- the reduction in lease payments relates to payments due on or before 30 June 2021; and
- no other substantive changes have been made to the terms of the lease.

In response to the ongoing impact of the COVID-19 pandemic, the IASB amended IFRS 16 Leases on March 31, 2021, to provide a one-year extension of the practical expedient to assist lessees in accounting for COVID 19-related lease concessions. The amendments extend the practical expedient to lease concessions that reduce lease payments originally due on or before June 30, 2022 (previously, only lease concessions that reduce lease payments that are or were due on or before June 30, 2021 were within the scope of the expedient).

The amendments are effective for reporting periods beginning on or after April 1, 2021, with earlier application permitted.

NORMA Group has not made use of the option in the fiscal year and treats lease concessions as a modification under IFRS 16 if necessary.

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The standards and amendments applied for the first time have no impact on NORMA Group's Consolidated Financial Statements.

Standards, amendments and interpretations to existing standards that are not yet effective and have not been applied early by the Group

The IASB has issued a number of other pronouncements. These recently implemented accounting pronouncements as well as the pronouncements that have not yet been implemented have no material impact on NORMA Group's Consolidated Financial Statements.

3. Summary of significant accounting policies

Consolidation

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of an investee begins from the date the Group obtains control of the investee and ceases when the Group loses control of the investee.

The Group uses the acquisition method of accounting to account for business combinations. The initial value for the acquisition of a subsidiary is recognized at fair value of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The initial value recognized includes the fair value of any asset or liability resulting from a contingent consideration arrangement. On the acquisition date, the fair value of the contingent consideration is recognized as part of the consideration transferred in exchange for the acquiree. Acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the acquisition date. According to IFRS 3, for each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value (full goodwill method) or at the non-controlling interest's proportionate share of the acquiree's net assets. The Group measures the non-controlling interest in the acquiree at the non-controlling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired, is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognized immediately in the Consolidated Statement of Comprehensive Income.

In a business combination achieved in stages, the Group remeasures its previously held equity interest in the acquiree at its acquisition date fair value and recognizes the resulting gain or loss, if any, in profit or loss.

Intercompany transactions, balances and unrealized gains or losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(b) Non-controlling interests

Non-controlling interests have a share in the earnings of the reporting period. Their interests in the shareholders' equity of subsidiaries are reported separately from the equity of the Group.

The Group treats transactions with non-controlling interests that do not result in a loss of control as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity.



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(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the subsidiary is remeasured at its fair value, with the change in the carrying amount recognized in profit or loss. The initial carrying amount is the fair value for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

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Valuation methods

The following table shows the most important valuation methods:

Valuation methods

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

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Fair value estimation

For financial instruments that are measured in the Statement of Financial Position at fair value in accordance with IFRS 13, IFRS 7 requires a disclosure of fair value measurements by level using the following fair value measurement hierarchy:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities,

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (that is derived from prices), and

Level 3: Inputs for the asset or liability that are not based on observable market data (that is unobservable inputs).

The level in the fair value hierarchy within which the fair value measurement is categorized in total is determined on the basis of the lowest level input that is significant to the fair value measurement in total. The different hierarchy levels demand different amounts of disclosure.

On December 31, 2021, and 2020, the Group's derivative financial instruments carried in the Statement of Financial Position at fair value (e. g., derivatives used for hedging) are categorized in total within Level 2 of the fair value hierarchy. The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows. The fair value of forward foreign exchange contracts is determined using a present value model based on forward exchange rates.

Foreign currency translation
(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The Consolidated Financial Statements are prepared in 'euros' (EUR), which is NORMA Group SE's functional and the Group's presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the actual exchange rates on the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in profit or loss within 'financial income / costs'. All other foreign exchange gains and losses are presented in profit or loss within 'other operating income / expenses'.

(c) Group companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each Consolidated Statement of Financial Position presented are translated at the closing rate on the date of that Consolidated Statement of Financial Position;
- Income and expenses are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the actual rate on the dates of the transactions); and
- All resulting exchange differences are recognized as a separate component of equity.

Goodwill and fair value adjustments arising through the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

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The exchange rates of the currencies affecting foreign currency translation are as follows:

per EUR	Exchange rates T061			
	Spot rate		Average rate	
	Dec 31 2021	Dec 31 2020	2021	2020
Australian dollar	1.5615	1.5896	1.5751	1.6552
Brazilian real	6.3101	6.3735	6.3772	5.8874
Chinese renminbi yuan	7.1947	8.0225	7.6323	7.8701
Swiss franc	1.0331	1.0802	1.0814	1.0704
Czech koruna	24.8580	26.2420	25.6490	26.4527
British pound sterling	0.8403	0.8990	0.8599	0.8892
Indian rupee	84.2292	89.6605	87.4343	84.5867
Japanese yen	130.3800	126.4900	129.8585	121.7705
South Korean won	1,346.3800	1,336.0000	1,353.7928	1,334.9643
Malaysian ringgit	4.7184	4.9340	4.9014	4.7929
Mexican peso	23.1438	24.4160	23.9855	24.5142
Polish zloty	4.5969	4.5597	4.5656	4.4438
Serbian dinar	117.1800	117.5600	117.5430	117.5833
Russian ruble	85.3004	91.4671	87.1858	82.6337
Swedish krona	10.2503	10.0343	10.1465	10.4882
Singapore dollar	1.5279	1.6218	1.5893	1.5734
Thai baht	37.6530	36.7270	37.8203	35.6900
Turkish lira	15.2335	9.1131	10.4891	8.0413
US dollar	1.1326	1.2271	1.1830	1.1414

Intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary on the date of acquisition. Goodwill on acquisitions of subsidiaries is included in 'intangible assets'. Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Impairment losses on goodwill are not reversed.

Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to cash-generating units for the purpose of impairment testing. The allocation is made to those cash-generating units or groups of cash-generating units that are expected to benefit from the business combination in which the goodwill arose.

(b) Development costs

Costs of research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are expensed as incurred.

Costs for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalized if

- development costs can be measured reliably,
- the product or process is technically and commercially feasible, and
- future economic benefits are probable.

Furthermore, NORMA Group intends, and has sufficient resources, to complete development and use or sell the asset. The costs capitalized include the cost of materials, direct labor and other directly attributable expenditure that serves to prepare the asset for use. Such capitalized costs are included in profit or loss in 'own work capitalized'. Capitalized development costs are stated at cost less accumulated amortization and impairment losses with an amortization period of generally three to five years. Development costs which did not meet the requirements are expensed as incurred.

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(c) Other intangible assets

Separately acquired other intangible assets are shown at historical cost less accumulated amortization. Intangible assets acquired in a business combination are recognized at fair value on the acquisition date. Other intangible assets which have a finite useful life will be amortized over their estimated useful life. Amortization is calculated using the straight-line method to allocate their cost. Other intangible assets which are determined to have indefinite useful lives as well as intangible assets not yet available for use are not amortized, but instead tested for impairment at least annually. Furthermore, other intangible assets which are determined to have indefinite useful lives and therefore are not amortized, will be reviewed each period to determine whether events and circumstances continue to support an indefinite useful life assessment for these assets.

In general, the Group's other intangibles are not qualifying assets in accordance with IAS 23 and borrowing costs eligible for capitalization therefore do not exist.

The useful lives of other intangible assets acquired in a business combination are estimates based on the economics of each specific asset, which were determined in the process of the purchase price allocation. The major part of these assets are brand names and customer lists.

The estimated useful lives for other intangible assets are as follows:

- Patents: 5 to 10 years
- Customer lists: 4 to 20 years
- Technology: 10 to 20 years
- Licenses, rights: 3 to 5 years
- Trademarks: indefinite or 20 years
- Software: 3 to 5 years
- Development costs: 3 to 5 years

Other intangible assets with indefinite useful lives are essentially brand names, for which the end of usability is not foreseeable and therefore indeterminable. These brand names result from acquisitions. For these brand names, an indefinite useful life is assumed. Based on a market perspective, there are no clear indications for a definite useful life of these brand names as they have been well-established in the market for many years.

Property, plant and equipment

All property, plant and equipment are stated at historical cost less depreciation and impairment loss, if substantial. Historical cost includes expenditure that is directly attributable to the acquisition of the items and, if any, the present value of estimated costs for dismantling and removing the assets, restoring the site on which it is allocated. Borrowing costs eligible for capitalization in the sense of IAS 23 were not available.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is foreseeable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance expenses are charged to profit or loss during the financial period in which they are incurred.

Land is not depreciated. Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives.

The assets' residual values and useful lives are reviewed and adjusted, if appropriate, on each balance sheet date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognized within 'other operating income / expenses'.

The estimated useful lives for property, plant and equipment (excluding rights of use under IFRS 16) are as follows:

- Buildings: 8 to 40 years
- Machinery and technical equipment: 3 to 18 years
- Tools: 3 to 10 years
- Other equipment: 2 to 20 years

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Leasing activities of the Group and their accounting treatment

NORMA Group has significant leases for the rental of land and buildings. In addition, the Group maintains leases for various company cars and technical equipment under non-cancellable lease agreements. Besides the usual extension options, the leases include, to a minor extent, purchase and termination options that are not taken into account. The lease terms per asset class are as follows:

- Right of use assets – land and buildings: 1 month to 78 years
- Right of use assets – machinery and tools : 1 to 6 years
- Right of use assets – forklifts and warehouse: 1 to 7 years
- Right of use assets – office and IT equipment: 1 to 6 years
- Right of use assets – company cars: 1 to 6 years

The Group's leases generally do not contain credit terms. However, leased assets may not be used as collateral for borrowings.

Leases are recognized as rights of use and corresponding lease liabilities at the time when the leased asset is available for use by the Group. Each lease payment is divided into repayment and financing expenses. Finance expenses are charged to the income statement over the lease term. The right of use asset is amortized on a straight-line basis over the shorter of the useful life and the lease term.

Right of use asset and lease liabilities are initially recognized at present value. The lease liabilities generally include the present value of the following lease payments:

- fixed payments (including de facto fixed payments, less any leasing incentives to be received)
- variable lease payments linked to an index or interest rate
- expected residual value payments from residual value guarantees of the lessee
- the exercise price of a purchase option, if it is sufficiently certain that the lessee will exercise it
- penalties for terminating the lease, if the lease term takes into account that the lessee will exercise a termination option

Lease payments are discounted at the interest rate underlying the lease if this can be determined. Otherwise, they are discounted at the lessee's incremental borrowing rate. Rights of use assets are measured at cost, which is comprised as follows:

- amount of the initial measurement of the lease liability
- all leasing payments made at or before the commencement date, less any lease incentives received
- all initial direct costs incurred by the lessee, and
- the estimated costs incurred by the lessee in dismantling or removing the underlying asset, restoring the site on which it is located, or returning the underlying asset to the condition required by the lease agreement.

Exceptions in the form of accounting options exist for short-term leases (minimum term of a maximum of twelve months if no purchase option has been agreed) and for low-value assets. The lease payments resulting from these leases are therefore to continue to be included in operating expenses in the future. NORMA Group has made use of these simplified application options as a lessee, with the exception of leased assets that are allocated to the 'Right of use assets – land and buildings' asset class. Furthermore, lessees are granted an accounting option not to separate leasing and non-leasing components, which NORMA Group has made use of, except for the 'Right of use assets – land and buildings' and 'Right of use assets – company cars' asset classes.

i. Extension and termination options

Some of NORMA Group's real estate leases contain extension options. Termination options are included to a very limited extent in the area of real estate leasing. Such contractual terms and conditions are used to provide the Group with operational flexibility with respect to the contract portfolio. The majority of the current extension and termination options can only be exercised by the Group and not by the respective lessor.

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In determining the term of leases, all facts and circumstances that provide an economic incentive to exercise extension options or not to exercise termination options are taken into account. Changes to the term of the lease resulting from the exercise of extension and termination options are only included in the term of the lease if an extension or non-exercise of a termination option is reasonably certain.

The following considerations are taken into account when determining the term of the leases or the inclusion or non-inclusion of extension and termination options:

Contract-related

- existence of renewal or purchase options and their conditions,
- an obligation to dismantle installations or restore them to their original condition,
- amount of lease payments (including all variable payments) for an optional period compared to customary market payments.

Asset-based / Company-based

- the existence of significant leasehold improvements that would be lost in the event of (premature) termination or non-extension of the contract,
- costs in connection with a loss of production upon termination of the lease,
- costs associated with the acquisition of an alternative asset,
- dependence of the business activity (core business) on the continued use of the asset,
- financial consequences of the extension or termination of the lease,
- nature of the leased asset (specific vs. generic / general leased asset; extent to which the leased asset is critical to the lessee's operations).

Market-related

- legal and local regulations to be observed for the (permanent) obligation,
- alternative lease payments for comparable assets.

The assessment will be reviewed if a significant event or significant change in circumstances occurs that could influence the previous assessment, provided this is within the lessee's control.

As of December 31, 2021, potential additional cash outflows from extension options in the amount of EUR 5,147 thousand (31 Dec 2020: EUR 3,390 thousand) are not included in the lease liability as it is not reasonably certain that the leases will be renewed. As of December 31, 2021 and December 31, 2020, there were no potential reduced cash outflows from termination.

Due to changes in estimates of the term or amount of the expected lease payments (index-based payments), there were increases in the right of use assets and lease liabilities in the amount of EUR 28 thousand. In addition, there were reductions due to changes in estimates in the right of use assets and lease liabilities in the amount of EUR 3 thousand.

Impairment of non-financial assets

(a) Assets with finite useful lives

An impairment test must be carried out for assets with a determinable useful life if there are indications of a possible impairment. If there are any such indications, the amortized carrying amount of the asset is compared with the recoverable amount, which represents the higher of fair value less costs to sell and value in use. The value in use is equivalent to the present value of the future cash flows expected from the continuing use of the asset. In the event of impairment, the difference between the amortized carrying amount and the lower recoverable amount is recognized as an expense. The impairment loss is reversed as soon as there are indications that the reasons for impairment no longer exist. These may not exceed the amortized cost of acquisition.

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(b) Goodwill and other assets with an indefinite useful life

Moreover, other intangible assets with an indefinite useful life, other intangible assets not yet ready for use or advance payments on such assets as well as goodwill must be tested for impairment annually. A test is also performed whenever there is any indication that an asset might be impaired. Where the reasons for an impairment no longer exist, the impairment loss is reversed, except in the case of goodwill. The recoverable amount is determined for each individual asset, unless an asset generates cash inflows that are not largely independent of those from other assets or other groups of assets or cash-generating units. In these cases, the impairment test is performed at the relevant level of cash-generating units to which the asset is attributable.

Goodwill acquired in a business combination is allocated at the acquisition date to the cash-generating unit or group of cash-generating units that are expected to profit from the synergies deriving from the business combination. This also represents the lowest level at which goodwill is monitored for internal management purposes. These are the operating and reportable segments EMEA, Americas and Asia-Pacific.

The Company normally determines the recoverable amount using measurement methods based on discounted cash flows.

Brand names with indefinite useful lives acquired in business combinations are tested for impairment at the level at which a recoverable amount, which is based on the fair value less costs to sell, can be determined.

For cash-generating units, NORMA Group first determines the relevant recoverable amount as fair value less costs to sell, which it compares with the respective carrying amounts, including allocated goodwill in the case of impairment tests on goodwill. For further details regarding the determination of the fair value less costs to sell and the underlying assumptions, we refer to → [NOTE 18. 'GOODWILL AND OTHER INTANGIBLE ASSETS'](#).

Inventories

Inventories are stated at the lower of cost or net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated variable selling costs. Cost is determined using the weighted average method. The cost of finished goods and work in progress comprises design costs, raw materials, direct labor, other direct costs and related production overheads (based on normal operating capacity). Inventories of the Group are not qualifying assets in accordance with IAS 23, so that the acquisition or production costs do not include capitalized borrowing costs.

Financial instruments

(a) Financial assets

Classification

From January 1, 2018, onward, the Group classifies its financial assets in the following measurement categories:

- Debt instruments measured at amortized cost (AC);
- Debt instruments measured at fair value through equity (FVOCI), with cumulative gains and losses reclassified to the income statement when the financial asset is derecognized;
- Debt, derivative and equity instruments at fair value through profit or loss (FVTPL);
- Equity instruments classified as FVOCI, with gains and losses remaining in other comprehensive income (OCI) (without reclassification).

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The classification depends on the business model according to which NORMA Group manages its financial assets and the characteristics of the contractual cash flows of these financial assets.

NORMA Group reclassifies debt instruments only when the business model for managing such financial assets changes.

Recognition and derecognition

Regular purchases and sales of financial assets are recognized on the trade date – the date on which the Group commits to purchase or sell the asset. Financial assets are derecognized when the rights to receive cash flows have expired or been transferred and the Group has transferred substantially all risks and rewards of ownership.

Measurement

Financial assets are initially recognized at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss.

Debt instruments

The subsequent measurement of debt instruments depends on the Group's business model for managing the financial asset and the cash flow characteristics of the financial asset.

A debt instrument is measured at amortized cost if the objective of the business model is to hold the financial asset in order to collect the contractual cash flows and the contractual cash flows from the financial asset represent only principal and interest payments and the fair value option is not exercised at inception. Interest income from these financial assets is reported under financial income using the effective interest method. Gains and losses from derecognition, impairment and currency translation are recognized directly in the Consolidated Statement of Comprehensive Income and reported in other operating income / expenses.

A debt instrument that is held in a business model in which both the contractual cash flows of financial assets are received and financial assets are sold, and in which the contractual cash flows include only principal and interest payments, is measured at fair value with no effect on income, unless the fair value option is exercised upon initial recognition. Changes in the carrying amount are recognized in other comprehensive income, except for impairment gains or losses, interest income and gains and losses on currency translation, which are recognized directly in the Consolidated Statement of Comprehensive Income. When the financial

asset is derecognized, the cumulative gain or loss recognized in other comprehensive income is reclassified from equity to the Consolidated Statement of Comprehensive Income. Interest income from these financial assets is recognized in financial income using the effective interest method. Gains and losses from currency translation are recognized directly in the Consolidated Statement of Comprehensive Income and reported in other operating income / expenses.

The impairment losses recognized in the Consolidated Statement of Comprehensive Income are disclosed separately in the section "Notes to the Statement of Comprehensive Income."

All other debt instruments that do not meet these two conditions must be measured at fair value through profit or loss (FVTPL).

Equity instruments

All equity instruments are subsequently measured at fair value. If an equity instrument is not held for trading purposes, NORMA Group may, at the time of initial recognition, make the irrevocable decision to measure it at fair value with recognition of changes in value in other comprehensive income (FVTOCI), whereby only income from dividends is recognized in profit or loss for the period unless it represents a capital repayment.

Changes in the fair value of financial assets at fair value through profit or loss are recognized in the Consolidated Statement of Comprehensive Income under other operating income / expenses.

Impairments

NORMA Group assesses on a forward-looking basis the expected credit losses associated with its debt instruments, which are measured at amortized cost or at fair value with no effect on income.

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The Group has three types of financial assets subject to this new model:

- Trade receivables from the sale of goods and the rendering of services,
- Contract assets from research and development activities; and
- Other debt instruments measured at amortized cost

In the case of trade receivables, NORMA Group applies the simplified approach provided for in IFRS 9, which requires the recognition of expected credit losses over the term of the receivables from their initial recognition; further details can be found in → [NOTE 21. \(A\) 'TRADE AND OTHER RECEIVABLES'](#).

Receivables which are significantly overdue, which can be more than 180 days due to the customer structure, or those whose debtors were subject to insolvency or similar proceedings, are individually tested for impairment.

The criteria that the Group uses to determine if there is objective evidence of an impairment loss include:

- A breach of contract, such as a default or delinquency in interest or principal payments;
- The Group, for economic or legal reasons relating to the borrower's financial difficulty, granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganization.

Receivables that are not reasonably expected to be realizable in full or in part are written down accordingly, thus directly reducing the gross carrying amount. For cash and cash equivalents, receivables from the ABS program and factoring (both from purchase price retentions), and other receivables, mainly from banker's acceptance bills for trade receivables, NORMA Group applies the general impairment approach. As it is our policy to only invest in high-quality assets of issuers with a minimum rating of at least investment grade so as to minimize the risk of credit losses, we use the low credit risk exception. Thus, these assets are always allocated to stage 1 of the three-stage credit loss model and, if material, a loss allowance for an amount equal to 12-month expected credit losses will be recorded. This loss allowance is calculated based on our exposure as of the respective reporting date, the loss given default for this exposure, and the credit default swap spread as a measure of the probability of default. To ensure that during their lifetime, our investments always fulfill the requirement of being investment grade, we monitor changes in credit risk by tracking published external credit ratings.

(b) Financial liabilities

Financial liabilities primarily include trade payables, liabilities to banks, derivative financial liabilities and other liabilities.

Financial liabilities that are measured at amortized cost

After initial recognition, financial liabilities are carried at amortized cost using the effective interest method. Trade payables, liabilities to banks and other financial liabilities, in particular, are assigned to this category.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include derivative financial instruments and contingent purchase price liabilities. Gains or losses on financial liabilities that are measured at fair value through profit or loss are included in profit or loss.

(c) Derivative financial instruments and hedging activities

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognizing the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

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Derivative financial instruments not designated as hedges

Gains and losses from derivatives that are not designated as hedges (trading derivatives) are recognized in profit or loss. Trading derivatives are classified as non-current assets or liabilities in accordance with IAS 1.68 and IAS 1.71 if they have a remaining term of more than one year; otherwise they are classified as current.

Derivative financial instruments designated as hedges

Derivatives included in hedge accounting are generally designated as either:

- Hedges of the fair value of recognized assets or liabilities or firm commitments (fair value hedge);
- Hedges of a particular risk associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge); or
- Hedges of a net investment in a foreign operation (net investment hedge).

At the inception of the transaction, NORMA Group documents the relationship between the hedging instruments and the hedged item, including whether changes in the cash flows of the hedging instruments offset changes in the cash flows of the hedged item. The Group documents the risk management objectives and strategies for undertaking the hedging transaction.

Further information on the instruments used by the Group and the hedging can be found in → NOTE 5 'FINANCIAL RISK MANAGEMENT' and → 21. (F) 'DERIVATIVE FINANCIAL INSTRUMENTS'.

The development of the hedging reserve in equity can be found in → NOTE 21. (F) 'DERIVATIVE FINANCIAL INSTRUMENTS'.

(d) Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the Consolidated Statement of Financial Position when there is a legally enforceable right to offset the recognized amounts and an intention to settle on a net basis, or realize the asset and settle the liability simultaneously. At NORMA Group, arrangements exist which do not meet the criteria for netting in the Consolidated Statement of Financial Position according to IAS 32.42, as they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparty.

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The following tables present the recognized financial instruments that are offset, or subject to enforceable master netting arrangements and other similar agreements but not offset, as of December 31, 2021, and 2020:

Offsetting of financial instruments

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in EUR thousands	Gross amounts of financial assets / financial liabilities	Gross amounts of financial assets / financial liabilities offset in the statement of financial position	Net amounts recognized in the statement of financial position	Amounts that are not offset in the statement of financial position Financial instruments	Net amount
Dec 31, 2021					
Financial assets					
Derivative financial instruments (b)	453		453		453
Trade and other receivables (a)	162,168	159	162,009		162,009
Other financial assets	4,663		4,663		4,663
Cash and cash equivalents	185,719		185,719		185,719
Total	353,003	159	352,844	0	352,844
Financial liabilities					
Borrowings	463,237		463,237		463,237
Derivative financial instruments (b)	1,745		1,745		1,745
Trade and other payables (a)	180,693	159	180,534		180,534
Other financial liabilities	8,407		8,407		8,407
Total	654,082	159	653,923	0	653,923
Dec 31, 2020					
Financial assets					
Derivative financial instruments (b)	429		429		429
Trade and other receivables (a)	157,534	222	157,312		157,312
Other financial assets	2,470		2,470		2,470
Cash and cash equivalents	185,109		185,109		185,109
Total	345,542	222	345,320	0	345,320
Financial liabilities					
Borrowings	477,991		477,991		477,991
Derivative financial instruments (b)	1,419		1,419		1,419
Trade and other payables (a)	148,948	222	148,726		148,726
Other financial liabilities	10,212		10,212		10,212
Total	638,570	222	638,348	0	638,348

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(a) Offsetting arrangements

NORMA Group gives volume-based rebates to selected customers. Under the terms of the supply agreements, the amounts payable by NORMA Group are offset against receivables from the customers and only the net amounts are settled. The relevant amounts have therefore been presented net in the balance sheet.

(b) Master netting arrangements – not currently enforceable

Agreements with derivative counterparties are based on an ISDA Master Agreement and other corresponding national master agreements, such as the corresponding German Framework Agreement. These arrangements do not meet the offsetting criteria because they allow netting only in the case of future events such as default or insolvency on the part of the Group or the counterparty. The table above shows the impact on the Group's balance sheet if all set-off rights were exercised.

Current and deferred income tax

The tax expenses for the period are comprised of current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted on the balance sheet date in the countries where the Group's subsidiaries operate. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognized using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Consolidated Financial Statements and on tax losses carried forward and tax credits not yet used. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and

when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis. A surplus of deferred income tax assets is recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

For taxable temporary differences arising on investments in subsidiaries and associates, deferred tax liabilities are recognized, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

Employee benefits

(a) Pension obligations

Group companies operate different pension schemes. NORMA Group has both defined benefit and defined contribution plans. A defined contribution plan is a pension plan under which the Group pays fixed contributions to a separate entity. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods. A defined benefit plan is a pension plan that is not a defined contribution plan. The major defined benefit plan is the German benefit plan which defines the amount of pension benefit that an employee will receive on retirement to depend on years of service and compensation.

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The liability recognized in the Consolidated Statement of Financial Position with respect to defined benefit pension plans is the present value of the defined benefit obligation on the balance sheet date less the fair value of plan assets. The defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions, as well as returns on plan assets, which are not included within the net interest on the defined benefit liability, are recognized within retained earnings in other comprehensive income (OCI).

Past service costs are recognized fully in the period of the related plan amendment.

For defined contribution plans, the Group pays contributions to publicly or privately administered pension insurance plans on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions have been paid. The contributions are recognized as employee benefits expense when they are due. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

(b) Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognizes termination benefits as a liability and expense on the earlier date of: (a) when the entity can no longer withdraw the offer of those benefits; or (b) when the entity recognizes costs for a restructuring that is within the scope of IAS 37 and involves the payment of termination benefits. Where the effect of the time value of money is material, the payables are discounted to their present value.

(c) Short-term employee benefits

Employee benefits with short-term payment dates include wages and salaries, social security contributions, vacation pay and sickness benefits and are recognized as liabilities at the repayment amount as soon as the associated job has been performed.

(d) Provisions for other long-term employee benefits

Provisions for obligations similar to pensions (such as anniversary allowances and death benefits) are comprised of the present value of future payment obligations to the employee less any associated assets measured at fair value. The amount of provisions is determined on the basis of actuarial opinions in line with IAS 19. Gains and losses from the remeasurement are recognized in profit or loss in the period in which they are incurred.

Share-based payment

Share-based payment plans issued at NORMA Group are accounted for in accordance with IFRS 2 'Share-based Payment'. In accordance with IFRS 2, NORMA Group in principle distinguishes between equity-settled and cash-settled plans. The financial interest from equity-settled plans granted on the grant date is generally allocated over the expected vesting period against equity until the exit event occurs. Expenses from cash-settled plans are generally also allocated over the expected vesting period until the exit event occurs, but against accruals. A description of the plans existing within NORMA Group can be found in → [NOTE 25 'SHARE-BASED PAYMENTS'](#).

Provisions

Provisions are recognized when the Group has a present legal or constructive obligation to third parties as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

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Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

If the interest effect is material, the obligations are recognized at the present value of the expected expenses.

In addition to the expected amount of cash outflows, uncertainties also exist regarding the time of outflows. If it is expected that the outflows will take place within one year, the relevant amounts are reported in the short-term provisions.

When the Group expects a refund for a provision, this refund is recognized in accordance with IAS 37.53 as a separate asset. If the refund is in a close economic relationship with the recognized provision, the expenses from the provision are netted with the income from the corresponding refund in profit or loss.

Income from the release of non-utilized provisions from prior years is recorded within other operating income.

Revenues from contracts with customers (revenue recognition)

NORMA Group recognizes revenue, when or as control over distinct goods or services is transferred to the customer; i. e. when the customer is able to direct the use of the transferred goods or services and obtains substantially all of the remaining benefits, provided a contract with enforceable rights and obligations exists and amongst others collectability of consideration is probable taking into account our customer's creditworthiness. Revenue is the transaction price NORMA Group expects to be entitled to. Variable consideration is included in the transaction price if it is highly probable that a significant reversal of revenue will not occur once associated uncertainties are resolved. The amount of variable consideration is calculated by either using the expected value or the most likely amount depending on which is expected to better predict the amount of variable consideration. Consideration is adjusted for the time value of money if the period between the transfer of goods or services and the receipt of payment exceeds twelve months and there is a significant financing benefit either to the customer or NORMA Group. If a contract contains more than one distinct good or service, the transaction price is allocated to each performance obligation based on relative stand-alone selling prices. If stand-alone selling prices are not observable, the Company reasonably

estimates those. Revenue is recognized for each performance obligation either at a point in time or over time.

(a) Sale of goods

Revenue is recognized at a point in time when control of the goods passes to the buyer, usually upon delivery of the goods. Invoices are issued at that point in time and are usually payable within 30 to 90 days. For the sale of goods, retrospective volume discounts, which usually apply to a calendar year, are often agreed. Revenue from these sales is recognized at the amount of the consideration set in the contract less the estimated volume discounts. The estimate of the refund liabilities recognized for these volume rebates is based on experience and revenue recognized in the fiscal year.

(b) Engineering services

Revenue is recognized over time based on the percentage of costs incurred to date compared to total estimated costs. An expected loss on the contract is recognized as an expense immediately. Payment terms are usually 30 to 90 days from the date of invoice issued according to the contractual terms.

The input method used places considerable importance on accurate estimates of the extent of progress towards completion and may involve estimates on the scope of deliveries and services required for fulfilling the contractually defined obligations. These estimates include total contract costs, total contract revenues, contract risks, including technical risks, and other judgments.

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Changes in estimates may lead to an increase or decrease in revenue. The creditworthiness of our customers is taken into account in estimating the probability that economic benefits associated with a contract will flow to the Company.

Contract assets, contract liabilities, refund liabilities and considerations payable to a customer

When either party to a contract with customers has performed, NORMA Group presents a contract asset, a contract liability or a trade receivable depending on the relationship between NORMA's performance and the customer's payment.

A contract asset represents NORMA Group's right to consideration in exchange for goods or services that have been transferred to the customer. The impairment of contract assets is measured, presented and reported on the same basis as for financial assets within the scope of IFRS 9.

Trade receivables are recognized if NORMA Group's right to consideration are unconditional.

Considerations received, which are expected to be reimbursed to the customer, are shown as refund liabilities. These liabilities are included in the balance sheet in the item 'Trade and other payables'. These amounts typically relate to expected volume discounts and annual customer bonuses.

Consideration payable to a customer that cannot be directly allocated to a service or good received by NORMA Group are recognized as a reduction of the transaction price. If this reduction relates to future revenue, this part is recognized in other nonfinancial assets as consideration payable to a customer.

Government grants

Government grants are not recognized until there is reasonable assurance that the conditions attached to them are complied with and that the grants will be received.

Government grants for the compensation of expenses incurred are recognized in profit or loss as part of the other operating income on a systematic basis over the periods in which the related costs are expensed that the grants are intended to compensate for.

Grants related to non-depreciable assets are recognized in profit or loss as part of the other operating income over the periods that bear the cost of meeting the obligations.

Grants related to depreciable assets are recognized in profit or loss over the periods that bear the expense related to the depreciation of the underlying assets and are recognized as deferred income in the Statement of Financial Position. The deferred income is recognized in profit or loss on a straight-line basis over the expected useful life of the underlying asset and reported as part of other operating income.

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4. Scope of Consolidation

With NORMA Group SE, the Consolidated Financial Statements contain all domestic and foreign companies which NORMA Group SE controls directly or indirectly.

The Consolidated Financial Statements for 2021 include 7 domestic (Dec 31, 2020: 7) and 44 foreign (Dec 31, 2020: 44) companies.

The composition of the Group changed as follows:

Change in scope of consolidation

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	2021			2020		
	Total	Domestic	Foreign	Total	Domestic	Foreign
as of Jan 1	51	7	44	52	8	44
Additions	0	0	0	0	0	0
Disposals	1	1	0	1	1	0
of which mergers	1	1	0	1	1	0
as of Dec 31	50	6	44	51	7	44

There were no acquisitions or establishments during 2021.

The merger in 2021 relates to the merger of DNL GmbH & Co KG with NORMA Group Holding GmbH as of December 31, 2021.

The merger in 2020 relates to the merger of STATEK Stanzereitechnik GmbH with NORMA Germany GmbH as of January 1, 2020.

The list of NORMA Group companies is shown in detail in the following table:

List of Group companies of NORMA Group as of Dec 31, 2021

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No.	Company	Registered address	held by	Share in %		Currency	Equity ¹	Result ¹
				Direct parent company	of NORMA Group SE			
Central Functions								
01	NORMA Group SE	Maintal, Germany						
02	NORMA Group APAC Holding GmbH	Maintal, Germany	01	100.00	100.00	kEUR	16	-4
03	NORMA Group Holding GmbH	Maintal, Germany	01	100.00	100.00	kEUR	106,814	0 ²
Segment EMEA								
04	NORMA Distribution Center GmbH	Marsberg, Germany	03	100.00	100.00	kEUR	2,175	0 ²
05	NORMA Germany GmbH	Maintal, Germany	03	100.00	100.00	kEUR	60,773	0 ²
06	NORMA Verwaltungs GmbH	Maintal, Germany	03	100.00	100.00	kEUR	20	0 ²
07	DNL France SAS	Briey, France	03	100.00	100.00	kEUR	12,447	-28,470
08	NORMA Autoline France SAS	Guichen, France	07	100.00	100.00	kEUR	24,424	-511
09	NORMA Distribution France SAS	Croissy Beaubourg, France	07	100.00	100.00	kEUR	3,660	972
10	NORMA France SAS	Briey, France	07	100.00	100.00	kEUR	5,198	-375
11	DNL UK Ltd.	Newbury, Great Britain	03	100.00	100.00	kGBP	15,958	6,000
12	NORMA UK Ltd.	Newbury, Great Britain	11	100.00	100.00	kGBP	17,137	5,033
13	NORMA Italia SpA	Gavardo, Italy	03	100.00	100.00	kEUR	5,311	2,027
14	Groen Bevestigingsmaterialen B.V.	Purmerend, Netherlands	03	70.00	100.00	kEUR	5,283	47
15	NORMA Netherlands B.V.	Purmerend, Netherlands	20	100.00	100.00	kEUR	515	-2
16	NORMA Polska Sp. z o.o.	Slawniów, Poland	03	100.00	100.00	kPLN	147,734	28,714
17	NORMA Group Distribution Polska Sp. z o.o.	Slawniów, Poland	16	100.00	100.00	kPLN	19,744	7,180
18	Lifial – Indústria Metalúrgica de Águeda, Lda.	Águeda, Portugal	03	99.99	100.00	kEUR	4,934	-227
19	NORMA Group CIS LLC	Togliatti, Russian Federation	03	99.96	100.00	kRUB	109,328	-41,304
20	DNL Sweden AB	Stockholm, Sweden	03	100.00	100.00	kSEK	102,992	99,530
21	NORMA Sweden AB	Stockholm, Sweden	20	100.00	100.00	kSEK	208,314	55,463
22	Connectors Verbindungstechnik AG	Wallisellen, Switzerland	03	100.00	100.00	kCHF	3,714	323
23	NORMA Grupa Jugoistocna Evropa d.o.o.	Subotica, Serbia	03	100.00	100.00	kRSD	3,785,890	-144,820
24	Fijaciones NORMA S.A.U.	L'Hospitalet de Llobregat, Spain	03	100.00	100.00	kEUR	3,816	458
25	NORMA Czech, s.r.o.	Hustopece, Czech Republic	03	100.00	100.00	kCZK	238,730	-18,428
26	NORMA Turkey Bağlantı ve Birleştirme Teknolojileri Sanayi ve Ticaret Limited Şirketi	Kartal-Istanbul, Turkey	06	100.00	100.00	kTRL	24,264	13,125
27	Kimplas Limited	Newbury, Great Britain	45	100.00	100.00	kGBP	606	-131

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				Direct parent company	of NORMA Group SE			
Segment Americas								
28	NORMA do Brasil Sistemas De Conexão Ltda.	Atibaia, Brazil	36	100.00	100.00	kBRL	-8,078	-474
29	NORMA Group México S. de R.L. de C.V. ³	Monterrey, Mexico	35	99.40	100.00	kUSD	-8,378	-5,425
30	NORMA Distribution and Services S. de R.L. de C.V.	Juarez, Mexico	35	99.00	100.00	kMXN	-4,893	-10,032
31	Craig Assembly Inc.	Auburn Hills, MI, USA	36	100.00	100.00	kUSD	83,756	5,948
32	National Diversified Sales, Inc.	Woodland Hills, CA, USA	36	100.00	100.00	kUSD	402,579	45,018
33	NG AM FINSRV I, LLC	Auburn Hills, MI, USA	35	70.00	100.00	kUSD	-125	36
34	NORMA MANUFACTURING NA SW, LLC (Tijuana)	Auburn Hills, MI, USA	35	100.00	100.00	kUSD	-19,720	-3,540
35	NORMA Michigan, Inc.	Auburn Hills, MI, USA	36	100.00	100.00	kUSD	99,512	6,342
36	NORMA Pennsylvania, Inc.	Auburn Hills, MI, USA	01	100.00	100.00	kUSD	55,629	-13,692 ⁴
37	NORMA U.S. Holding LLC	Auburn Hills, MI, USA	36	100.00	100.00	kUSD	19,826	-886
38	R.G. RAY Corporation (Juarez)	Auburn Hills, MI, USA	36	100.00	100.00	kUSD	126,693	4,201
Segment Asia-Pacific								
39	NORMA Pacific Pty. Ltd.	Dandenong South, Victoria, Australia	49	100.00	100.00	kAUD	19,146	3,166
40	Fengfan Fastener (Shaoxing) Co., Ltd.	Shaoxing City, China	49	100.00	100.00	kCNY	28,836	3,363
41	NORMA China Co., Ltd.	Qingdao, China	03	100.00	100.00	kCNY	308,296	47,385
42	NORMA EJT (Changzhou) Co., Ltd.	Changzhou, China	49	100.00	100.00	kCNY	223,133	40,003
43	NORMA EJT (Wuxi) Co., Ltd.	Wuxi, China	49	100.00	100.00	kCNY	223,423	5,164
44	NORMA Group Products India Pvt. Ltd.	Pune, India	49	99.99	100.00	kINR	636,406	47,803
45	KIMPLAS PIPING SYSTEMS PRIVATE LTD	Nashik, Maharashtra, India	49	100.00	100.00	kINR	1,691,482	79,213
46	NORMA Japan Inc.	Tokyo, Japan	49	60.00	60.00	kJPY	109,092	45,700
47	NORMA Products Malaysia Sdn. Bhd.	Ipoh, Malaysia	49	100.00	100.00	kMYR	34,871	2,010
48	NORMA Korea Inc.	Seoul, Republic of Korea	49	100.00	100.00	kKRW	618,547	73,007
49	NORMA Group Asia Pacific Holding Pte. Ltd.	Singapore, Singapore	01	100.00	100.00	kSGD	214,615	19,800
50	NORMA Pacific (Thailand) Ltd.	Chonburi, Thailand	49	99.99	100.00	kTHB	109,377	23,426

1_Reported values according to IFRS as of December 31, 2021; except for NORMA Group Holding GmbH, NORMA Germany GmbH and NORMA Distribution Center GmbH; these values are prepared according to German GAAP as of December 31, 2021, but not yet finally audited. The values are translated with the exchange rates according to Note 3.

2_A profit pooling contract exists.

3_Maquiladora operation of company NORMA Michigan Inc.

4_The result of NORMA Pennsylvania, Inc. includes the tax expense of the tax group in the Americas region.

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5. Financial risk management

Financial risk factors

Due to its business activities, NORMA Group is exposed to a variety of financial risks, including market, credit and liquidity risks. NORMA Group's financial risk management focuses on the unpredictability of the financial markets and is designed to mitigate potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain exposures.

Overview of financial risks

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Risk	Risks from	Assessment	Management
Market risk – Foreign currency risk	Future transactions and recognized financial assets and liabilities	Cash flow projections and sensitivity analysis	Forward exchange contracts and natural hedges
Market risk – interest rate risk	Long-term borrowings at variable interest rates	Sensitivity analysis	Interest rate swaps
Default risk	Cash and cash equivalents, derivative financial instruments, trade receivables and contractual assets	Age structure analysis and credit rating	Diversification of bank balances, credit limits and letters of credit
Liquidity risk	Payment obligations arising from borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and facilities, liquidity as well as trade working capital management and cash items

Financial risk management is performed by the Group Treasury & Insurance department (Group Treasury). The responsibility and necessary controls related to risk management are defined by NORMA Group's management. Group Treasury is responsible for identifying and assessing financial risks in close consultation with the Group's operating units. Furthermore, Group Treasury acts as the first point of contact for the subsidiaries. In a close dialogue, Group Treasury informs and trains the companies and technically handles the internal and external hedging w processes. The principles established by NORMA Group's management apply to the use of derivative and non-derivative financial instruments and to the investment of liquidity surpluses.

(a) Market risk

Foreign exchange risk

As a company that operates internationally, NORMA Group is active in 100 different countries and is exposed to the currency risk resulting from various foreign currency positions with regard to the most important currencies, the US dollar, British pound, Chinese renminbi, Indian rupee, Polish złoty, Swedish krona, Czech koruna, Serbian dinar and Singapore dollar.

Taking into account the respective risk-bearing capacity of the subsidiaries, Treasury Risk Management seeks to achieve a reasonable hedging level of net foreign currency risks (as a result of taking foreign currency inflows and outflows into account). Highly volatile net foreign currency risks are thus hedged with increased hedging ratios.

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The Group uses forward exchange contracts to hedge the foreign currency risk arising from its operating activities. The risk arises from a possible change in future cash flows from an expected and highly probable transaction in a non-functional currency, where the change is due to a change or fluctuation in the exchange rate. The hedging relationship is designated as a cash flow hedge. NORMA Group designates only the spot component as a hedging element. Gains or losses on the effective portion of the change in the spot component of the forward contract are recognized in the hedging reserve as a component of equity. Changes in the forward component of the hedging instrument that relate to the hedged item ("aligned forward element") are recognized in other comprehensive income in the hedging reserve as a component of equity.

Furthermore, forward exchange contracts are used to hedge intracompany financing transactions that involve foreign exchange risks arising from loans between Group companies in non-functional currencies. The Group designates such loans and hedging instruments as fair value hedges in order to achieve the offsetting effects of hedged items and hedges in the same income statement line item. The Group designates only the spot component as the hedging element. Gains or losses on the effective portion of the change in the spot component of the forward transaction are recognized in financial income (expense), analogous to those on the hedged item. The changes in the forward component of the hedging instrument that relate to the hedged item ("aligned forward element") are also recognized in this item.

For further information on the instruments the Group uses to hedge foreign currency risk, please refer to → [NOTE 21 \(F\) "DERIVATIVE FINANCIAL INSTRUMENTS"](#).

In accordance with the Group guideline, the main contractual conditions of the forward transactions for all hedging relationships must correspond to the hedged underlying transactions.

The effects of changes in the exchange rates of financial assets and financial liabilities denominated in foreign currencies are presented below.

Foreign exchange risk

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in EUR thousands	Dec 31, 2021		Dec 31, 2020	
	+ 10%	- 10%	+10%	- 10%
Currency relation				
EUR / USD				
Profit before tax	- 357	436	- 64	78
EUR / GBP				
Profit before tax	197	- 240	30	- 36
EUR / CNY				
Profit before tax	- 275	336	- 139	169
EUR / INR				
Profit before tax	- 229	280	- 89	108
EUR / PLN				
Profit before tax	238	- 291	647	- 791
EUR / SEK				
Profit before tax	114	- 139	255	- 312
EUR / CHF				
Profit before tax	129	- 158	74	- 90
EUR / CZK				
Profit before tax	- 708	865	115	- 141
EUR / RSD				
Profit before tax	- 643	786	- 230	281
EUR / SGD				
Profit before tax	- 10	12	- 1	1

Interest rate risk

NORMA Group's interest rate risk arises from borrowings with variable interest rates. These expose the Group to a cash-flow-related interest rate risk, which is partly offset by hedging transactions (interest rate swaps). As there are currently no signs of a more restrictive monetary policy in the eurozone, NORMA Group classifies the risk of interest rate increases for the euro as unlikely in the short term. In the longer term, however, the risk of interest rate increases is assessed as possible. In view of the current low level of interest rates in the eurozone, however, the opportunities that could arise from a further decline in interest rates are assessed as unlikely.

In the USD area, interest rate increases are considered very likely, which would lead to corresponding risks for NORMA Group. Against the backdrop of the measures already implemented to optimize financing, the financial impact associated with these risks is assessed as insignificant.

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Currently existing swaps cover approx. 23% (2020: 26%) of the outstanding variable-rate loans. This reflects the expectations of a permanently low interest rate level and is also due to the fact that rising (currently negative) interest rates in the eurozone would initially not have any negative impact at all on the financial instruments with a floor. In the variable-rate USD loans, the comparable hedge ratio is 55% (2020: 63%). For further information on the instruments used by the Group to hedge interest rate risk, please refer to → [NOTE 21. \(F\) "DERIVATIVE FINANCIAL INSTRUMENTS"](#).

The effects of changes in interest rates on liabilities to banks with variable interest rates and on interest rate swaps used in hedge accounting are explained in more detail below. Borrowings with fixed interest rates are not included in this analysis.

Due to the current low interest rates in the capital markets relevant for NORMA Group, the risk of an interest rate increase is currently considered to be greater than the chance of an interest rate decrease. This is also taken into account accordingly in the consideration of interest rate sensitivity.

If the interest rates of euro- and US-dollar-denominated borrowings in fiscal year 2021 had been 100 basis points higher (ceteris paribus), NORMA Group's profit before taxes for fiscal year 2021 would have been EUR 1,038 thousand lower (2020: EUR 1,564 thousand lower) and the other result would have been EUR 2,693 thousand higher (2020: EUR 568 thousand higher).

If the interest rates of euro- and US dollar-denominated borrowings in fiscal year 2021 had been 50 basis points lower (ceteris paribus), NORMA Group's profit before taxes for fiscal year 2021 would have been EUR 66 thousand higher (2020: EUR 207 thousand higher). Other comprehensive income would have been EUR 1,409 thousand lower (2020: EUR 270 thousand lower).

Other price risks

NORMA Group is exposed to other economic price risks. For further information, please refer to the → [RISK AND OPPORTUNITY REPORT](#).

(b) Credit risk

The Group's exposure to credit risk arises from the possibility that counterparties will fail to meet their obligations arising from its operating and financing activities. Credit risk arises from cash and cash equivalents, from deposits with banks and financial institutions and from customer default risk, including outstanding receivables and committed transactions.

Credit risk is monitored at the Group level. To minimize credit risk from business activities and financial transactions, each contractual partner is assigned a credit line, the use of which is monitored on a regular basis.

In order to reduce the credit risk arising from the company's investment activities and derivative financial assets, it is its internal policy to enter into all transactions only with recognized, large financial institutions and issuers, each with high external credit ratings.

In the operating business, default risks are monitored continuously.

The aggregate carrying amounts of financial assets represent the maximum default risk. Due to the Group's heterogeneous customer structure, there is no concentration of risk.

As of December 31, 2021, the credit risk position for the gross carrying amounts of cash and cash equivalents and other financial assets was as follows:

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Credit risk exposure from cash and cash equivalents and other financial assets T067

as of Dec 31, 2021

in EUR thousands	Equivalent to external rating	Gross carrying amount not credit-impaired	Gross carrying amount credit-impaired
Risk class 1 – low risk	AAA – BBB –	196,681	0

as of Dec 31, 2020

in EUR thousands	Equivalent to external rating	Gross carrying amount not credit-impaired	Gross carrying amount credit-impaired
Risk class 1 – low risk	AAA – BBB –	193,378	0

Further details on the credit risk positions for trade receivables can be found under → [NOTE 21. \(A\) 'TRADE AND OTHER RECEIVABLES'](#).

(c) Liquidity risk

Prudent liquidity risk management requires the holding of sufficient cash and marketable securities, the availability of funding through committed credit lines at appropriate levels, and the ability to close out market positions. Due to the dynamic nature of the underlying business, Group Treasury seeks to maintain flexibility in funding by maintaining the availability of committed credit lines.

The remaining promissory note loans from 2013, 2014 and 2016 (outstanding volume on Dec 31, 2021: EUR 151 million) were each issued in 7- and 10-year tranches, as well as partly in EUR and USD tranches. Scheduled repayments were made on the promissory note loan from 2014 and 2016 in the amount of EUR 70 million in fiscal year 2021.

The credit line ("corona line") of EUR 80 million was not extended in 2021. Instead, an additional revolving committed credit line of EUR 50 million was established via the accordion facility, which has better overall conditions than the "corona line." This has a maturity similar to the existing syndicated bank loan, which was extended by one additional year, through the end of 2026, as part of the expansion of the credit line. None of the committed revolving credit lines in the total amount of now EUR 100 million were drawn as of December 31, 2021.

In addition, the new syndicated bank loan contains a sustainability component. This links the financing conditions to NORMA Group's commitment in the area of corporate responsibility. This commitment is measured by a rating from an external service provider. By improving its sustainability rating, the company will be able to further reduce the interest burden of financing. This improvement was already achieved in fiscal year 2020 and was also maintained in 2021. The agreed interest margin could therefore also be maintained at the lower level in the current year. Failure to meet the sustainability targets would increase the future interest burden.

The Commercial Paper program launched in fiscal year 2019 with a total volume of up to EUR 300 million consists of short-term (1 – 52 weeks) bearer bonds. The revolving issuance of such short-term debt securities enables the Group to manage and optimize its short-term financing requirements even more flexibly via the money and capital markets in addition to its current credit lines with various banks. As of the reporting date December 31, 2021, the Commercial Paper program was utilized in the amount of EUR 65 million (previous year: EUR 20 million).

Due to the uncertain situation caused by the corona pandemic, NORMA Group arranged an additional flexible liquidity line of EUR 50 million in 2021. As with the revolving line of likewise EUR 50 million already in place since 2019, it did not need to be drawn on by December 31, 2021, however.

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The liquidity situation is constantly monitored with regard to business development, investments planned and the repayment of loans.

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The following table contains the contractually agreed, undiscounted future payments. Financial liabilities denominated in foreign currencies are translated in the Consolidated Statement of Financial Position at the closing rate. Interest payments on financial instruments with variable interest rates are determined on the basis of the interest rates on the reporting date.

Maturity structure of non-derivative financial liabilities

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as of Dec 31, 2021

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	76,289	62,693	353,284	0
Trade and other payables	180,534	0	0	0
Other financial liabilities	8,406	0	0	0
	265,229	62,693	353,284	0

as of Dec 31, 2020

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	97,683	10,244	360,466	42,330
Trade and other payables	148,726	0	0	0
Other financial liabilities	10,212	0	0	0
	256,621	10,244	360,466	42,330

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The maturity structure of the derivative financial instruments based on cash flows is as follows:

Maturity structure of derivative financial instruments

T069

as of Dec 31, 2021

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Derivative receivables – gross settlement				
Cash outflows	- 13,106			
Cash inflows	13,559			
Derivative liabilities – gross settlement				
Cash outflows	- 34,532			
Cash inflows	33,034			
Derivative receivables – net settlement				
Cashflows	- 600	- 16	369	
	- 1,645	- 16	369	0

as of Dec 31, 2020

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Derivative receivables – gross settlement				
Cash outflows	- 24,259			
Cash inflows	24,688			
Derivative liabilities – gross settlement				
Cash outflows	- 65			
Cash inflows				
Derivative receivables – net settlement				
Cash inflows	- 1,354			
Derivative liabilities – net settlement				
Cash outflows	- 990	0	0	0

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Capital risk management

NORMA Group's objectives in managing its capital are to continue to be able to service its debt and to remain financially stable.

The Group is obliged to comply with the financial covenant Total Net Debt Cover ("debt" in relation to adjusted Group EBITDA) in some credit agreements and this is monitored constantly. This financial covenant is based on the Group's Consolidated Financial Statements and specific definitions in the credit agreements. In the event of non-compliance with the financial covenant, there are several options for remedying the situation in the form of exemption regulations or shareholder measures. If there is a breach of a covenant that is not remedied, loan agreements may possibly be called due.

NORMA Group complied with all of its existing financial covenants in fiscal year 2021.

6. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience, and expectations regarding future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the respective actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next fiscal year are addressed below.

Estimates and discretionary decisions related to climate change

According to scientific findings, global climate change will impact in many ways. Business models and competitive advantages can be sustainably influenced by climate change. Due to increasingly tightly interconnected global supply and value chains, the industry is particularly affected by potential risks and damage.

In the context of the resulting economic consequences, NORMA Group analyses potential opportunities and risks for the corporate structure and future sales markets as well as takes these assumptions into account when preparing the Consolidated Financial Statements.

Risks and uncertainties arising from climate change could affect the following areas of the Consolidated Financial Statements in particular:

- Impairment of non-financial assets: The uncertainties related to climate change could result in changes in cash flow projections or the level of risk associated with achieving those cash flows.
- Useful lives of assets: Climate change related factors could result in assets becoming physically unusable or commercially obsolete sooner than anticipated.
- Realization of deferred tax assets: The uncertainties related to climate change could lead to changes in projected future taxable profits.

The actual amounts may differ from the estimates and discretionary decisions; NORMA Group assumes that the assumptions made adequately reflect the situation at the time the Consolidated Financial Statements were prepared.

Estimates and discretionary decisions due to the COVID-19 pandemic

Estimates and discretionary decisions can affect the amounts of the assets and liabilities reported, the disclosure of contingent assets and liabilities as of the reporting date and the reported amounts of revenues and expenses during the reporting period.

Impacts of the coronavirus pandemic on NORMA Group's Consolidated Financial Statements are contingent on the further evolution of virus variants, the progress of worldwide vaccinations and the vaccines' effectiveness. Potential impacts may also result from increasingly phased-out financial and non-financial measures originally taken by governments and organizations globally. Effects vary considerably by region and customer industries. NORMA Group based its estimates and assumptions on existing knowledge and best information available. Accordingly, NORMA Group assumes that the impact of COVID-19-related effects on the Consolidated Financial Statements will not be of a serious material nature. COVID-19-related effects on the Consolidated Financial Statements could still result from the following effects:

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- declining and more volatile share prices
- interest rate adjustments in various countries
- the increasing volatility of foreign currency exchange rates
- deteriorating creditworthiness, payment defaults or delayed payments
- delays in order intake and also in order execution or contract performance, contract cancellations, adjusted or modified revenue and cost structures, volatility in commodity markets, limited or difficulty in making forecasts and projections due to uncertainties regarding the amount and timing of cash flows
- volatility in commodity markets

These factors may affect fair values and the carrying amounts of assets and liabilities as well as cash flows. The actual amounts may differ from the estimates and discretionary judgments made. NORMA Group believes that the assumptions made reasonably reflect the situation at the time the Consolidated Financial Statements were prepared.

In the past fiscal year, impairment tests were performed for the cash-generating units (EMEA, Americas and Asia-Pacific) based on different scenarios that confirmed the recoverability of the respective underlying carrying amounts.

Estimated impairment of goodwill

NORMA Group tests annually whether goodwill has suffered any impairment in accordance with the accounting policy stated in → [NOTE 3. 'SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – IMPAIRMENT OF NON-FINANCIAL ASSETS'](#). The recoverable amounts of cash-generating units have been determined based on fair value less costs to sell calculations. These calculations are based on discounted cash flow models, which require the use of estimates. → [NOTE 18. 'GOODWILL AND OTHER INTANGIBLE ASSETS'](#)

In 2021 and 2020, no impairment of goodwill, which amounted to EUR 392,745 thousand on December 31, 2021 (Dec 31, 2020: EUR 377,610 thousand), was necessary.

Income taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgments are required in determining the worldwide liabilities for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters differs from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. On December 31, 2021, income tax liabilities were EUR 5,269 thousand (Dec 31, 2020: EUR 5,032 thousand) and deferred tax liabilities were EUR 57,590 thousand (Dec 31, 2020: EUR 56,151 thousand).

Pension benefits

The present value of the pension obligations depends on a number of factors determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost (income) for pensions include the discount rate. Any changes in these assumptions will impact the carrying amount of pension obligations.

The present value of the defined benefit obligation is calculated by discounting the estimated future cash outflows using the interest rates of high-quality corporate bonds.

The Group determines the appropriate discount rate on the balance sheet date. In determining the appropriate discount rate, the Group considers the interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating the terms of the related pension liability.

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Other key assumptions for pension obligations are based in part on current market conditions. Additional information is disclosed in → [NOTE 3. 'SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – EMPLOYEE BENEFITS'](#).

Pension liabilities amounted to EUR 15.913 thousand on December 31, 2020 (Dec 31, 2019: EUR 16.542 thousand).

Useful lives of property, plant and equipment and intangible assets

The Group's management determines the estimated useful lives and related depreciation/amortization charges for its property, plant and equipment and intangible assets. This estimate is based on projected lifecycles. These could change as a result of technical innovations or competitor actions in response to severe industry cycles. Management will increase the depreciation charge where useful lives are less than previously estimated useful lives, or it will write-off or write-down technically obsolete or non-strategic assets that have been abandoned or sold.

Accounting for leases

In connection with the accounting for leases, estimation uncertainties and discretionary decisions arise, which are described in → [NOTE 3. 'SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES – LEASING ACTIVITIES OF THE GROUP AND THEIR ACCOUNTING TREATMENT \(FROM JANUARY 1, 2019\)'](#).

Business combinations

In our accounting for business combinations, judgment is required in determining whether an intangible asset is identifiable, and should be recorded separately from goodwill. Additionally, estimating the acquisition-date fair values of the identifiable assets acquired and liabilities assumed involves considerable judgment. The necessary measurements are based on information available on the acquisition date and are based on expectations and assumptions that have been deemed reasonable by management. These judgments, estimates and assumptions can materially affect our financial position and profit for several reasons, including the following:

- Fair values assigned to assets subject to depreciation and amortization affect the amounts of depreciation and amortization to be recorded in operating profit in the periods following the acquisition.
- Subsequent negative changes in the estimated fair values of assets may result in additional expense from impairment charges.
- Subsequent changes in the estimated fair values of liabilities and provisions may result in additional expense (if increasing the estimated fair value) or additional income (if decreasing the estimated value).

7. Adjustments

The Management adjusts certain expenses and incomes for operational management purposes. Hence, the following results, which are adjusted by these expenses, reflect the Management Board's perspective. Since the fiscal year 2020, only those expenses and income are adjusted within operating profit (EBIT) that are related to a business combination.

In fiscal year 2021 and 2020, no adjustments were made within EBITDA (earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets).

As in prior years, depreciation of property, plant and equipment from purchase price allocations in the amount of EUR 1,533 thousand (2020: EUR 3,485 thousand) within EBITA (earnings before interest, taxes and amortization of intangible assets) and amortization of intangible assets in the amount of EUR 20,160 thousand (2020: EUR 21,660 thousand) from purchase price allocations within EBIT were adjusted.

Expenses from the transformation program "Get on track", which were recognized in the amount of EUR 127 thousand (2020: EUR 25,222 thousand) within employee benefit expenses and in the amount of EUR 1,330 thousand (2020: EUR 3,856 thousand) within other operating expenses in fiscal year 2021, were not adjusted in fiscal years 2021 and 2020 and are included in EBIT.

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The theoretical taxes resulting from the adjustments are calculated using the respective tax rate of each Group entity and are taken into consideration in adjusted earnings after taxes.

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

Profit and loss net of adjustments

T070

in EUR thousands	2021 unadjusted	Step-up effects from purchase price allocations	Total adjustments	2021 adjusted
Revenue	1,091,907		0	1,091,907
Changes in inventories of finished goods and work in progress	17,479		0	17,479
Other own work capitalized	3,018		0	3,018
Raw materials and consumables used	- 499,962		0	- 499,962
Gross profit	612,442	0	0	612,442
Other operating income and expenses	- 159,939		0	- 159,939
Employee benefits expense	- 284,913		0	- 284,913
EBITDA	167,590	0	0	167,590
Depreciation	- 46,591	1,533	1,533	- 45,058
EBITA	120,999	1,533	1,533	122,532
Amortization	- 28,932	20,160	20,160	- 8,772
Operating profit (EBIT)	92,067	21,693	21,693	113,760
Financial costs – net	- 12,410		0	- 12,410
Profit before income tax	79,657	21,693	21,693	101,350
Income taxes	- 23,583	- 5,452	- 5,452	- 29,035
Profit for the period	56,074	16,241	16,241	72,315
Non-controlling interests	141		0	141
Profit attributable to shareholders of the parent	55,933	16,241	16,241	72,174
Earnings per share (in EUR)	1.76			2.27

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Profit and loss net of adjustments (continued)

T070

	2020 unadjusted	Step-up effects from purchase price allocations	Total adjustments	2020 adjusted
in EUR thousands				
Revenue	952,167		0	952,167
Changes in inventories of finished goods and work in progress	- 1,797		0	- 1,797
Other own work capitalized	3,767		0	3,767
Raw materials and consumables used	- 417,467		0	- 417,467
Gross profit	536,670	0	0	536,670
Other operating income and expenses	- 139,169		0	- 139,169
Employee benefits expense	- 298,189		0	- 298,189
EBITDA	99,312	0	0	99,312
Depreciation	- 48,174	3,485	3,485	- 44,689
EBITA	51,138	3,485	3,485	54,623
Amortization	- 30,993	21,660	21,660	- 9,333
Operating profit (EBIT)	20,145	25,145	25,145	45,290
Financial costs – net	- 14,765		0	- 14,765
Profit before income tax	5,380	25,145	25,145	30,525
Income taxes	97	- 6,300	- 6,300	- 6,203
Profit for the period	5,477	18,845	18,845	24,322
Non-controlling interests	- 193		0	- 193
Profit attributable to shareholders of the parent	5,670	18,845	18,845	24,515
Earnings per share (in EUR)	0.18			0.77

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8. Revenue from contracts with customers

Revenue recognized during the period related to the following:

Revenue by distribution channel

in EUR thousands	EMEA		Americas		Asia-Pacific		Consolidated Group	
	2021	2020	2021	2020	2021	2020	2021	2020
Engineered Joining Technology (EJT)	332,048	303,102	171,718	145,955	116,898	103,540	620,664	552,597
Standardized Joining Technology (SJT)	126,568	103,862	282,444	238,801	55,258	52,852	464,270	395,515
Other revenues	3,774	2,552	2,596	743	603	759	6,973	4,055
	462,390	409,516	456,758	385,499	172,759	157,151	1,091,907	952,167

Revenues in 2021 increased by EUR 139,740 thousand compared to 2020. This corresponds to organic growth of 16.2%. The reason for this development is the continuing recovery of the economic environment in 2021 and a normalization of demand to pre-pandemic levels.

Negative currency effects, particularly in connection with the US dollar, slightly reduced organic growth.

Revenue by category

in EUR thousands	2021	2020
Revenues from the sale of goods	1,085,366	947,017
Revenues from engineering services	215	0
Revenues from other services	872	1,498
Other revenue	5,454	3,652
	1,091,907	952,167

Other revenue mainly consists of revenue from the sale of production residues in metal production.

Revenues in 2021 include income of EUR 1,595 thousand from the reversal of reimbursement liabilities recognized in the previous period. The reversals represent the difference between the expected volume discounts and annual bonuses recognized for customers in the previous period and the actual payment in the fiscal year. In 2020, EUR 791 thousand in revenues from construction contracts were included.

For the analysis of sales by region, please refer to → [NOTE 30. 'SEGMENT REPORTING'](#).

Contract assets and liabilities

Contract assets represent revenues from development services rendered, which were realized based on the ratio of costs already incurred to the estimated total costs. The contract liabilities represent advance payments received for goods to be supplied by NORMA Group. Contract assets and contract liabilities in the amounts of EUR 849 thousand and EUR 427 thousand respectively (2020: EUR 270 thousand and EUR 998 thousand respectively) are expected to be realized or settled within the next twelve months. The contract liabilities from advance payments received in the amount of EUR 998 thousand recognized as of January 1, 2021, were recognized as sales revenues, net of any sales taxes, in the fiscal year.

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Transaction price of unsatisfied performance obligations

NORMA Group applies the practical expedient of IFRS 15 and does not disclose the transaction price allocated to unsatisfied performance obligations as of the balance sheet date, as the outstanding obligations are part of a contract with an initial term of up to twelve months.

9. Materials and consumables used

Raw materials and consumables used comprised the following:

Raw materials and consumables used		T073
in EUR thousands	2021	2020
Cost of raw materials, consumables and supplies	– 456,369	– 380,999
Cost of purchased services	– 43,593	– 36,468
	– 499,962	– 417,467

The raw materials and consumables used led to an increased ratio of 45.8% (2020: 43.8%). In relation to the total value (sum of revenues, own work capitalized and variance of stock), raw materials and consumables used also increased with a ratio of 44.9% compared to prior year's ratio (2020: 43.8%).

The main reasons for this development are primarily the ongoing limited shortage of raw materials worldwide as well as delivery delays and a resulting increase in material prices, which could not be fully passed on to customers in 2021.

Furthermore, the significantly higher value for variance of stock compared with the previous year also had an increasing impact on material costs.

10. Other operating Income

Other operating income comprised the following:

Other operating income		T074
in EUR thousands	2021	2020
Currency gains operational	8,702	8,727
Reversal of provisions	1,986	1,614
Reversal of accruals	4,595	5,195
Grants related to employee benefits expense	158	310
Reimbursement of vehicle costs	960	799
Other income from disposal of fixed assets	563	85
Foreign exchange derivatives	124	98
Government grants	1,816	1,491
Cost recharges from suppliers	407	0
Refund other taxes	0	101
Others	1,096	761
	20,407	19,181

The other operating income in fiscal year 2021 was EUR 1,226 thousand higher than in fiscal year 2020. The other operating income mainly included foreign exchange gains from operating activities in the European area as well as income from the reversal of liabilities and unused provisions.

Income from the reversal of provisions primarily results from personnel-related provisions in connection with restructuring provisions and from the measurement of share-based forms of compensation.

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

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11. Other operating expenses

Other operating expenses comprised the following:

Other operating expenses		T075	
in EUR thousands	2021	2020	
Consulting and marketing	- 18,959	- 19,234	
Expenses for temporary workforce and other personnel-related costs	- 43,179	- 24,508	
Freights	- 38,410	- 32,011	
IT and telecommunications	- 24,416	- 18,042	
Rentals and other building costs	- 7,045	- 6,333	
Travel and entertainment	- 3,451	- 3,185	
Currency losses operational	- 9,318	- 10,038	
Research & development	- 2,802	- 2,952	
Vehicle costs	- 2,129	- 2,075	
Maintenance	- 3,621	- 3,198	
Commission payable	- 4,399	- 4,735	
Non-income-related taxes	- 2,915	- 3,348	
Insurances	- 3,575	- 3,058	
Office supplies and services	- 2,008	- 2,044	
Write-offs and impairment losses on trade accounts receivable	0	- 4,568	
Guaranties	- 2,436	- 6,587	
Other administrative expenses	- 7,442	- 7,867	
Others	- 4,241	- 4,567	
	- 180,346	- 158,350	

Other operating expenses for 2021 were 13.9% higher than other operating expenses for 2020.

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

The increase in IT and telecommunications expenses, which also include area-specific consulting expenses, is attributable to the Group-wide implementation of a new ERP system and the associated additional need for consulting services and license fees.

In 2021, expenses for the "Get on track" program of EUR 1,330 thousand (2020: EUR 3,856 thousand) were included in other operating expenses.

In relation to sales, other operating expenses in the current reporting period was 16.5% and thus are almost unchanged compared to the previous year (2020: 16.6%).

12. Employee benefits expense

Employee benefits expense comprised the following:

Employee benefits expense		T076	
in EUR thousands	2021	2020	
Wages and salaries and other termination benefits	- 232,815	- 246,800	
Social security costs	- 39,229	- 38,559	
Pension costs – defined contribution plans	- 11,415	- 10,645	
Pension costs – defined benefit plans	- 1,454	- 2,185	
	- 284,913	- 298,189	

Employee benefits expense in 2021 decreased by 4.5% in comparison to the previous fiscal year. Expenses from restructuring provisions for the "Get on Track" program initiated in November 2019 in the amount of EUR 25,223 thousand increased the expenses. Based on comparable employee benefits expense (2021: EUR 284,786 thousand; 2020: EUR 272,966 thousand), employee benefit expenses as a percentage of total operating performance decreased from 28.7% to 25.6%. This decrease is mainly a result of the increase in business activities compared to the same period of the previous year. In the prior-year period, order and sales volumes were significantly lower due to the effects of the COVID-19 pandemic.

In absolute terms, comparable employee benefits expense increased, compared to 2020, due to the countermeasures used in the prior year to reduce the impact of the COVID-19 pandemic. The reduction in overtime, the use of government-sponsored short-time work, temporary employee leave and other government support measures resulted in a lower comparative base.

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Wage increases in the past fiscal year also contributed to the increase in employee benefit expenses.

In 2021, the average headcount was 6,432 (2020: 6,521).

13. Financial income and costs

Financial income and costs comprised the following:

Financial income and costs		T077
in EUR thousands	2021	2020
Financial costs		
Interest expenses		
Bank borrowings	-7,072	-9,941
Hedging instruments	-1,615	-756
Leases	-796	-1,059
Expenses for interest accrued on provisions	9	-2
Expenses for interest accrued on pensions	-96	-106
Foreign exchange result on financing activities	320	-911
Result on valuation of derivatives	-1,804	304
Other financial cost	-1,833	-2,750
	-12,887	-15,221
Financial income		
Interest income on short-term bank deposits	435	443
Other financial income	42	13
	477	456
Net financial cost	-12,410	-14,765

The reduction in interest expenses compared to the previous year results mainly from the reduction of NORMA Group's gross debt (liabilities to banks) at the end of 2020, the net repayment in the previous fiscal year and the refinancing through the Commercial Paper program with significantly lower interest rates. Furthermore, the reduction in interest expenses was favored by the impact of the interest rate cuts in the US dollar area in the second half of 2020, which had a positive effect on the US dollar tranches of the financing. → NOTE 5 "FINANCIAL RISK MANAGEMENT"

The development of the result from the valuation of derivatives and the foreign exchange result from financing activities resulted from the hedging of the US dollar financial liabilities taken up and the increase in the value of the US dollar compared with the previous year. The hedging relationship was classified as a fair value hedge, hence the effects from the measurement of the derivatives and from the measurement or translation of the financial liabilities are reflected within the financial result. The net effect is disclosed in → NOTE 14. 'NET FOREIGN EXCHANGE GAINS / LOSSES'.

Transaction costs in connection with financing are netted with the bank borrowings. They are amortized over the financing period of the respective debt using the effective interest method. As of December 31, 2021, the value of transaction costs recognized in the balance sheet and amortized over the maturities of the bank borrowings amounted to EUR 594 thousand (2020: EUR 848 thousand).

14. Net foreign exchange gains / losses

The exchange differences recognized in profit or loss are as follows:

Net foreign exchange gains / losses		T078	
in EUR thousands	Note	2021	2020
Currency gains operational	(10)	8,702	8,727
Currency losses operational	(11)	-9,318	-10,038
Foreign exchange result on financing activities	(13)	320	-911
Result from foreign exchange rate derivatives	(10, 13, 21)	-1,484	401
		-1,780	-1,821

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15. Earnings per share

Earnings per share are calculated by dividing net income for the period attributable to NORMA Group's shareholders by the weighted average number of shares issued during the period under review. NORMA Group has only issued common shares. In 2021, as in the previous year, the average weighted number of shares was 31,862,400 (2020: 31,862,400).

As of December 31, 2021, and 2020, there were no dilutive effects on earnings per share.

Earnings per share in 2021 and 2020 were as follows:

Earnings per share	T079	
in EUR thousands	2021	2020
Profit attributable to shareholders of the parent	55,933	5,670
Number of weighted shares	31,862,400	31,862,400
Earnings per share (un)diluted (in EUR)	1.76	0.18

16. Income taxes

The breakdown of income taxes is as follows:

Income taxes	T080	
in EUR thousands	2021	2020
Current tax expenses	– 25,472	– 18,083
Deferred tax income	1,889	18,180
Total income taxes	– 23,583	97

The combined income tax rate for the German companies for 2021 amounted to 30.1% (2020: 30.1%), comprising corporate income tax at a rate of 15%, the solidarity surcharge of 5.5% on corporate income tax and trade income tax at an average rate of 14.2%. The taxation of the foreign subsidiaries is calculated on the basis of the tax rate applicable in the respective country of domicile. Deferred taxes, calculated using the tax rates which apply respectively, are expected to apply in the various countries at the time of realization.

The income tax expense of the Group actually reported differs from the theoretical income tax expense based on the total German income tax rate for 2021 as follows:

Tax reconciliation	T081	
in EUR thousands	2021	2020
Profit before tax	79,657	5,380
Group tax rate	30.1%	30.1%
Expected income taxes	– 23,977	– 1,619
Tax effects of:		
Tax losses and tax credits from the actual year for which no deferred income tax is recognized	132	– 840
Effects from the deviation of the Group tax rate resulting mainly from different foreign tax rates	5,029	2,163
Non-deductible expenses for tax purposes	– 3,051	– 2,206
Other tax-free income		4,458
Tax effect of changes in tax rates regarding deferred taxes	– 144	666
Income taxes related to prior years	219	– 960
Impairment of tax assets	– 165	– 16
Other	– 1,626	– 1,549
Income taxes	– 23,583	97

The item "Other" consists mainly of other non-income taxes (e. g. non-creditable foreign withholding tax expense) in 2021 and 2020.

The position "Other tax-free income" for fiscal year 2020 mainly includes a one-off tax effect realized in the US. In the fiscal year 2020, NORMA Group decided to treat its Brazilian subsidiary as a so-called "disregarded entity" for US income tax purposes. Considering various requirements, one-off tax write-offs were performed on the carrying amount of the investment and on an existing shareholder loan of the company, resulting in a tax benefit of EUR 5.0 million. The conditions of deductibility of the write-off are subject to review by the US tax authorities.

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The income tax charged / credited directly to other comprehensive income during the year is as follows:

Income tax charged / credited to other comprehensive income T082

2021

in EUR thousands	Before tax amount	Tax charge / credit	Net of tax amount
Cash flow hedges gains / losses	1,106	- 322	784
Remeasurements of post-employment benefit obligations	1,540	- 342	1,198
Other comprehensive income	2,646	- 664	1,982

2020

in EUR thousands	Before tax amount	Tax charge / credit	Net of tax amount
Cash flow hedges gains / losses	- 877	255	- 622
Remeasurements of post-employment benefit obligations	802	- 207	595
Other comprehensive income	- 75	48	- 27

Additional Information Balance Sheet

17. Deferred income tax

The movement in deferred income tax assets and liabilities during the year was as follows:

Movement in deferred tax assets and liabilities T083

in EUR thousands	2021	2020
Deferred tax liabilities (net) – as of Jan 1	37,517	60,187
Deferred tax income	- 1,889	- 18,180
Tax charged to other comprehensive income	664	- 48
Foreign exchange rate differences	3,185	- 4,442
Deferred tax liabilities (net) – as of Dec 31	39,477	37,517

The analysis of deferred income tax assets and deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

Deferred income tax assets T084

in EUR thousands	Dec 31, 2021	Dec 31, 2020
Intangible assets	3,059	4,314
Property, plant and equipment	911	517
Other assets	2,256	5,616
Inventories	2,388	3,057
Trade receivables	1,490	1,502
Retirement benefit obligations / pension liabilities	2,828	3,053
Provisions	3,660	6,988
Borrowings	10	60
Other liabilities, incl. derivatives	5,572	4,385
Trade and other payables	815	976
Tax loss carry forward and tax credits 1	7,568	5,134
Deferred tax assets (before offsetting)	30,557	35,602
Offsetting effects	- 12,444	- 16,968
Deferred tax assets	18,113	18,634

1_adjustment to net presentation, i. e. after valuation adjustments

Deferred income tax liabilities T085

in EUR thousands	Dec 31, 2021	Dec 31, 2020
Intangible assets	49,712	50,885
Property, plant and equipment	14,122	12,808
Other assets	2,392	2,127
Inventories	160	128
Trade receivables	447	97
Retirement benefit obligations / pension liabilities	10	6
Borrowings	442	4,258
Provisions	54	45
Other liabilities, incl. derivatives	67	112
Trade and other payables	0	128
Untaxed reserves	2,628	2,525
Deferred tax liabilities (before offsetting)	70,034	73,119
Offsetting effects	- 12,444	- 16,968
Deferred tax liabilities	57,590	56,151
Deferred tax liabilities (net)	39,477	37,517

Deferred income tax assets are recognized for all deductible temporary differences between the carrying amounts of assets and liabilities in the Consolidated Statement of Financial Position and their tax bases to the extent that it is probable that future taxable profit will be available against which the deductible temporary differences can be utilized. Both in the current fiscal year and in the previous year, it was possible to recognize a deferred income tax asset for all deductible temporary differences because of the probability that future taxable profit will be available against which the deductible temporary differences can be utilized.

The Group incurred tax losses in some subsidiaries in 2021 or in previous years. In total, the recognized deferred income tax assets on temporary differences for subsidiaries that have incurred tax losses in the current or previous fiscal year amount to EUR 2,842 thousand (2020: EUR 2,203 thousand).

The decrease in deferred income tax assets in the position "Other assets" compared to the previous year mainly results from the exchange rate development of a foreign currency receivable at the level of NORMA Group Holding GmbH. The decrease in deferred income tax assets in the position "Provisions" compared to the previous year results from the partial utilization of a provision for severance payments recognized in the previous year at the level of NORMA Germany GmbH.

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The decrease in deferred income tax liabilities in the item "Borrowings" compared to the previous year is mainly due to the exchange rate development of a foreign currency liability at the level of NORMA Group Holding GmbH.

Deferred tax assets are recognized for tax loss carry forwards to the extent that it is probable that the tax assets will be realized in the foreseeable future. Deferred tax assets for unused tax losses and unused tax credits developed as follows during the fiscal year:

Expiry tax losses		T086
in EUR thousands	Dec 31, 2021	Dec 31, 2020
up to 1 year	50	0
> 1 year up to 5 years	6,316	6,587
> 5 years	4,232	2,529
Unlimited carry forward	27,817	20,545
Total	38,415	29,661

The Group did not recognize deferred income tax assets in respect of tax loss carry forwards amounting to EUR 6,434 thousand on December 31, 2021 (Dec 31, 2020: EUR 7,168 thousand).

The expiration of tax loss carry forwards not recognized for tax purposes is as follows:

Expiry of tax losses not recognized		T087
in EUR thousands	Dec 31, 2021	Dec 31, 2020
up to 1 year	0	0
> 1 year up to 5 years	0	0
> 5 years	0	0
Unlimited carry forward	6,434	7,168
Total	6,434	7,168

Regarding to the taxable temporary differences, amounting to EUR 527,524 thousand (Dec 31, 2020: EUR 414,177 thousand), associated with investments in subsidiaries, no deferred tax liabilities are recognized as of December 31, 2021, as the temporary differences are unlikely to reverse in the foreseeable future.

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18. Goodwill and other intangible assets

The acquisition costs as well as accumulated amortization and impairment of intangible assets consist of the following:

Development of goodwill and other intangible assets

in EUR thousands	As of Jan 1, 2021	Additions	Deductions	Transfers	Currency effects	T088 As of Dec 31, 2021
Acquisition costs						
Goodwill	410,297				17,143	427,440
Customer lists	257,376	3			19,771	277,150
Licenses, rights	1,880	9	0	5	17	1,911
Software acquired externally	44,213	507	- 2,576	171	841	43,156
Trademarks	52,262				4,133	56,395
Patents & technology	68,556	582		75	3,195	72,408
Internally generated intangible assets	31,906	2,829	- 413	- 673	1,506	35,155
Intangible assets, other	8,737	115		422	52	9,326
Total	875,227	4,045	- 2,989	0	46,658	922,941
Amortization and impairment						
Goodwill	32,687				2,008	34,695
Customer lists	114,865	15,196			8,938	138,999
Licenses, rights	1,737	19			18	1,774
Software acquired externally	40,870	2,414	- 2,565		790	41,509
Trademarks	15,007	1,481			1,179	17,667
Patents & technology	43,131	4,128			2,435	49,694
Internally generated intangible assets	19,838	4,908	- 413		1,047	25,380
Intangible assets, other	6,833	786			44	7,663
Total	274,968	28,932	- 2,978	0	16,459	317,381

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Development of goodwill and other intangible assets (continued)

T088

in EUR thousands	As of Jan 1, 2020	Additions	Deductions	Transfers	Currency effects	As of Dec 31, 2020
Acquisition costs						
Goodwill	427,996				- 17,699	410,297
Customer lists	277,163				- 19,787	257,376
Licenses, rights	1,918				- 38	1,880
Software acquired externally	44,639	667	- 421	321	- 993	44,213
Trademarks	56,859				- 4,597	52,262
Patents & technology	71,801	686		132	- 4,063	68,556
Internally generated intangible assets	30,160	4,081	- 771		- 1,564	31,906
Intangible assets, other	8,716	325		- 453	149	8,737
Total	919,252	5,759	- 1,192	0	- 48,592	875,227
Amortization and impairment						
Goodwill	34,909				- 2,222	32,687
Customer lists	106,189	16,226			- 7,550	114,865
Licenses, rights	1,747	25			- 35	1,737
Software acquired externally	39,391	2,783	- 420		- 884	40,870
Trademarks	14,677	1,524			- 1,194	15,007
Patents & technology	41,294	4,551			- 2,714	43,131
Internally generated intangible assets	16,128	5,486	- 770		- 1,006	19,838
Intangible assets, other	6,423	398			12	6,833
Total	260,758	30,993	- 1,190	0	- 15,593	274,968

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The carrying amounts for intangible assets as of December 31, 2021, and 2020, were as follows:

Goodwill and other intangible assets – carrying amounts T089

in EUR thousands	Carrying amounts	
	Dec 31, 2021	Dec 31, 2020
Goodwill	392,745	377,610
Customer lists	138,151	142,511
Licenses, rights	137	143
Software acquired externally	1,647	3,343
Trademarks	38,728	37,255
Patents & technology	22,714	25,425
Internally generated intangible assets	9,775	12,068
Intangible assets, other	1,663	1,904
Total	605,560	600,259

The item 'Patents and technology' on December 31, 2021, consists of patents worth EUR 5,311 thousand (Dec 31, 2020: EUR 6,911 thousand) and technology worth EUR 17,402 thousand (Dec 31, 2020: EUR 18,514 thousand). Unpatented technologies contain specific process know-how in the production process identified in the course of company acquisitions.

Internally generated intangible assets include development costs for technologies in the amount of EUR 6,890 thousand (Dec 31, 2020: EUR 7,862 thousand) as well as internally generated software in the amount of EUR 2,885 thousand (Dec 31, 2020: EUR 4,206 thousand).

The item 'Intangible assets, other' consists mainly of prepayments.

Significant individual intangible asset T090

in EUR thousands	Carrying amounts		Remaining useful life (in years)
	Dec 31, 2021	Dec 31, 2020	
NDS – Customer lists	94,220	93,743	13

In addition to additions and disposals and scheduled amortization, the changes in intangible assets also resulted from positive exchange rate effects, in particular from the US dollar region.

The change in goodwill is summarized as follows:

Change in goodwill T091

in EUR thousands	
Balance as of Dec 31, 2020	377,610
Currency effect	15,135
Balance as of Dec 31, 2021	392,745

Besides the goodwill, there are intangible assets within trademarks with an indefinite useful life in the amount of EUR 28,165 thousand (2020: EUR 25,996 thousand) resulting from the acquisition of NDS in 2014. From a market perspective, NORMA Group assumed an indefinite useful life for these acquired trademarks, which mainly include the corporate brand NDS®, because these brands have been established in the market for a number of years and there is no foreseeable end to their useful life, therefore useful lives are indefinite. Trademarks with indefinite useful lives are fully allocated to the cash-generating unit (CGU) Americas.

Trademarks with an unknown term of use are subjected to an annual impairment test pursuant to IAS 36 on the basis of the recoverable amount pursuant to the procedure described in → NOTE 3. 'SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – IMPAIRMENT OF NON-FINANCIAL ASSETS'.

On December 31, 2021, and 2020, the intangible assets were unsecured.

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Impairment tests for goodwill

Goodwill is allocated to the Group's cash-generating units (CGUs) identified according to geographical areas. A summary of the goodwill allocation is presented below:

Goodwill allocation per segment		T092
in EUR thousands	Dec 31, 2021	Dec 31, 2020
CGU EMEA	178,855	178,504
CGU Americas	178,568	164,816
CGU Asia-Pacific	35,322	34,290
Consolidated Group	392,745	377,610

Goodwill for the CGU Americas increased in 2021 mainly due to currency effects.

The recoverable amount of a CGU is determined based on fair value less costs to sell, which is calculated by discounting projected cash flows. Based on the inputs used for this valuation technique, fair values are classified as level 3 fair values. → [NOTE 3 'SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – FAIR VALUE ESTIMATION'](#). The determination of future cash flows is based on internal corporate planning, which is prepared with the "bottom up"-method using certain uniform Group-wide assumptions and covers a period of five years. The underlying parameters, such as sales growth and margins, are determined on the basis of expertise gained in the past, current economic results, and forecasts by external industry experts such as the VDMA industry association, the German Association of the Automotive Industry (VDA), and the LMC Automotive (LMCA). The average growth rates of sales in the planning period are between 6.4% and 11.6%.

For the extrapolation of cash flows beyond this five-year period, the estimated growth rates given below are used. NORMA Group believes that these growth rates do not exceed the long-term average growth rate for the geographical area of the respective CGU.

The discount rates used are after-tax rates and reflect the specific risk of each CGU. The respective before-tax rates are 8.38% (2020: 12.1%) for the CGU EMEA, 6.24% (2019: 8.41%) for the CGU Americas and 8.71% (2020: 12.46%) for the CGU Asia-Pacific.

The key assumptions used for fair value less costs to sell calculations are as follows:

Goodwill per segment – key assumptions				T093
Dec 31, 2021	CGU EMEA	CGU Americas	CGU Asia-Pacific	
Terminal value growth rate	1.00%	1.00%	1.00%	
Discount rate	6.75%	5.00%	6.80%	
<hr/>				
Dec 31, 2020	CGU EMEA	CGU Americas	CGU Asia-Pacific	
Terminal value growth rate	1.00%	1.00%	1.00%	
Discount rate	9.57%	6.94%	9.69%	

A sensitivity analysis for the individual CGUs takes into account any changes in the key assumptions that are considered possible. The sensitivity analysis was performed in isolation for all significant influencing factors, i. e., a change in the fair value of a cash-generating unit is only caused by a reduction or increase in the respective influencing factor.

Impairment losses on other intangible assets

No significant impairment losses or reversals of impairment losses were recognized for intangible assets in fiscal year 2021.

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19. Property, plant and equipment

The acquisition and manufacturing costs as well as accumulated depreciation of property, plant and equipment consist of the following:

Development of property, plant and equipment

in EUR thousands	As of Jan 1, 2021	Additions	Deductions	Transfers	Currency effects	T094 As of Dec 31, 2021
Acquisition costs						
Land and buildings	117,073	7,141	- 642	- 5,243	3,194	121,523
Machinery and tools	384,493	18,348	- 8,304	15,405	15,442	425,384
Other equipment	72,174	4,211	- 8,426	1,583	1,293	70,835
Assets under construction	34,970	13,691	- 278	- 19,764	1,519	30,138
Right of use assets						
Land and buildings	68,425	4,679	- 7,209		4,478	70,373
Machinery and tools	386	0			- 5	381
Forklifts and warehouse	2,957	1,041	- 800		69	3,267
Office and IT equipment	389	442	- 142		23	712
Company cars	3,994	2,019	- 1,252		39	4,800
Total	684,861	51,572	- 27,053	- 8,019	26,052	727,413
Depreciation and impairment						
Land and buildings	59,411	3,630	- 512	- 1,976	1,128	61,681
Machinery and tools	255,744	27,987	- 7,299	25	8,409	284,866
Other equipment	59,295	4,602	- 8,078	- 25	854	56,648
Assets under construction	92	0	0		9	101
Right of use assets						
Land and buildings	35,903	7,875	- 4,681		2,457	41,554
Machinery and tools	178	91	0		- 1	268
Forklifts and warehouse	1,872	798	- 792		37	1,915
Office and IT equipment	270	168	- 134		16	320
Company cars	2,091	1,440	- 1,182		26	2,375
Total	414,856	46,591	- 22,678	- 1,976	12,935	449,728

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Development of property, plant and equipment (continued)

T094

in EUR thousands	As of Jan 1, 2020	Additions	Deductions	Transfers	Currency effects	As of Dec 31, 2020
Acquisition costs						
Land and buildings	117,955	1,050	- 841	1,804	- 2,895	117,073
Machinery and tools	380,542	7,649	- 10,641	22,066	- 15,123	384,493
Other equipment	71,884	1,944	- 1,368	1,443	- 1,729	72,174
Assets under construction	38,302	24,845	- 6	- 25,313	- 2,858	34,970
Right of use assets						
Land and buildings	69,860	8,258	- 4,562		- 5,131	68,425
Machinery and tools	339	48	0		- 1	386
Forklifts and warehouse	3,069	321	- 364		- 69	2,957
Office and IT equipment	520	8	- 115		- 24	389
Company cars	4,424	1,211	- 1,569		- 72	3,994
Total	686,895	45,334	- 19,466	0	- 27,902	684,861
Depreciation and impairment						
Land and buildings	57,373	3,741	- 805		- 898	59,411
Machinery and tools	244,728	29,069	- 9,658		- 8,395	255,744
Other equipment	56,633	4,918	- 1,186		- 1,070	59,295
Assets under construction	19	76	0		- 3	92
Right of use assets						
Land and buildings	33,026	8,188	- 2,797		- 2,514	35,903
Machinery and tools	92	86	0		0	178
Forklifts and warehouse	1,640	629	- 353		- 44	1,872
Office and IT equipment	287	110	- 114		- 13	270
Company cars	2,254	1,357	- 1,485		- 35	2,091
Total	396,052	48,174	- 16,398	0	- 12,972	414,856

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The carrying amounts for property, plant and equipment as of December 31, 2021, and 2020, were as follows:

Property, plant and equipment – carrying amounts T095

in EUR thousands	Carrying amounts	
	Dec 31, 2021	Dec 31, 2020
Land and buildings	59,842	57,662
Machinery and tools	140,518	128,749
Other equipment	14,187	12,879
Assets under construction	30,037	34,878
Total	244,584	234,168

On December 31, 2021, the item 'Machinery and tools' included tools valued at EUR 24,094 thousand (Dec 31, 2020: EUR 25,861 thousand).

No material impairment and no material write-ups were recognized on property, plant and equipment in 2021 and 2020.

The transfers in fiscal year 2021 are related to the land and buildings held for sale. → [NOTE 29. NON-CURRENT ASSETS HELD FOR SALE.](#)

On December 31, 2021, and 2020, property, plant and equipment were unsecured.

20. Leases

The following disclosures contain information about NORMA Group's leases in fiscal year 2021 and 2020.

(i) Amounts recognized in the Consolidated Statement of Financial Position

The following items related to leases are shown in the Consolidated Statement of Financial Position:

Right of use – carrying amounts T096

in EUR thousands	Dec 31, 2021	Dec 31, 2020
Land and buildings	28,819	32,522
Machinery and tools	113	208
Forklifts and warehouse	1,352	1,085
Office and IT equipment	392	119
Company cars	2,425	1,903
Total	33,101	35,837

The maturities of the nominal values and the carrying amounts of the lease liabilities are as follows:

Maturity of lease liabilities as of Dec 31, 2021 T097

in EUR thousands	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

Maturity of lease liabilities as of Dec 31, 2020 T098

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

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(ii) Amounts recognized in the income statement

The following amounts relating to leases are recognized in the income statement:

Leases in the statement of profit or loss	T099	
in EUR thousands	2021	2020
Depreciation charge of right-of-use assets	10,372	10,370
Land and buildings	7,875	8,188
Machineries and technical equipments	91	86
Forklifts and warehouse equipments	798	629
Office and IT equipments	168	110
Company cars	1,440	1,357
Finance costs	- 886	- 1,093
Interest expenses	- 796	- 1,059
Currency gains / -losses	- 90	- 34
Other operating expenses	1,046	864
Expenses relating to short-term leases for which no RoU asset was recorded	801	479
Expenses relating to leases of low-value assets that are not shown above as short-term leases	245	385

(iii) Amounts recognized in the cash flow statement

EUR 12,339 thousand in total are recognized as cash outflows in the cash flow statement because of right-of-use assets (2020: EUR 11,935 thousand). Of this, EUR 11,293 thousand were recognized under cash flows from financing activities (2020: EUR 11,071 thousand) and EUR 1,046 thousand were recognized under cash flows from operating activities (2020: EUR 864 thousand).

21. Financial instruments

The following disclosures provide an overview of the financial instruments held by the Group, detailed information about each type of financial instrument held and information about the accounting policies used. Financial instruments according to classes and categories were as follows:

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Financial instruments – classes and categories

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in EUR thousands	Notes	Category IFRS 7.8 according to IFRS 9	Carrying amount Dec 31, 2021	Measurement basis IFRS 9			Fair value Dec 31, 2021
				Amortized cost	Fair value through profit or loss	Derivatives used for hedging	
Financial assets							
Derivative financial instruments – held for trading							
Foreign exchange derivatives		FVTPL	148		148		148
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives – fair value hedges	21. (f)	n/a	305			305	305
Trade and other receivables	21. (a)	Amortized Cost	142,283	142,283			142,283
Trade receivable – ABS / Factoring program (mandatorily measured at FVTPL)	21. (b)	FVTPL	19,726		19,726		19,726
Other financial assets	21. (d)	Amortized Cost	4,663	4,663			4,663
Cash and cash equivalents	21. (c)	Amortized Cost	185,719	185,719			185,719
Financial liabilities							
Borrowings	21. (e)	FLAC	463,237	463,237			472,053
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges		n/a	247			247	247
Foreign exchange derivatives – fair value hedges		n/a	1,498			1,498	1,498
Trade and other payables	21. (e)	FLAC	180,534	180,534			180,534
Lease liabilities	20	n/a	30,815				n/a
Other financial liabilities	21. (e)	FLAC	8,407	8,407			8,407
Totals per category							
Financial assets at amortized cost			332,665	332,665			332,665
Financial assets at fair value through profit or loss (FVTPL)			19,874		19,874		19,874
Financial liabilities at amortized cost (FLAC)			652,178	652,178			660,994

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in EUR thousands	Notes	Category IFRS 7.8 according to IFRS 9	Carrying amount Dec 31, 2020	Measurement basis IFRS 9			Fair value Dec 31, 2020
				Amortized cost	Fair value through profit or loss	Derivatives used for hedging	
Financial assets							
Derivative financial instruments – hedge accounting							
Foreign exchange derivatives – cash flow hedges	21. (f)	n/a	33			33	33
Foreign exchange derivatives – fair value hedges		n/a	396			396	396
Trade and other receivables	21. (a)	Amortized Cost	135,183	135,183			135,183
Trade receivable – ABS/ Factoring program (mandatorily measured at FVTPL)	21. (b)	FVTPL	22,129		22,129		22,129
Other financial assets	21. (d)	Amortized Cost	2,470	2,470			2,470
Cash and cash equivalents	21. (c)	Amortized Cost	185,109	185,109			185,109
Financial liabilities							
Borrowings	21. (e)	FLAC	477,991	477,991			490,254
Derivative financial instruments – hedge accounting							
Interest rate swaps – cash flow hedges	21. (f)	n/a	1,354			1,354	1,354
Foreign exchange derivatives – fair value hedges		n/a	65			65	65
Trade and other payables	21. (e)	FLAC	148,726	148,726			148,726
Lease liabilities	20	n/a	33,845				n/a
Other financial liabilities	21. (e)	FLAC	10,212	10,212			10,212
Totals per category							
Financial assets at amortized cost			322,762	322,762			322,762
Financial assets at fair value through profit or loss (FVTPL)			22,129		22,129		22,129
Financial liabilities at amortized cost (FLAC)			636,929	636,929			649,192

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21.(a) Trade and other receivables

Trade and other receivables were as follows:

Trade and other receivables		T101
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Trade receivables	155,710	150,908
Other receivables	6,299	6,404
	162,009	157,312

Other receivables mainly include banker's acceptance bills for trade receivables for customers in China. These financial assets are generally required to collect contractual cash flows and are allocated to the "hold" business model accordingly and are initially recognized at fair value plus transaction costs and are subsequently carried at amortized cost using the effective interest method less any impairment losses.

On the balance sheet date, trade receivables were as follows:

Trade receivables		T102
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Trade receivables	157,537	152,907
Less: allowances for doubtful accounts	– 1,827	– 1,999
	155,710	150,908

i. Classification as trade receivables

Trade receivables are amounts payable by customers for goods sold or services rendered in the ordinary course of business. If the receivables are expected to be settled within twelve months, they are classified as current assets. If this is exceptionally not the case, they are reported as non-current assets. Trade receivables are classified in accordance with IFRS 9. They are generally required to collect the contractual cash flows and are allocated to the "hold" business model accordingly. They are recognized initially at the amount of the unconditional consideration and are subsequently carried at amortized cost using the effective interest method less any impairment losses. If trade receivables contain a significant financing component, they are initially recognized at fair value.

ii. Impairment and write-offs of trade receivables

For trade receivables, the simplified approach, which is based on the expected credit losses over the respective terms, is used. Loss rates calculated on the basis of historical and forecast data are used, taking into account the business model, the respective customer and the economic environment of the geographical region.

For this purpose, NORMA Group considers in particular the credit default swaps of the respective client's home countries as well as industry-specific default probabilities derived from external sources. In addition, loss rates from customer-specific credit default swaps (CDS) are used, if available.

On this basis, the allowance for trade receivables and contract assets as of December 31, 2021 was determined as follows:

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Credit risk exposure trade receivables

T103

as of Dec 31, 2021

in EUR thousands	Credit loss rate < 1%	Credit loss rate > 1% < 2.5%	Credit loss rate > 2.5%	Total
Trade receivables – before allowances	55,725	79,420	2,666	137,811
ECL allowance	324	1,311	192	1,827
Trade receivables – after allowances	55,401	78,109	2,474	135,984

as of Dec 31, 2020

in EUR thousands	Credit loss rate < 1%	Credit loss rate > 1% < 2.5%	Credit loss rate > 2.5%	Total
Trade receivables – before allowances	37,395	88,781	4,602	130,778
ECL allowance	502	1,351	146	1,999
Trade receivables – after allowances	36,893	87,430	4,456	128,779

The impairment losses on trade receivables developed as follows from the opening balance sheet value as of January 1, 2021, to the closing balance sheet value as of December 31, 2021:

Impairment reconciliation

T104

in EUR thousands	Impairments on trade receivables
Impairment allowance as of Jan 1, 2021	1,999
Additions	1,780
Reversals	- 1,999
Consumption	- 39
Translation effect	86
Impairment allowance as of Dec 31, 2021	1,827

Impairment losses on trade receivables, together with those on contract assets, are recognized in operating profit as net impairment losses. Unused amounts reversed are included in the same line item. The net income recognized in fiscal year 2021 from these impairment losses amounted to EUR 219 thousand (2020: net expenses in the amount of 577 thousand).

The gross carrying amount of trade receivables that are not reasonably expected to be realizable are written off. In the fiscal year, the following losses resulted from the write-off of trade receivables:

Gains / losses arising from derecognition IFRS 7.20A

T105

in EUR thousands	2021	2020	Reasons for derecognition
Losses arising from derecognition	289	3,991	Write-off (IFRS 9.5.4.4)

Losses on the disposal of trade receivables through write-offs are recognized in operating profit as impairment losses, net. Unused amounts reversed are included in the same line item.

The increase in expenses for allowances for expected credit losses and for losses on disposal relates to the impact of the COVID-19 pandemic and the associated financial difficulties of some customers and the general development of risk premiums for measuring the default risks of loans.

iii. Fair value of trade receivables

Trade receivables have short-term maturities, therefore the carrying amounts on the balance sheet date correspond to their fair values, as the effects of discounting are not material.

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21.(b) Trade receivables transferred or available for transfer

i. Transferred trade receivables

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

a) Factoring transactions

In the factoring agreement concluded in 2017, that has a maximum volume of receivables of EUR 10 million (2020: EUR 18 million), NORMA Group subsidiaries in Germany, France and Poland sell trade receivables directly to external purchasers. As part of this factoring program, receivables of EUR 4.7 million were sold as of December 31, 2021, (Dec 31, 2020: EUR 7.0 million). Due to a temporary agreement, the payments under these disposals were made in full as of December 31, 2021. As of December 31, 2020, EUR 0.7 million were treated as purchase price retentions and not paid out, but rather held as security reserves and recognized as other financial assets. The requirements for a receivables transfer were met in accordance with IFRS 9.3.2.1 since the receivables were transferred in accordance with IFRS 9.3.2.4 a). Verification in accordance with IFRS 9.3.2.6 shows that nearly all opportunities and risks were neither transferred nor retained. It follows in accordance with IFRS 9.3.2.16 that NORMA Group recognizes remaining continuing involvement. NORMA Group is continuing to perform receivables management (servicing) for the receivables sold. Although NORMA Group is only entitled to act as a servicer, the Company retains the right to dispose of the sold receivables, as purchasers do not have the right to resell the receivables acquired. NORMA Group is continuing to recognize the sold trade receivables to the extent of its continuing involvement, i. e., at the maximum amount to which it continues to be liable for the late payment risk inherent in the receivables sold. Hence, NORMA Group is recognizing a corresponding financial liability. The remaining continuing involvement in the amount of EUR 43 thousand (Dec 31, 2020: EUR 64 thousand) was recognized as a financial liability and considers the maximum potential loss for NORMA Group resulting from the late payment risk of receivables sold as of the reporting date. The fair value of the guarantee / interest payments to be assumed has been estimated at EUR 4 thousand (Dec 31, 2020: EUR 5 thousand), taken through profit or loss and recognized under other liabilities. In 2018, NORMA established a further factoring program. Under the factoring agreement concluded in December 2018 with a maximum receivables volume of USD 24 million (2020: USD 16 million), a subsidiary of

NORMA Group in the US sells trade receivables directly to external purchasers. As part of this factoring program, receivables amounting to EUR 19.0 million were sold as of December 31, 2021 (Dec 31, 2020: EUR 7.9 million). Due to a temporary agreement, the payments under these disposals were made in full as of December 31, 2021, and 2020. The requirements for the derecognition of receivables in accordance with IFRS 9.3.2.1 are met, as the receivables are transferred in accordance with IFRS 9.3.2.4 a). The examination of IFRS 9.3.2.6 shows that essentially all opportunities and risks have been transferred. NORMA Group continues to service the receivables sold. Although NORMA Group is not entitled to dispose of the receivables sold in any other way than within the framework of receivables management, the Company retains control over the receivables sold as the buyers do not have the actual ability to resell the acquired receivables.

b) ABS transactions

In 2014, NORMA Group entered into a revolving asset purchase agreement (Receivables Purchase Agreement) with Weinberg Capital Ltd. (special purpose entity). Within the agreed structure, NORMA Group sold trade receivables in the context of an ABS transaction which was successfully initiated in December 2014. Receivables are sold by NORMA Group to a special purpose entity. As of December 31, 2021, domestic NORMA Group entities had sold receivables in an amount of EUR 11.4 million (Dec 31, 2020: EUR 12.2 million) under this asset-backed securities (ABS) program with a maximum volume of EUR 20 million. From the receivables sold, EUR 0.5 million (Dec 31, 2020: EUR 2020: EUR 0.5 million) were retained as loss reserves and not paid out. These assets were recognized as other financial assets. The basis for this transaction is the transfer of trade receivables of individual NORMA Group subsidiaries to a special purpose entity with a framework of undisclosed assignment. This special purpose entity (SPE) is not consolidated under IFRS 10 because neither the power over the SPE is attributable to NORMA Group nor does NORMA Group have an essential self-interest and no connection between power and variability of the returns of the special purpose entity exists. The requirements for a receivables transfer according to IFRS 9.3.2.1 are met, since the receivables are transferred according to IFRS 9.3.2.4 a). Verification in accordance with IFRS 9.3.2.6 shows that a substantial share of all risks and rewards were neither transferred nor retained. Therefore, according to IFRS 9.3.2.16, NORMA Group's continuing involvement must be recognized.

This continuing involvement in the amount of EUR 205 thousand (Dec 31, 2020: EUR 219) thousand) includes the maximum amount that NORMA Group could conceivably have to pay back under the default guarantee and the expected

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interest payments until the payment is received for the carrying amount of the receivables transferred. The fair value of the guarantee / interest payments to be assumed has been estimated at EUR 164 thousand (Dec 31, 2020: EUR 183 thousand), taken through profit or loss and recognized under other liabilities.

NORMA Group entered into another agreement with Weinberg Capital Ltd. (program special purpose entity) in fiscal year 2018 by concluding a further revolving receivables purchase agreement on the sale of trade receivables. The agreed structure provides for the sale of trade receivables of NORMA Group as part of an ABS transaction and was successfully initiated in December 2018. The receivables are sold to a special purpose entity by NORMA Group. As part of this ABS program with a volume of up to USD 20 million, US Group companies of NORMA Group sold receivables amounting to EUR 9.9 million as of December 31, 2021 (Dec 31, 2020: EUR 11.3 million), of which EUR 0.5 million (Dec 31, 2020: EUR 0.5 million) were not paid out as purchase price retentions, but rather held as security reserves and recognized as other financial assets. The basis for the transaction is the assignment of trade receivables of individual NORMA Group companies to a program special purpose entity as part of a silent assignment. According to IFRS 10, this program special purpose entity is not to be consolidated, as NORMA Group is not assigned any decision-making power, nor is there any material self-interest or link between decision-making power and the variability of returns from the program special purpose entity. The requirements for derecognition of receivables in accordance with IFRS 9.3.2.1 are met, as the receivables are transferred in accordance with IFRS 9.3.2.4 a). The audit of IFRS 9.3.2.6 shows that almost all opportunities and risks have neither been transferred nor retained. In accordance with IFRS 9.3.2.16, NORMA Group must therefore recognize the remaining continuing involvement.

A continuing involvement of EUR 199 thousand (Dec 31, 2020: EUR 253 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guarantee and the expected interest payments until receipt of payment in respect of the carrying amount of the receivables transferred. The fair value of the guarantee or of the interest payments to be assumed was included in the carrying amount and recognized as other liabilities in the amount of EUR 144 thousand (Dec 31, 2020: EUR 175 thousand).

ii. Trade receivables available for transfer

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

21. (c) Cash and cash equivalents

Cash and cash equivalents are measured at their nominal value and include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less and which are subject only to insignificant risks of change in value. Bank overdrafts are shown within borrowings in current liabilities in the Consolidated Statement of Financial Position.

21. (d) Other financial assets

Other financial assets were as follows:

Other financial assets	T106	
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Receivables from ABS program	1,031	1,010
Receivables from factoring	0	704
Other assets	2,497	756
	3,528	2,470

Receivables from the ABS program and from factoring include reserves for the trade receivables sold. → NOTE 21. (B) 'TRADE RECEIVABLES TRANSFERRED OR AVAILABLE FOR TRANSFER'

Other financial assets are generally required to collect the contractual cash flows and are accordingly allocated to the "hold" business model. They are initially recognized at fair value plus transaction costs and are subsequently carried at amortized cost using the effective interest method less impairment. As of December 31, other financial assets include in particular a bid bond for a bid submitted for the acquisition of a piece of land in China.

21. (e) Financial liabilities and net debt

i. Trade and other liabilities

Trade and other payables are as follows:

Trade and other payables	T107	
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Trade payables and other payables	141,055	118,525
Reverse factoring liabilities	18,307	15,713
Refund liabilities	21,172	14,488
	180,534	148,726

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. NORMA Group participates in a reverse factoring program. The liabilities included in this program are reported under trade payables and similar liabilities, as this corresponds to the economic content of the transactions. All trade payables and liabilities from reverse factoring programs are due to third parties within one year. As a result, these have short-term maturities, therefore the carrying amounts on the balance sheet date correspond to their fair values, as the effects of discounting are not material.

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Refund liabilities

Reimbursement liabilities are recognized for volume discounts and similar bonus agreements payable to customers. These arise from retrospective volume rebates or similar agreements that are based on total sales or on a specific product sale of a twelve-month or shorter period. Refund liabilities are recognized for discounts expected to be payable to the customer for sales completed by the end of the reporting period. For further details, please refer to → [NOTE 3 'SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES'](#). All reimbursement liabilities are due to third parties within one year. The carrying amounts on the balance sheet date therefore correspond to their fair values, as the effects of discounting are not material.

ii. Bank borrowings

The borrowings were as follows:

Borrowings		T108	
in EUR thousands	Dec 31, 2021	Dec 31, 2020	
Non-current			
Bank borrowings	393,747	387,814	
	393,747	387,814	
Current			
Bank borrowings	69,490	90,177	
	69,490	90,177	
Total borrowings	463,237	477,991	

Borrowings are recognized initially at fair value, net of directly attributable transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent that there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

The maturity of the syndicated bank facilities and the promissory note on December 31, 2021, and 2020, was as follows:

Maturity bank borrowings 2021					T109
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			246,858		
Promissory note, net	3,500	55,978	91,500		
Commercial paper	65,000				
Total	68,500	55,978	338,358	0	

Maturity bank borrowings 2020					T110
in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years	
Syndicated bank facilities, net			238,563		
Promissory note, net	68,949	3,500	105,094	41,500	
Commercial paper	20,000				
Total	88,949	3,500	343,657	41,500	

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a) Fair value of bank borrowings

The fair value calculation of the fixed-interest promissory note, which is recognized at amortized cost and for which the fair value is stated in the notes, was based on the market yield curve according to the zero coupon method considering credit spreads (level 2). Interest accrued on the reporting date is included.

b) Financial covenant

The Group is subject to the financial covenant total net debt cover (net debt in relation to adjusted Group EBITDA), which is monitored on an ongoing basis. This financial covenant is based on the Group's Consolidated Financial Statements as well as on special definitions of the bank facility agreements.

In the event of non-compliance with a financial ratio, the credit agreement provides for several possibilities of cure in the form of exemption provisions of the shareholder measures. If there is a breach of a condition which is not remedied, the syndicated loan may possibly be called in.

There were no covenant breaches in 2021 and 2020.

iii. Other financial liabilities

Other financial liabilities were as follows:

Other financial liabilities	T111	
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Current		
Liabilities from ABS and factoring	7,737	7,930
Other liabilities	670	2,282
	8,407	10,212
Total other financial liabilities	8,407	10,212

a) Liabilities from the ABS and factoring

The liabilities from ABS and factoring include liabilities from continuing involvement in the amount of EUR 447 thousand (Dec 31, 2020: EUR 536 thousand), liabilities from fair values of default and interest guarantees in the amount of EUR 314 thousand (Dec 31, 2020: EUR 366 thousand) recorded under the ABS and factoring programs and liabilities from customer payments for receivables already sold under the ABS and factoring programs in the amount of EUR 6,976 thousand (Dec 31, 2020: EUR 7,029 thousand) as part of the debtor / receivables management performed by NORMA Group.

iv. Maturity of financial liabilities

The financial liabilities of NORMA Group have the following maturity:

Maturity of financial liabilities					T112
Dec 31, 2021					
in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years	
Borrowings	69,490	55,587	338,160		
Trade and other payables	180,534				
Other financial liabilities	8,407				
	258,431	55,587	338,160		0
Dec 31, 2020					
in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years	
Borrowings	90,177	3,056	343,268	41,490	
Trade and other payables	148,726				
Other financial liabilities	10,212				
	249,115	3,056	343,268	41,490	

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v. Net debt

Net debt of NORMA Group is as follows:

Net debt	T113	
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Bank borrowings, net	463,237	477,991
Derivative financial liabilities – hedge accounting	1,745	1,419
Lease liabilities	30,815	33,845
Other financial liabilities	8,407	10,212
Financial debt	504,204	523,467
Cash and cash equivalents	185,719	185,109
Net debt	318,485	338,358

NORMA Group's financial liabilities are by 3.7% below the level of December 31, 2020. The decrease in loans payable was mainly due to the net repayment of loans in fiscal year 2021. In addition to the scheduled repayment of promissory note loans in the amount of EUR 70,281 thousand, liabilities from the Commercial Paper program were taken up in the amount of EUR 45,000 thousand. Currency effects relating to the U.S. dollar had an increasing effect.

Lease liabilities decreased compared to year-end 2020, changes due to repayments, additions due to recognition of right-of-use assets and interest effects lead in a net reduction in the current fiscal year. Exchange rate effects mainly on the liabilities in US dollar increased the liabilities. By contrast, reassessments of renewal options led to a decrease of the lease liabilities 2021.

The decrease in other financial liabilities was mainly due to the repayment of ABS and factoring liabilities and the repayment of liabilities in connection with the minority interests in Fengfan acquired in fiscal year 2020.

As of December 31, 2021 net debt decreased by EUR 19,873 thousand (5.9%). The main reason for this were the net cash inflows from cash provided by operating activities of EUR 108,386 thousand as well as net cash outflows from the procurement and sale of non-current assets of EUR 45,157 thousand and from the payment of dividends of EUR 22,304 thousand. This positive development was offset by current interest expenses in the fiscal year and the valuation-related increase in liabilities from derivatives.

This positive development was offset by current interest expenses in the first nine months of 2021, the increase in lease liabilities due to additions in the area of rights of use and the valuation-related increase in liabilities from derivatives.

Cash-neutral negative net currency effects from foreign currency loans, cash and cash equivalents, lease liabilities and other financial liabilities had a negative impact on net debt.

21. (f) Derivative Financial Instruments

Derivative financial instruments held for hedging purposes are carried at fair value. They are fully classified in level 2 of the fair value hierarchy.

The derivative financial instruments are as follows:

Derivative financial instruments

T114

in EUR thousands	Dec 31, 2021		Dec 31, 2020	
	Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges		247		1,354
Foreign exchange derivatives – cash flow hedges	148		33	
Foreign exchange derivatives – fair value hedges	305	1,498	396	65
Total	453	1,745	429	1,419
Less non-current portion				
Interest rate swaps – cash flow hedges		247		
Non-current portion	0	247	0	0
Current portion	453	1,498	429	1,419

Further details on the use of hedging instruments can be found in → [NOTE 5](#).
'FINANCIAL RISK MANAGEMENT'.

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i. Effects of accounting for cash flow hedges on the net assets, financial position and results of operations

The effects of foreign currency and interest rate-related hedging instruments on the net assets, financial position and results of operations are as follows:

The effects of cash flow hedge accounting on financial position and performance

T115

in EUR thousands	Net book value as of Dec 31, 2021 (Derivative financial assets [+] / Derivative financial liabilities [-])	Nominal amount	Average hedging rate	Hedging ratio ¹	Maturity	Change in fair value of the hedging item since Jan 1	Change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period	Book value of hedged item as of Dec 31, 2021
Hedging interest rate risk – interest rate swap								
	0	61,805				- 247	247	61,805
	Interest rate swap USD	- 247	61,805	1.41	1:1	2026	- 247	247

1_The forward foreign exchange contracts are denominated in the same currency as the highly probable future transactions, therefore the hedge ratio is 1:1.

in EUR thousands	Net book value as of Dec 31, 2020 (Derivative financial assets [+] / Derivative financial liabilities [-])	Nominal amount	Average hedging rate	Hedging ratio ¹	Maturity	Change in fair value of the hedging item since Jan 1	Change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period	Book value of hedged item as of Dec 31, 2020
Hedging interest rate risk – interest rate swap								
	81,444	81,444				- 1,633	1,633	81,444
	Interest rate swap USD	- 1,354	81,444	2.11	1:1	2021	- 1,633	1,633

1_The forward foreign exchange contracts are denominated in the same currency as the highly probable future transactions, therefore the hedge ratio is 1:1.

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The effective part as well as the accrued and recognized costs of hedging recognized in other comprehensive income excluding taxes developed as follows:

Change in hedging reserve before tax

T116

in EUR thousands	Reserve for costs of hedging	Spot component of foreign exchange derivatives	Interest rate swaps	Cross-currency swaps	Total
Balance as of Jan 1, 2020	0	0	- 476	0	- 476
Reclassification to profit or loss			756		756
Net fair value changes			- 1,633		- 1,633
Accrued and recognized costs of hedging					0
Balance as of Dec 31, 2020	0	0	- 1,353	0	- 1,353
Reclassification to profit or loss			1,615		1,615
Net fair value changes			- 509		- 509
Balance as of Dec 31, 2021	0	0	- 247	0	- 247

Amounts due to interest rate swaps recognized in the hedging reserve in equity will be released in profit or loss before the repayment of the loans. In fiscal years 2021 and 2020, no ineffective portion of cash flow hedges relating to foreign exchange derivatives and interest rate swaps was recognized in profit or loss.

ii. Effects of accounting for fair value hedges on the net assets, financial position and results of operations

The effects of foreign-currency-related hedging instruments on the net assets, financial position and results of operations were as follows:

The effects of fair value hedge accounting on financial position and performance

T117

in EUR thousands	Net book value as of Dec 31, 2021 (Derivative financial assets [+] / Derivative financial liabilities [-])	Nominal amount (+ Buy / - Sell)	Average hedging rate	Hedging ratio	Maturity	Change in fair value of the hedging item since Jan 1	Change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period
Currency risk hedging FVH							
Currency forwards USD – EUR	-1,457	-27,812	1.20	1:1 ¹	≤ 1 Year	-1,099	1,099
Currency forwards AUD – EUR	29	1,057	1.61	1:1 ²	≤ 1 Year	27	-27
Currency forwards JPY – SGD	-13	192	0.01	1:1 ²	≤ 1 Year	-12	12
Currency forwards PLN – EUR	-9	544	4.62	1:1 ²	≤ 1 Year	-2	2
Currency forwards PLN – EUR	275	-8,049	0.22	1:1 ²	≤ 1 Year	234	-234
Currency forwards JPY – SGD	-18	2,927	10.22	1:1 ²	≤ 1 Year	-22	22

1_The foreign exchange forward contracts for USD-EUR hedging are denominated in the same currency and have the same volume as the hedged net foreign exchange risk from external USD loans and intragroup monetary items in USD, therefore the hedge ratio is 1:1.

2_The forward exchange contracts are denominated in the same currency and volume as the hedged risk from intra-group monetary items, therefore the hedge ratio is 1:1.

in EUR thousands	Net book value as of Dec 31, 2020 (Derivative financial assets [+] / Derivative financial liabilities [-])	Nominal amount (+ Buy / - Sell)	Average hedging rate	Hedging ratio	Maturity	Change in fair value of the hedging item since Jan 1	Change in fair value of the hedged item used as the basis for recognizing hedge ineffectiveness for the period
Currency risk hedging FVH							
Currency forwards USD – EUR	311	28,523	1.22	1:1 ¹	≤ 1 Year	311	-311
Currency forwards GBP – EUR	37	1,038	1.65	1:1 ²	≤ 1 Year	37	-37
Currency forwards SEK – EUR	1	712	0.01	1:1 ²	≤ 1 Year	1	-1
Currency forwards PLN – EUR	-18	548	0.23	1:1 ²	≤ 1 Year	-18	18

1_The foreign exchange forward contracts for USD-EUR hedging are denominated in the same currency and have the same volume as the hedged net foreign exchange risk from external USD loans and intragroup monetary items in USD, therefore the hedge ratio is 1:1.

2_The forward exchange contracts are denominated in the same currency and volume as the hedged risk from intra-group monetary items, therefore the hedge ratio is 1:1.

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

Gains and losses fair value hedges			T118
in EUR thousands	2021	2020	
Losses (-) / Gains (+) on hedged items	1,565	- 316	
Losses (-) / Gains (+) on hedging instruments	- 1,817	318	
	- 252	2	

21. (g) Financial Instruments at Fair Value

The tables below provide an overview of the classification of financial assets and liabilities measured at fair value in the fair value hierarchy under IFRS 13 as of December 31, 2021, as well as December 31, 2020:

Financial instruments – fair value hierarchy

in EUR thousands	Level 1 ¹	Level 2 ²	Level 3 ³	Total as of Dec 31, 2021
Recurring fair value measurements				
Assets				
Foreign exchange derivatives – held for trading		148		148
Foreign exchange derivatives – fair value hedges		305		305
Trade receivables – ABS/ Factoring program (mandatorily measured at FVTPL)		19,726		19,726
Total	0	20,179	0	20,179
Liabilities				
Interest rate swaps – cash flow hedges		247		247
Foreign exchange derivatives – fair value hedges		1,498		1,498
Total	0	1,745	0	1,745

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

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

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

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Financial instruments – fair value hierarchy (continued)

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in EUR thousands	Level 1 ¹	Level 2 ²	Level 3 ³	Total as of Dec 31, 2020
Recurring fair value measurements				
Assets				
Interest rate swaps – cash flow hedges		33		33
Foreign exchange derivatives – fair value hedges		396		396
Trade receivables – ABS/ Factoring program (mandatorily measured at FVTPL)		22,129		22,129
Total	0	22,558	0	22,558
Liabilities				
Interest rate swaps – cash flow hedges		1,354		1,354
Foreign exchange derivatives – fair value hedges		65		65
Total	0	1,419	0	1,419

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

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

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

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

The fair value of interest swaps is calculated as the present value of estimated future cash flows. The fair value of forward foreign exchange contracts is determined using a present value model based on forward exchange rates. The fair value of the forward exchange transactions is calculated using the forward exchange rate on the balance sheet date and the result is then presented at the discounted present value.

Trade receivables held for sale as part of the factoring and ABS transaction and measured at fair value through profit or loss have short-term maturities. In addition, the calculated credit risk of the counterparty is not material, therefore the carrying amounts at the balance sheet date correspond to their fair values.

21. (h) Net Gains and Losses on Financial Instruments

The net gains or losses on financial instruments (by measurement category) in accordance with IFRS 7.20 (a) were as follows:

in EUR thousands	2021	2020
Financial instruments – net gains and losses		
T120		
Net gains or net losses on financial assets		
Measured at amortized costs	449	– 4,125
Net gains or net losses on financial liabilities		
Measured at amortized costs	– 7,352	– 10,230
	– 6,903	– 14,355

Net gains and losses on financial assets measured at amortized cost include impairment losses on trade receivables and interest income from short-term deposits with banks. Net gains and losses on financial liabilities measured at cost include interest expenses and fees from loans and borrowings. Currency effects from the translation of financial assets and liabilities according to IAS 21 are shown within → NOTE 14 'NET FOREIGN EXCHANGE GAINS / LOSSES'.

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21. (i) Total Interest Income and Expense from Financial Instruments

Interest expenses / income from financial assets and liabilities (IFRS 7.20(b))		T121
in EUR thousands	2021	2020
Interest income		
Financial assets at costs	435	443
Interest expenses		
Financial liabilities at costs	-7,289	-10,136

22. Inventories

Inventories were as follows:

Inventories		T122
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Raw materials, consumables and supplies	58,532	40,484
Work in progress	21,083	17,102
Finished goods and goods for resale	128,393	94,603
	208,008	152,189

On December 31, 2021, impairments were made on inventories amounting to EUR 2,231 thousand (Dec 31, 2020: EUR 10,331 thousand).

On December 31, 2021, and 2020, the inventories were not collateralized with the exception of the customary business reservations of title.

23. Other non-financial assets

Other non-financial assets were as follows:

Other non-financial assets		T123
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Deferred costs	4,802	3,682
VAT assets	10,866	9,578
Prepayments	3,097	3,375
Consideration payable to a customer	2,419	2,227
Other assets	1,391	1,901
	22,575	20,763

24. Equity
Subscribed Capital

The subscribed capital of the Company on December 31, 2021, and 2020 amounted to EUR 31,862 thousand and was fully paid in. It is divided into 31,862,400 shares with no par value and a notional value of EUR 1. The liability of the shareholders for the obligations of the Company to its creditors is limited to this capital. The amount of the subscribed capital is not permitted to be distributed by the Company to its shareholders.

Authorized and Conditional Capital

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

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

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Capital Reserve

The capital reserve contains:

- amounts (premiums) received for the issuance of shares,
- premiums paid by shareholders in exchange for the granting of a preference for their shares,
- amounts resulting from other capital contributions of the owners

Retained Earnings

Retained earnings consisted of the following:

Development of retained earnings

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in EUR thousands	Retained earnings	Remeasurements of post-employment benefit obligations	Share-based payments	IPO costs directly netted with equity	Reimbursement of IPO costs by shareholders	Acquisition of non-controlling interest	Effects from the application of IAS 19R	Effects of IFRS 9	Effects of IFRS 16	Total
Balance as of Dec 31, 2019 (as reported)	388,413	- 4,229	0	- 4,640	4,681	- 6,588	839	- 600	- 2,033	375,843
Balance as of Jan 1, 2020	388,413	- 4,229		- 4,640	4,681	- 6,588	839	- 600	- 2,033	375,843
Profit for the year	5,670									5,670
Dividends paid	- 1,274									- 1,274
Acquisition of non-controlling interests						229				229
Effect before taxes		802								802
Tax effect		- 207								- 207
Balance as of Dec 31, 2020	392,809	- 3,634	0	- 4,640	4,681	- 6,359	839	- 600	- 2,033	381,063
Balance as of Jan 1, 2021	392,809	- 3,634	0	- 4,640	4,681	- 6,359	839	- 600	- 2,033	381,063
Profit for the year	55,933									55,933
Dividends paid	- 22,304									- 22,304
Share-based payment transactions			406							406
Acquisition of non-controlling interests										0
Effect before taxes		1,540								1,540
Tax effect		- 342								- 342
Balance as of Dec 31, 2021	426,438	- 2,436	406	- 4,640	4,681	- 6,359	839	- 600	- 2,033	416,296

A dividend of EUR 22,304 thousand (EUR 0.70 per share) was paid to the shareholders of NORMA Group after the Annual General Meeting in June 2021.

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Other Reserves

Other reserves consisted of the following:

Development of other reserves

in EUR thousands	Cash flow hedges	Foreign exchange rate differences on translating foreign operations	Total
Balance as of Jan 1, 2020	- 345	10,195	9,850
Effect before taxes	- 877	- 43,166	- 44,043
Tax effect	255		255
Balance as of Dec 31, 2020	- 967	- 32,971	- 33,938
Effect before taxes	1,106	42,922	44,028
Tax effect	- 322		- 322
Balance as of Dec 31, 2021	- 183	9,951	9,768

25. Share-based Payments

Management Incentive Schemes

a) Long-Term Incentive, LTI

With effect from January 1, 2020, the LTI for the members of the Management Board consists of two different long-term variable compensation components, the NORMA Value Added Bonus (NOVA-Bonus) and the Environmental, Social and Governance Bonus (ESG-Bonus).

In fiscal year 2020, the accounting assessment of the newly implemented LTI components under IFRS had not been finalized due to a lack of specific commentary. For this reason, they were initially recognized as provisions for employee benefits in the fiscal year. The accounting treatment under IFRS 2 Share-based Payment was not finalized until fiscal year 2021 and is presented below. The amount of EUR 196 thousand recognized as provisions in fiscal year 2020 was not retrospectively adjusted due to immateriality for the net assets, financial position and results of operations of NORMA Group and is therefore presented in the same way as in the previous year's financial statements. In fiscal year 2021, the correct presentation was made by adding the relevant components of the LTI classified as equity-settled within retained earnings in equity and reducing the corresponding provisions.

i. NOVA-Bonus

The NOVA-Bonus corresponds to the percentage of the average increase in value from the current and the three previous fiscal years. The annual increase in value is calculated using the following formula:

$$\text{NORMA Value Added} = (\text{adjusted EBIT} \times (1 - t)) - (\text{WACC} \times \text{invested capital})$$

The calculation of the first component is based on the consolidated earnings before interest and taxes (Group EBIT) for the fiscal year and the average corporate tax rate (t). The second component is calculated from the Group cost of capital (WACC) multiplied by the capital invested. The Group's weighted average cost of capital (WACC) is derived from the base interest rate, the market risk premium and the beta factor. The base interest rate is derived from the interest rate structure data of Deutsche Bundesbank (three-month average from October 1 to December 31). The market risk premium represents the difference between the expected return of a risky market portfolio and the risk-free interest rate. NORMA uses the recommendation of the Institut der Wirtschaftsprüfer (IDW) to determine this risk premium. The beta factor represents the individual risk of a share compared to a market index. It is first determined as the average value of the unindebted beta factors of the peer group and then adjusted to NORMA's individual capital structure. The cost of equity is calculated by adding the risk-free interest rate and the

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weighted country risk of NORMA Group to the product of the market risk premium and the indebted beta factor of the peer group. The credit spread used to calculate the cost of debt was determined on the basis of the terms of the current external financing of NORMA Group. Invested capital is calculated from consolidated equity plus net financial liabilities as of January 1 of the fiscal year. The NOVA-Bonus is limited to a maximum of 200% of the annual salary. The Company may pay the payout amount in cash or in shares of NORMA Group SE. If paid out in cash, the Management Board obligates itself to use 75% of the net payout amount to purchase shares of NORMA Group SE. The Supervisory Board may, at its reasonable discretion, resolve to issue shares in whole or in part instead of a cash payment. Regardless of whether the Company pays the amount due in cash or shares, 75% of the NOVA-Bonus' net payout must be invested in shares of NORMA Group SE.

The Management Board member may not dispose of the shares for four years. Dividends and subscription rights will be made freely available to the Management Board member. If a Management Board member takes office in the current fiscal year or does not work for the Company for a full twelve months in a fiscal year, the LTI will be reduced proportionally (pro rata). Upon termination of the employment contract, a Management Board member may dispose of their shares only after twelve months of leaving the Company. With the termination of the executive position upon request of the Management Board or for an important reason, future claims for the variable part of the LTI are no longer valid.

NORMA Group classifies the compensation as a whole as share-based compensation. Due to the past practice of cash payment in connection with the current lack of a legal possibility to use this remuneration to acquire own shares or to perform a conditional capital increase, NORMA Group classifies the share of the remuneration that is not subject to the share acquisition and holding obligation, i. e. 25% of the NOVA-LTI, as a cash-settled share-based payment. The remaining 75% of the compensation is classified as an equity-settled share-based payment because the beneficiaries will ultimately receive shares of NORMA Group due to the share purchase and holding obligation.

Fair value

The fair value of each tranche is determined at the beginning of the performance period on the basis of expected increases in value and adjusted on an ongoing basis. Internal company planning data is used for this purpose. It is based on financial plans approved by the management for a five-year period. In view of the input factors used for this valuation, the fair values determined are to be classified as Level 3 fair values.

The NOVA bonus developed as follows in the fiscal year:

Development of NOVA-LTI

	NOVA-LTI 2021	NOVA-LTI 2022	NOVA-LTI 2023
Duration until exercise in years	0.50	1.50	2.50
Fair value in EUR as of Dec 31, 2021	–	79,052.00	1,399,638.00
Proportional fair value in EUR as of Dec 31, 2021	–	47,055.00	233,273.00

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The resulting personnel expense is recognized pro rata over the respective three-year performance period, taking into account the employment period. In the case of tranches not yet allocated that take into account fiscal years for which the service has already been rendered, this means that the start of recognition of the expense already begins two years prior to allocation.

The personnel expense for the 75% of the NOVA-LTI classified as equity-settled is transferred to retained earnings. For the remaining 25%, the personnel expense is recognized by forming a corresponding provision.

In total, the provision for the NOVA-LTI amounted to EUR 70 thousand as of December 31, 2021 (Dec 31, 2020: EUR 188 thousand), of which EUR 0 thousand (2021: EUR 188 thousand) will be paid out in fiscal year 2022.

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ii. ESG-LTI

The ESG-Bonus was adopted in fiscal year 2020 for the first time. It is granted in annual tranches. Each tranche has a term of four years. A tranche begins on January 1 of the grant fiscal year and ends at the end of December 31 of the third year following the grant fiscal year (ESG performance period). The amount paid out under the ESG-Bonus depends on the achievement of environmental, social and governance targets. For the tranche of 2020, the reduction of CO₂ emissions was defined as a target. The target amount of the ESG-Bonus is 20% of the fixed annual salary. The payout amount is limited to a maximum of 100% of the target amount. The Company can pay out the ESG-Bonus in cash or in Company shares. In the case of cash payment, the members of the Management Board are obliged to purchase shares in the Company for the entire net amount paid out and to hold these shares for a period of one year (obligation to purchase and hold shares). The Company's Supervisory Board may decide at its reasonable discretion to issue shares in the Company in whole or in part in lieu of a cash payment. In this case, the members of the Management Board are also obliged to hold 100% of the shares issued for a period of one year. If a member of the Management Board enters the Company's service in the current fiscal year or does not work for the Company for a full twelve months in a fiscal year, the LTI is reduced on a pro rata basis.

NORMA Group classifies the remuneration as share-based payment. The compensation is classified as equity-settled due to the obligation to purchase and hold shares.

Fair value

The fair value of each tranche is determined at the beginning of the performance period based on expected target achievement and adjusted on an ongoing basis. Internal company planning data is used for this purpose. It is based on financial plans approved by the management for a five-year period. In view of the input factors used for this valuation, the fair values determined are to be classified as Level 3 fair values.

The ESG LTI developed as follows in the fiscal year:

Development of ESG-LTI

	Tranche 2020	Tranche 2021
Duration until exercise in years	2.50	3.50
Fair value in EUR as of Dec 31, 2021	265,000.00	280,000.00
Proportional fair value in EUR as of Dec 31, 2021	125,000.00	70,000.00

The resulting personnel expenses are recognized pro rata over the respective four-year performance period, taking into account the period of employment, and transferred to retained earnings.

b) Short-Term Incentive, STI

The STI is a performance-based bonus that takes into account the absolute performance indicator adjusted EBIT (earnings before interest and taxes, adjusted for acquisitions) of NORMA Group, on the one hand, and, on the other hand, the relative total shareholder return (TSR) of NORMA Group SE in relation to a peer group. The payout amount of the STI is calculated from a starting value and an adjustment to the target achievement of the TSR in the grant year. The calculation is shown in the following formula:

$$\text{Payout amount} = \text{Initial value} \\ (= \text{average adjusted EBIT} \times \text{individual STI percentage}) \times \\ \text{TSR adjustment factor}$$

The initial value results from multiplying the average EBIT, adjusted for acquisitions, in the fiscal year for which the STI is granted and the two fiscal years preceding the grant year (arithmetic mean) by the individual STI percentage specified in the service contract. The individual STI percentage is 0.33% for the Chairman and 0.22% for the other members of the Management Board. In a second step, this initial value is then multiplied by the TSR adjustment factor and the result represents the payout amount. The TSR is defined as the percentage change in the stock market price during the grant year, including notionally reinvested dividends and all capital measures. In other words, the TSR is a measure of how the value of a share commitment has developed over a period of time and takes into account both dividends accrued during the period and any share price increases that may have occurred. In the current compensation system, the share yield is taken into account as a relative performance factor. The TSR adjustment factor is determined by measuring the TSR development (share price and dividend development) of

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NORMA Group SE in relation to the TSR development of the companies in the peer group during the grant fiscal year. Depending on the results of the comparison, the starting value of the STI is adjusted upwards by 20% if a position in the peer group is reached above the 75th percentile and downwards by 20% if a position in the peer group is reached below the 25th percentile; the TSR adjustment factor is thus limited to the range of 0.8 to 1.2. The peer group currently consists of the following 15 listed companies with a size, structure and industrial sector comparable to NORMA Group: Bertrandt AG, Deutz AG, DMG Mori AG, ElringKlinger AG, Gerresheimer AG, Jungheinrich AG, König & Bauer AG, Leoni AG, SAF-Holland S.A., Schaeffler AG, SGL Carbon SE, Stabilus S.A., Vossloh AG, Wacker Neuson SE and Washtec AG. The Supervisory Board is entitled to adjust the peer group for future assessment periods before the beginning of the respective assessment period. The payment amount (= base value x TSR adjustment factor) is limited to a maximum of 180% of the basic annual salary; the initial value (= average adjusted EBIT x individual STI percentage) is limited to a maximum of 150% of the fixed annual salary. The short-term variable compensation for the past fiscal year is to be paid out in the following year after approval of the Consolidated Financial Statements by the Supervisory Board. If the Management Board member did not work for the Company for a full twelve months in a fiscal year, the annual bonus will be reduced accordingly.

NORMA Group classifies the compensation as a cash-settled share-based payment. The expense from the remuneration is recognized in personnel expenses with the creation of a corresponding provision.

In total, the provision for the STI amounted to EUR 578 thousand as of December 31, 2021 (Dec 31, 2020: EUR 950 thousand), of which EUR 578 thousand will be paid out in fiscal year 2022.

c) Matching Stock Program (Ended in 2017)

The Matching Stock Program (MSP) for the Management Board provides a long-term incentive to commit to the success of the Group. The MSP is a share-based option. To this end, the Supervisory Board specifies a number of share options to be granted each fiscal year with the proviso that the Management Board members make a corresponding personal investment in the Group. In line with the new Management Board contracts, the MSP was closed. The last allotment of options was in fiscal year 2017.

The shares involved in the share options are those shares allocated or acquired and qualified as part of the MSP defined in the Management Board contract. The number of share options is calculated by multiplying the qualified shares held at the time of allotment by the option factor specified by the Supervisory Board. A new option factor is set for every tranche. The first tranche was allocated on the day of the IPO.

The holding periods for all tranches were four years and have been already expired.

Non-forfeitable claims out of the options are earned pro rata over the respective performance period. The exercise price for the outstanding tranches will be the weighted average of the respective closing price of the Group's share on the 60 trading days directly preceding the allocation of each tranche. Dividend payments by the Group during the vesting period are deducted from the exercise price of each tranche.

The options of a tranche can only be exercised within a period of two years following the expiration of the holding period. In order for an option to be exercised, the weighted average of the last ten trading days must be at least 1.2 times that of the exercise price. The pay-out is limited to 2% of the average (adjusted) EBITA (tranches 2015, 2016 and 2017) during the holding period (cap). When the option is exercised, the Group can decide whether to settle the option in shares or cash. As in the previous year, NORMA Group classified the stock options as a cash settlement.

The determination of fair value, which is the basis for determining the pro rata provision on the balance sheet date, was carried out using a Monte Carlo method. The expected volatilities are set to be the historical volatility of the three-year period before the valuation date. Due to the cash settlement, the options are valued on each balance sheet date and the resulting changes in fair value are recognized through profit or loss, whereby the prorated expenses were ratably recognized over the performance period.

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The option rights granted under the MSP changed as follows in the fiscal years 2021 and 2020:

Development of the MSP option rights

T128

	Tranche MSP 2015	Tranche MSP 2016	Tranche MSP 2017
Expected duration until exercise in years	n/a	0.25	n/a
Proportional fair value per outstanding 'share units' in EUR as of Dec 31, 2021	n/a	26,432.00	n/a
Fair value per 'share unit' in EUR as of Dec 31, 2021	n/a	0.35	n/a
Exercise price in EUR	n/a	42.62	37.76
Balance as of Dec 31, 2019	97,322	74,465	42,232
Tentatively granted 'share units'			
Exercised			
Lapsed			
Balance as of Dec 31, 2020	97,322	74,465	42,232
Tentatively granted 'share units'			
Exercised			42,232
Lapsed	97,322		
Balance as of Dec 31, 2021	0	74,465	0

In the fiscal year 2021, a payment in the amount of EUR 365 thousand was made for the exercised option rights of the Tranche 2017 (2020: no payment). The total provision for the MSP amounts to EUR 26 thousand as of December 31, 2021 (Dec 31, 2020: EUR 1,059 thousand).

d) Long-Term Incentive Plan

In the fiscal year 2013, NORMA Group installed a share-based, long-term, variable compensation component for executives and certain other groups of employees (Long-Term Incentive Plan).

The Long-Term Incentive Plan (LTI) is a share-based payment, cash-settled plan that takes into account both the performance of the Company and the share price development.

The participants receive a preliminary number of share units (virtual shares) at the start of the performance period based on a percentage of the respective base salary multiplied by a conversion rate. The conversion rate is determined based on the average share price of the previous 60 trading days of the calendar year

prior to the grant date. Once four years have elapsed, the number of share units granted at the start of the performance period is adjusted based on the performance the Company has achieved, incorporating both the targets defined during the performance period and the Company / regional factor.

The goal achievement factor, measured by adjusted EBITA, as well as the Company / regional factor are applied as performance targets. The goal achievement factor is based on the adjusted EBITA of NORMA Group. The absolute adjusted EBITA target is determined for every year of the performance period based on the budgeted value. After conclusion of the four-year period, the yearly recorded adjusted EBITA values are defined as a percentage in relation to the target values and averaged out over the four years. Allocation occurs above a goal achievement ratio of 90%. Between 90% and 100% goal achievement, every percentage point amounts to 10 percentage points of goal achievement factor. Between 100% and 200% goal achievement, the goal achievement factor grows by 1.5 percentage points per percentage point of goal achievement.



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The Company factor is determined by the Group Senior Management based on the Company's development, as well as the development in relation to comparable companies. In addition to this, the development of free cash flows is taken into account when determining the factor. At the discretion of the Group Senior Management, unanticipated developments can also be taken into account and the Company factor corrected either downward or upward accordingly. The factor can assume values between 0.5 and 1.5.

The factor takes into account the results of the region as well as the region-specific characteristics and is used as an adjustment factor for plan participants with regional responsibility.

The value of the share units is then determined at the end of the fourth calendar year based on the average share price of the last 60 days of trading in this fourth year. In case the calculated Long-term Incentive pay-out exceeds 250% of the initial grant value, the maximum pay-out is capped at 250%. The value determined is paid out to the participants in cash in May of the fifth year.

The LTI is a Group-wide and global compensation instrument with a long-term orientation. Due to the coupling to the development not only of the stock price, but also the Company's performance, the LTI provides an additional incentive to create value through value-based action, aligned with the goals of NORMA Group.

The determination of fair value, which is the basis for determining the pro rata provision on the balance sheet date, was performed using a Monte Carlo simulation. Due to the cash settlement of the virtual share units, the fair value is measured on each balance sheet date and the resulting changes in the fair value are recognized in income or loss. The allocation of the expenses is made on a pro rated basis over the performance period.

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The share units granted under the LTI changed as follows in the fiscal years 2020 and 2021:

Development of LTI

T129

	Tranche LTI 2017	Tranche LTI 2018	Tranche LTI 2019	Tranche LTI 2020	Tranche LTI 2021
Expected duration until exercise in years	n/a	n/a	1.00	2.00	3.00
Fair value per 'share unit' in EUR as of Dec 31, 2020	n/a	0	33.32	32.09	30.43
Share price when granted in EUR	39.77	56.27	48.25	35.62	33.57
Balance as of Dec 31, 2020	34,802	24,894	34,291	55,403	0
Tentatively granted 'share units'					53,697
Exercised					–
Lapsed	34,802		850	6,767	–
Balance as of Dec 31, 2021	0	24,894	33,441	48,636	53,697

	Tranche LTI 2016	Tranche LTI 2017	Tranche LTI 2018	Tranche LTI 2019	Tranche LTI 2020
Expected duration until exercise in years	n/a	n/a	1.00	2.00	3.00
Fair value per 'share unit' in EUR as of Dec 31, 2020	n/a	0	41.19	39.89	36.82
Share price when granted in EUR	48.57	39.77	56.27	48.25	35.62
Balance as of Dec 31, 2019	25,524	35,049	26,240	38,352	0
Tentatively granted 'share units'					55,403
Exercised	25,201				–
Lapsed	323	247	1,346	4,061	–
Balance as of Dec 31, 2020	0	34,802	24,894	34,291	55,403

In the fiscal year 2021, no payment was made out of this program (2020: Tranche 2016: EUR 90 thousand).

In total, the provision for the LTI amounts to EUR 1,534 thousand as of December 31, 2021 (Dec 31, 2020: EUR 1,685 thousand), whereof EUR 0 thousand were exercisable.

e) Share-Based Payments with Tax Withholding

According to the tax law applicable in Germany, NORMA Group is obliged to withhold an amount for the tax liability of the beneficiary member of the Management Board or employee, if they are subject to payroll tax in Germany, in relation to share-based payments and to pay it to the tax authorities on behalf of the respective beneficiary. This also applies to equity-settled share-based payments (NOVA-LTI; ESG-LTI). NORMA Group settles these on a net basis, i. e. by withholding / buying back the number of shares whose value on the payment date corresponds to the beneficiary's tax liability. In the fiscal year, an amount of EUR 63 thousand was paid to the tax authorities from the NOVA-LTI (2020: EUR 0 thousand).

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f) Expenses from Share-Based Payment

The net expense / income from share-based compensation recognized in employee benefit expenses in the fiscal year was as follows:

Expense from share-based payment transactions		T130
in EUR thousands	2021	2020
Net expenses (+) / income (-) from cash-settled share-based payment transactions		
LTI – Management	- 191	- 481
NOVA-LTI	70	47
STI – Board Members	578	770
MSP – Board Members	- 667	226
	- 210	562
Net expenses (+) / income (-) from equity-settled share-based payment transactions		
NOVA-LTI	210	141
ESG-LTI	140	55
	350	196

26. Retirement benefit obligations

Retirement benefit obligations result mainly from two German pension plans and a Swiss post-employment benefit plan.

The German defined benefit pension plan for NORMA Group employees was closed for new entrants in 1990 and provides benefits in case of retirement, disability, and death as life-long pension payments. The benefit entitlements depend on years of service and salary. The portion of salary that is above the income threshold for social security contribution leads to higher benefit entitlements compared to the portion of the salary up to that threshold. Even if no further benefits can be earned from these old commitments, NORMA Group is still exposed to certain actuarial risks associated with defined benefit plans, such as longevity and compensation increases. Due to the amount of the obligation and the composition of the plan participants, approximately 96% being pensioners, a significant change in the actuarial assumptions would have no significant effects on NORMA Group.

Employees hired after 1990 are eligible under a defined contribution scheme. The contributions are paid into an insurance contract providing lump sum payments in case of retirements and deaths.

Furthermore, a plan for members of the Management Board was established in fiscal year 2015. This second German defined benefit plan is based on a direct commitment to an annual retirement payment for members of the Management Board of NORMA Group. The annual retirement payment is measured as a percentage of the pensionable income. The pension entitlement arises when the contract has expired, but not before reaching the age of 65, or if that individual is unable to work. The percentage depends on the number of years of service as a Management Board member. The percentage amounts to 4% of the last fixed annual salary prior to leaving for each completed year of service. The percentage can increase to a maximum of 55%. Furthermore, a survivor's pension will be provided as well.

The obligations arising from the plan are subject to certain actuarial risks associated with defined benefit plans, such as longevity and compensation increases. Please see the Remuneration Report for further details with regard to this plan → [REMUNERATION REPORT](#).

Besides the German plans, there is a further benefit plan in Switzerland resulting from the Swiss 'Berufliches Vorsorgegesetz' law (BVG). According to the BVG, each employer has to grant post-employment benefits for qualifying employees. The plan is a capital-based plan under which the Company has to make contributions equivalent to at least the limits specified in the plan conditions for employee contributions. These plans are administered by foundations that are legally separated from the entity and subject to the BVG. The Group has outsourced the investment process to a foundation, which sets the strategic asset allocation in its group life portfolio. All regulatory granted obligations out of the plan are reinsured by an insurance company. This covers risks of disability, death and longevity. Furthermore, there is a 100% capital and interest guarantee for the retirement assets invested. In the case of a shortfall, the employer and plan participants' contribution may be increased based on the decisions of the relevant foundation board. Strategies of the foundation boards to make up for potential shortfalls are subject to approval by the regulator.

Besides the plans described in Germany and Switzerland, NORMA Group also participates in a multi-employer pension plan in the US for the benefit of employees of one of its US-based plants. NORMA Group's obligation to participate in the fund arises from the agreement with the employees' labor organization. The multi-employer pension plan is governed by US federal law under which the plan funds are held in trust and the plan administration and procedures substantially governed by federal regulation. The multi-employer pension plan is a defined benefit plan, and would normally be treated as such based on its associated actuarial

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ial estimates; however, the plan trustees do not provide the participating employers with sufficient information to individually account for the plan (or their portioned participation therein) as a defined benefit plan. For this reason, the plan is being treated in accordance with the rules for defined contribution pension plans (IAS 19.34). The share of contributions that NORMA Group paid to the pension schemes in the previous fiscal year amounts to EUR 1.2 million (2020: EUR 1.3 million). Contributions to the plan are recognized directly in personnel expenses for the period. Future changes to the contributions, if any, would be determined through negotiations with the workers' organization, as they may be slightly modified from time to time by regulation, and except for which NORMA Group has no other fixed commitment to the plan. Conditionally, in the unlikely event that NORMA Group withdraws from the fund or a significant employer in the fund experiences a major solvency event, additional future contribution payment obligations could arise. The funded status of the multi-employer plan is reported annually by the US Department of Labor, and is influenced by various factors, including investment performance, inflation, changes in demographics and changes in the participants' levels of performance. Based on the information provided by the plan administrator, the plan is undercapitalized. The value of the undercapitalization amounts to USD 1,186 million for all plan participants (over 150 companies). The portion of NORMA Group to this shortfall is 3.0% (based on information provided for 2019). The expected employer contributions to the pension schemes for the following year 2022 amount to EUR 1,130 thousand.

Reconciliation of defined benefit obligations (DBO) and plan assets

The amounts included in the Group's Consolidated Financial Statements arising from its post-employment defined benefit plans are as follows:

Components pension liability		T131
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Present value of obligations	19,016	20,103
Fair value of plan assets	3,103	3,561
Liability in the balance sheet	15,913	16,542

The reconciliation of the net defined benefit liability (liability in the balance sheet) is as follows:

Reconciliation of the net defined benefit liability		T132
in EUR thousands	2021	2020
as of Jan 1	16,542	15,890
Current service cost	1,515	2,250
Past service cost	-61	-65
Administration costs	16	17
Interest expenses	96	106
Remeasurements:		
Return on plan assets excluding amounts included in net interest expenses	-478	-55
Actuarial (gains) losses from changes in demographic assumptions	-153	-35
Actuarial (gains) losses from changes in financial assumptions	-940	197
Experience (gains) losses	31	-909
Employer contributions	-178	-212
Plan participants contribution	-40	-95
Benefits paid	-472	-544
Foreign currency translation effects	35	-3
as of Dec 31	15,913	16,542

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A detailed reconciliation of the changes in the DBO is provided in the following table:

Reconciliation of the changes in the DBO T133

in EUR thousands	2021	2020
as of Jan 1	20,103	20,495
Current service cost	1,515	2,250
Past service cost	-61	-65
Administration costs	16	17
Interest expenses	101	115
Remeasurements:		
Actuarial (gains) losses from changes in demographic assumptions	-153	-35
Actuarial (gains) losses from changes in financial assumptions	-940	197
Experience (gains) losses	31	-909
Plan participants contribution	671	393
Benefits paid	-472	-544
Transfers	-1,925	-1,833
Foreign currency translation effects	130	22
as of Dec 31	19,016	20,103

The total defined benefit obligation at the end of fiscal year 2021 includes EUR 10,960 thousand for active employees, EUR 1,256 thousand for former employees with vested benefits and EUR 6,800 thousand for retirees and surviving dependents.

The transfer in the amount of EUR 1,925 thousand (2020: EUR 1,833 thousand) relates to the benefit plan in Switzerland and is a result of the legally required transfer of net defined benefit obligation to the new employer upon the departure of an employee.

Experience gains and losses recognized in previous fiscal year 2020 are also a result of transfers within the benefit plan in Switzerland and a result of changes in the number of participants of the Management Board within the plan in Germany.

A detailed reconciliation of the changes in the fair value of plan assets is provided in the following table:

Reconciliation of changes in the fair value of plan assets T134

in EUR thousands	2021	2020
as of Jan 1	3,561	4,605
Interest income	5	9
Remeasurements:		
Return on plan assets excluding amounts included in net interest expenses	478	55
Employer contributions	178	212
Plan participants contributions	711	488
Benefits paid	0	0
Transfers	-1,921	-1,833
Foreign currency translation effects	91	25
Fair value of plan assets at end of year	3,103	3,561

Disaggregation of plan assets

The allocation of the plan assets of the benefit plans is as follows:

Disaggregation of plan assets T135

in EUR thousands	2021	2020
Asset class		
Insurance contracts	3,101	3,462
Cash deposit	-9	7
Equity securities	11	92
Total	3,103	3,561

Cash deposits and equity securities have quoted prices in active markets. The values for insurance contracts represent their fair value. No quoted prices in an active market are available for these.

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Actuarial assumptions

The principal actuarial assumptions are as follows:

Actuarial assumptions	2021	2020
in %		
Discount rate	0.90	0.32
Inflation rate	1.66	1.43
Future salary increases	1.96	1.85
Future pension increases	1.34	1.52

The biometric assumptions are based on the 2018 G Heubeck life-expectancy tables for the German plan and on the life-expectancy tables of the BVG 2020 G for the Swiss plan. The tables are generation tables and hence differ according to gender, status and year of birth.

Sensitivity analysis

If the discount rate were to differ by + 0.25% / – 0.25% from the interest rate used on the balance sheet date, the defined benefit obligation for pension benefits would be an estimated EUR 606 thousand lower or EUR 690 thousand higher. If the future pension increase used were to differ by + 0.25% / – 0.25% from Management's estimates, the defined benefit obligation for pension benefits would be an estimated EUR 364 thousand higher or EUR 347 thousand lower. The reduction / increase in the mortality rates by 10% results in an increase / deduction in life expectancy depending on the individual age of each beneficiary. That means, for example, that the life expectancy of a male NORMA Group employee age 55 years as of December 31, 2021, increases / decreases by approximately one year. In order to determine the longevity sensitivity, the mortality rates were reduced / increased by 10% for all beneficiaries. The effect on DBO as of December 31, 2021, due to a 10% reduction / increase in mortality rates would result in an increase of EUR 840 thousand or a decrease of EUR 815 thousand.

When calculating the sensitivity of the defined benefit obligation to significant actuarial assumptions, the same method (present value of the defined benefit obligation calculated with the projected unit credit method) has been applied as when calculating the post-employment benefit obligation recognized in the Consolidated Statement of Financial Position. Increases and decreases in the discount rate or rate of pension progression which are used in determining the DBO do not have a symmetrical effect on the DBO due to the compound interest effect created

when determining the net present value of the future benefit. If more than one of the assumptions are changed simultaneously, the combined impact due to the changes would not necessarily be the same as the sum of the individual effects due to the changes. If the assumptions change at a different level, the effect on the DBO is not necessarily in a linear relation.

Future cash flows

Employer contributions expected to be paid to the post-employment defined benefit plans in fiscal year 2021 are EUR 196 thousand (2020: EUR 235 thousand).

The expected payments from the plans for post-employment benefits are distributed as follows for the next 10 fiscal years, whereby the last 5 years are shown as a total:

Expected payments from post-employment benefit plans

in EUR thousands	2021
Expected benefit payments	
2022	671
2023	648
2024	707
2025	755
2026	758
2027 – 2030	5,787
in EUR thousands	2020
Expected benefit payments	
2021	770
2022	764
2023	757
2024	882
2025	848
2026 – 2029	5,608

The weighted average duration of the defined benefit obligation is 16.10 years (2020: 15.69 years).

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27. Provisions

The development of provisions is as follows:

Development of provisions

T138

in EUR thousands	As of Jan 1, 2021	Additions	Amounts used	Unused amounts reversed	Interest accrued	Transfers	Foreign currency translation	As of Dec 31, 2021
Guarantees	4,341	863	-1,716	-347			62	3,203
Severance	22,176	150	-8,280	-1,133				12,913
Early retirement	1,751	1,055	-812		-9			1,985
Other personnel-related obligations	5,318	532	-1,720	-490		-55	63	3,648
Outstanding invoices	1,299	1,302	-1,015	-9			74	1,651
Others	3,764	292	-683	-7			219	3,585
Total provisions	38,649	4,194	-14,226	-1,986	-9	-55	418	26,985
in EUR thousands	As of Jan 1, 2020	Additions	Amounts used	Unused amounts reversed	Interest accrued	Transfers	Foreign currency translation	As of Dec 31, 2020
Guarantees	1,670	3,237	-329	-187			-50	4,341
Severance	24	22,691	-588			47	2	22,176
Early retirement	1,780	735	-766		2			1,751
Other personnel-related obligations	8,904	1,755	-3,907	-1,307		-53	-74	5,318
Outstanding invoices	969	1,407	-968	-15			-94	1,299
Others	1,180	3,372	-456	-105			-227	3,764
Total provisions	14,527	33,197	-7,014	-1,614	2	-6	-443	38,649

Provisions – split current / non-current

T139

in EUR thousands	Dec 31, 2021			Dec 31, 2020		
	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Guarantees	3,203	2,860	343	4,341	4,033	308
Severance	12,913	11,574	1,339	22,176	11,303	10,873
Early retirement	1,985	637	1,348	1,751	699	1,052
Other personnel-related obligations	3,648	1,541	2,107	5,318	3,135	2,183
Outstanding invoices	1,651	1,651		1,299	1,299	
Others	3,585	3,197	388	3,764	3,379	385
Total provisions	26,985	21,460	5,525	38,649	23,848	14,801

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Guarantees

Provisions for guarantees include provisions due to circumstances where a final agreement has not yet been reached and provisions based on experience (customer claim quota, amount of damage, etc.). Future price increases are considered if material.

Restructuring

Provisions for restructuring are recognized in the amount of the expected future cash outflows. Provisions are recognized when a detailed restructuring plan, which has been approved by management and publicly announced or communicated to employees or their representatives, is available. Only expenses directly attributable to the restructuring measures are used to measure the amount of the provision. Expenses related to future operating business are not taken into account.

The additions to provisions for restructuring in the prior fiscal year result from the measures under the 'Get on track' program. The accruals include personnel restructuring measures for which provisions can be recognized, resulting in severance payments. In the current fiscal year EUR 8.1 million were paid out of the provisions.

Severance payments

Provisions for severance payments include expected severance payments for NORMA Group employees due to circumstances where a final agreement has not yet been reached. The provisions will be paid out in the following fiscal year and are therefore reported under current provisions.

Early retirement contracts

Employees at NORMA Group in Germany can in general engage in an early retirement contract ('Altersteilzeit'). In the first phase, the employee works 100% ('Arbeitsphase'). In the second phase, he / she is exempt from work ('Freistellungsphase'). The employees receive half of their pay for the total early retirement-phase as well as top-up payments (including social security costs paid by the employer). The duration of the early retirement is a maximum of six years.

Accounting for early retirement ('Altersteilzeit') is based on actuarial valuations taking into consideration assumptions such as a discount rate of – 0.09% p. a. (2020: – 0.28% p. a.) as well as the 2018 G life-expectancy tables by Dr. Klaus Heubeck. For signed early retirement contracts, a liability has been recognized. The liability includes top-up payments ('Aufstockungsbeträge') as well as deferred salary payments ('Erfüllungsrückstände'). The expected payments out of the early retirement provisions amount to EUR 637 thousand for fiscal year 2021.

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Other personnel-related provisions

Other personnel-related provisions are as follows:

Provisions – other personnel-related

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in EUR thousands	Note	Dec 31, 2021			Dec 31, 2020		
		Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
NOVA-LTI	(25)	70		70	188	188	
ESG-LTI	(25)	0			55		55
STI – Board Members	(25)	578	578		950	950	
Matching Stock Program (MSP)	(25)	26	26		1,059	1,059	
LTI – Management	(25)	1,534		1,534	1,685		1,685
Anniversary provisions		260		260	263		263
Other personnel-related		1,180	937	243	1,118	938	180
		3,648	1,541	2,107	5,318	3,135	2,183

The NOVA-LTI, the ESG-LTI as well as the STI for the members of the Management Board are variable remuneration components based on the share price of NORMA Group. A detailed description can be found in → [NOTE 25 'SHARE-BASED PAYMENTS'](#).

The LTI for Management (Long-Term Incentive Plan) is a variable remuneration component based on the share price of NORMA Group. A detailed description can be found in → [NOTE 25 'SHARE-BASED PAYMENTS'](#).

The provisions for anniversaries were measured using an actuarial interest rate of 0.77% p. a. and on the basis of the 2018 G mortality tables of Prof. Dr. Klaus Heubeck in accordance with actuarial principles.

Other personnel-related provisions mainly include payable income tax and social security contributions in foreign countries.

Other non-personnel-related provisions

Provisions for outstanding invoices include expected obligations for the audit and advisory services. There are uncertainties regarding the amount and timing of the outflows. However, it is expected that this results in payments within a year.

Other provisions mainly include obligations for other taxes.

28. Other non-financial liabilities

Other non-financial liabilities are as follows:

Other non-financial liabilities

T141

in EUR thousands	Dec 31, 2021	Dec 31, 2020
Non-current		
Government grants	637	240
Other liabilities	180	255
	817	495
Current		
Government grants	742	990
Non-income tax liabilities	3,293	3,881
Social liabilities	4,360	5,123
Personnel-related liabilities (e. g. vacation, bonuses, premiums)	28,871	24,413
Other liabilities	420	560
	37,686	34,967
Total other non-financial liabilities	38,503	35,462

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The personnel-related liabilities fall within the scope of IAS 19, 'Employee Benefits', and also include bonuses in connection with short-term profit-sharing schemes. These are based on the achievement of corporate targets (earnings targets (e. g. EBITA), cash flow targets, sales growth) and on personal targets of the respective employee.

The increase in personnel-related liabilities is mainly due to the increase in liabilities from expected bonus payments for employee.

NORMA Group received government grants of which EUR 1,379 thousand were not recognized in profit or loss. They consist of grants in cash as well as land. The grants are bound to capital expenditures, employees and the supply of equity of the respective local entities. NORMA Group recognizes the government grants as income over the period in which related expenses occur. In 2021, EUR 723 thousand were recognized as income (2020: EUR 569 thousand).

The additional government grants received in the amount of EUR 1,093 thousand mainly related to government grants in connection with the Corona pandemic (2020: EUR 922 thousand).

29. Non-current assets held for sale

Within the Americas segment, the sale of land, including office and production building, with a subsequent lease agreement for parts of the sold asset (sale and leaseback) was signed in June 2021. The sale is due to the relocation of production from the Auburn Hills site to another location. The purchase has not yet been legally and economically completed as of December 31, 2021. The agreed purchase price amounts to USD 10.4 million (EUR 9.2 million). The sale is expected to be completed in the first quarter 2022. The assets concerned were reclassified within the balance sheet to the item 'assets held for sale' since June 30, 2021. Accordingly, scheduled depreciation on these assets was discontinued. The fair value resulting from the purchase agreement exceeds the net asset value of EUR 6,043 thousand at the time of reclassification.

Other Notes

30. Information on the consolidated statement of cash flows

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

Net cash provided by operating activities is derived indirectly from profit for the period. The profit for the period is adjusted to eliminate non-cash expenses such as depreciation and amortization as well as expenses and payments for which the cash effects are investing or financing cash flows and to eliminate other non-cash expenses and income. Net cash provided by operating activities of EUR 108,386 thousand (2020: EUR 133,542 thousand) represents changes in current assets, provisions and liabilities (excluding liabilities in connection with financing activities).

As in the prior year, the Group participates in a reverse factoring program, a factoring program and an ABS program. Liabilities in the reverse factoring program are reported under trade and other payables. As of December 31, 2021, reverse factoring liabilities in the amount of EUR 18,307 thousand are recognized (Dec 31, 2020: EUR 15,713 thousand). → [NOTE 21. \(E\) 'TRADE AND OTHER PAYABLES'](#). The cash flows from the reverse factoring, the factoring and the ABS program are shown under the cash flow from operating activities as this corresponds to the economic substance of the transactions.

The total amount of trade receivables sold within the factoring and ABS program can be found in → [NOTE 21. \(B\) 'TRADE RECEIVABLES AVAILABLE FOR TRANSFER'](#).

Net cash provided by operating activities includes in 2021 cash outflows from the payments of the cash-settled share-based payments in the amount of EUR 1,503 thousand (2020: EUR 90 thousand), which result from the Matching-Stock-Program (MSP) for NORMA Group Board Members (2020: LTI cash remuneration for NORMA Group employees).

The correction of expenses due to measurement of derivatives in the amount of EUR 1,804 thousand (2020: income in the amount of EUR 303 thousand) relates to fair value gains and losses recognized within the income statement assigned to the cash flows from financing activities.

Other non-cash income (-) / expenses (+) in net cash provided by operating activities mainly include foreign exchange rate gains and losses on external debt and intragroup monetary items in the amount of EUR 109 thousand (2020: EUR 149 thousand).

Furthermore, other non-cash income (-) / expenses (+) include non-cash interest expenses from the amortization of accrued costs, amounting to EUR 254 thousand (2020: EUR 282 thousand) and expenses for share-based payment transactions in the amount of EUR 406 thousand (2020: EUR 0 thousand).

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

Cash flows from investing activities include net cash outflows from the acquisition and disposal of property, plant and equipment and intangible assets amounting to EUR 45,157 thousand (2020: EUR 39,088 thousand) including the change (increase (-) / decrease (+)) of liabilities from investments in property, plant and equipment and intangible assets amounting to EUR -787 thousand (2020: EUR -1,831 thousand). From the investments in non-current assets of EUR 47,435 thousand (2020: EUR 41,249 thousand), expenditures in the amount of EUR 29,653 thousand (2020: EUR 23,650 thousand) relate to growth and expenditures amounting to EUR 17,782 thousand (2020: EUR 17,599 thousand) to maintenance and continuous improvements.

Cash flows from financing activities mainly comprise outflows resulting from the payment of the dividend to shareholders of NORMA Group SE, amounting to EUR 22,304 thousand (2020: EUR 1,274 thousand), cash outflows resulting from interest paid (2021: EUR 10,093 thousand; 2020: EUR 12,880 thousand) as well as repayments of derivatives in the amount of EUR 279 thousand (2020: repayments of EUR 14 thousand).

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Furthermore, net repayments for loans amounting to EUR 25,275 thousand (2020: net repayments of EUR 49,092 thousand) → [NOTE 5. \(C\) 'LIQUIDITY RISKS'](#), repayment of purchase price liabilities in the amount of EUR 2,236 thousand (2020: EUR 0 thousand), repayments for liabilities of ABS and factoring in the amount of EUR 409 thousand (2020: repayments of EUR 7,137 thousand) and repayments for lease liabilities in the amount of EUR 10,497 thousand (2020: EUR 10,012 thousand), disclosed as cash flows from financing activities. → [NOTE 20 'LEASES'](#) and → [21. \(E\) 'FINANCIAL LIABILITIES AND NET DEBT'](#)

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

Cash is comprised of cash on hand and demand deposits of EUR 179,276 thousand on December 31, 2021 (Dec 31, 2020: EUR 180,938 thousand), as well as cash equivalents with a value of EUR 6,443 thousand (Dec 31, 2020: EUR 4,171 thousand).

Cash from China, India, Russia, Brazil, Korea and Malaysia (Dec 31, 2021: EUR 61,669 thousand, Dec 31, 2020: EUR 47,268 thousand) cannot currently be distributed due to restrictions on capital movements.

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Reconciliation of debt movements to cash flows from financing activities

The following table represents the reconciliation from the opening balance sheet values of the financial statements of debt arising from financing activities for the relevant closing balance sheet items and which led to changes in equity.

Reconciliation of changes in assets and liabilities to cash flows from financing activities

T142

in EUR thousands	Note	Financial liabilities					Derivatives held to hedge financial liabilities (assets (-) / liabilities (+))		Equity			Total
		Short-term loans payable	Long-term loans payable	Borrowings from the ABS / factoring programs	Lease liabilities	Liabilities from put / call option for NCI	Interest rate swaps – cash flow hedge	Foreign currency derivatives – fair value hedge	Retained earnings	Other Reserves	Non-controlling interests	
Balance as of Dec 31, 2020		90,177	387,814	7,029	33,845	2,236	1,354	- 331	381,063	- 33,938	200	975,180
Changes in cash flow from financing activities												
Loan proceeds	(21. (e))	45,006										45,006
Loan repayments	(21. (e))	- 70,281		- 409		- 2,236						- 72,926
Inflow (+) / outflow (-) from hedging derivatives	(21. (f))							- 279				- 279
Interest paid		- 7,062			- 796		- 1,616					- 9,474
Repayment of debts from leases	(21. (e))				- 10,497							- 10,497
Dividends paid	(24)								- 22,304			- 22,304
Total change in cash flow from the financing activities	(30)	- 32,337	0	- 409	- 11,293	- 2,236	- 1,616	- 279	- 22,304	0	0	- 70,474

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Reconciliation of changes in assets and liabilities to cash flows from financing activities (continued)

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in EUR thousands	Note	Financial liabilities					Derivatives held to hedge financial liabilities (assets (-) / liabilities (+))		Equity			Total
		Short-term loans payable	Long-term loans payable	Borrowings from the ABS / factoring programs	Lease liabilities	Liabilities from put / call option for NCI	Interest rate swaps – cash flow hedge	Foreign currency derivatives – fair value hedge	Retained earnings	Other Reserves	Non-controlling interests	
Effects of changes in exchange rates		1,333	9,179	356	2,107						141	13,116
Changes in the fair value							509	1,803		-509		1,803
Other changes												
Based on debt												
Interest expense		6,817	254		796				n/a	1,616	n/a	9,483
Derecognition of lease liabilities					-2,820							-2,820
New leases					8,180				n/a	n/a	n/a	8,180
Transfer		3,500	-3,500						n/a	n/a	n/a	0
Other changes related to debt		10,317	-3,246	0	6,156	0	0	0	n/a	1,616	n/a	14,843
Other changes related to equity	(24)	n/a	n/a	n/a	n/a		n/a	n/a	57,537	42,599	-6	100,130
Balance as of Dec 31, 2021		69,490	393,747	6,976	30,815	0	247	1,193	416,296	9,768	335	1,034,598

31. Segment reporting

Segment reporting

T143

	EMEA		Americas		Asia-Pacific		Total segments		Central functions		Consolidation		Consolidated Group	
in EUR thousands	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
Total revenue	500,141	439,556	465,246	391,026	179,417	159,230	1,144,804	989,812	36,553	26,920	-89,450	-64,565	1,091,907	952,167
thereof inter-segment revenue	37,751	30,040	8,488	5,527	6,658	2,079	52,897	37,646	36,553	26,920	-89,450	-64,565		
Revenue from external customers	462,390	409,516	456,758	385,499	172,759	157,151	1,091,907	952,167	0	0	0	0	1,091,907	952,167
Contribution to consolidated Group sales	42%	43%	42%	40%	16%	17%	100%	100%						
Adjusted gross profit 1	280,450	244,723	246,416	215,153	87,362	76,476	614,228	536,352	n/a	n/a	-1,786	318	612,442	536,670
Adjusted EBITDA 1	66,687	30,965	71,935	50,474	34,213	29,761	172,835	111,200	-5,080	-12,169	-165	281	167,590	99,312
Adjusted EBITDA margin 1, 2	13.3%	7.0%	15.5%	12.9%	19.1%	18.7%							15.3%	10.40%
Depreciation without PPA depreciation 3	-19,327	-18,981	-16,313	-16,129	-8,559	-8,505	-44,199	-43,615	-859	-1,074			-45,058	-44,689
Adjusted EBITA 1	47,360	11,984	55,622	34,345	25,654	21,255	128,636	67,584	-5,939	-13,243	-165	282	122,532	54,623
Adjusted EBITA margin 1, 2	9.5%	2.7%	12.0%	8.8%	14.3%	13.3%							11.2%	5.7%
Amortization without PPA amortization 3	-3,443	-2,647	-2,913	-3,364	-607	-1,270	-6,963	-7,281	-1,809	-2,052			-8,772	-9,333
Adjusted EBIT 1	43,917	9,336	52,709	30,981	25,047	19,985	121,673	60,302	-7,749	-15,293	-164	281	113,760	45,290
Adjusted EBIT margin 1, 2	8.8%	2.1%	11.3%	7.9%	14.0%	12.6%							10.4%	4.8%
Assets 4	624,263	621,091	658,745	574,091	284,078	253,193	1,567,086	1,448,375	261,868	263,481	-330,728	-297,152	1,498,226	1,414,704
Liabilities 5	211,869	204,830	276,107	245,259	53,646	50,441	541,622	500,530	578,424	584,564	-290,404	-259,900	829,642	825,194
CAPEX 6	21,494	20,168	16,329	13,633	11,418	8,117	49,241	41,918	3,385	919	-1,689	n/a	50,937	42,837
Number of employees 7	3,592	3,613	1,436	1,413	1,280	1,378	6,308	6,404	124	117	n/a	n/a	6,432	6,521

1_For details regarding the adjustments, refer to → NOTE 7.

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_Including capitalization for right of use assets related to movable assets

7_Number of employees (average headcount).

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NORMA Group segments the Group at a regional level. The reportable segments of NORMA Group are EMEA, the Americas and Asia-Pacific. NORMA Group's vision includes regional growth targets. Distribution Services are focused regionally and locally. EMEA, the Americas and Asia-Pacific have linked regional intercompany organizations with different functions. As a result, the Group's management reporting and controlling system has a regional focus. The product portfolio does not vary significantly between these segments.

Revenues are generated across all segments from the sale of products in the three product categories metallic fastening clips and fasteners (Fasten), fluid systems and connectors (Fluid), and water management applications (Water).

NORMA Group evaluates its segments mainly on the basis of the financial performance indicator 'adjusted EBIT'.

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

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

'Adjusted EBIT' comprises adjusted EBITA less amortization of intangible assets.

In 2021 and 2020, expenses for special impacts were adjusted. An overview of those adjustments and a reconciliation from unadjusted to adjusted income statement is explained under → [NOTE 7 'ADJUSTMENTS'](#).

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

Segment assets comprise all assets less (current and deferred) income tax assets. Taxes are shown in the reconciliation. Segment assets and liabilities are measured in a manner consistent with that used in the Consolidated Statement of Financial Position. Assets of the 'Central Functions' include mainly cash and intercompany receivables.

Segment liabilities comprise all liabilities less (current and deferred) income tax liabilities. Taxes are shown in the consolidation. Segment assets and liabilities are measured in a manner consistent with that used in the Consolidated Statement of Financial Position. Liabilities of the 'Central Functions' include mainly borrowings.

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

The deferred and actual income taxes are reported in the segment reporting within the consolidation, as they were not regularly reported to the management and thus not included in the assessment of the profit and loss of the individual segments. On December 31, 2021, EUR 25,129 thousand (Dec 31, 2020: EUR 25,898 thousand) in tax assets and EUR 63,326 thousand (Dec 31, 2020: EUR 61,183 thousand) in tax liabilities were shown in the consolidation.

External sales per country, measured according to the place of domicile of the company which manufactures the products, are as follows:

External sales per country		T144
in EUR thousands	2021	2020
Germany	167,041	155,522
USA	383,416	335,305
China	114,319	104,103
Other countries	427,131	357,237
	1,091,907	952,167

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Non-current assets per country include non-current assets less deferred tax assets, derivative financial instruments, and shares in consolidated related parties and are as follows:

Non-current assets per country		T145
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Germany	112,841	119,896
USA	392,441	380,949
Sweden	42,307	42,164
China	57,879	51,239
Other countries	282,060	278,854
	887,528	873,102

32. Commitments

The Group has contingent liabilities in respect of legal claims arising in the ordinary course of business (e. g. warranty obligations).

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

33. Other financial obligations

Capital commitments

Capital expenditure (nominal value) contracted for on the balance sheet date but not yet incurred is as follows:

Commitments		T146
in EUR thousands	Dec 31, 2021	Dec 31, 2020
Property, plant and equipment	5,396	4,583
	5,396	4,583

There are no material commitments concerning intangible assets.

34. Related party transactions

Sales and purchases of goods and services

In 2021 and 2020, no management services were bought from related parties.

There were no material sales or purchases of goods and services from non-consolidated companies, from the shareholders of NORMA Group, from key management or from other related parties in 2021 and 2020.

Compensation of members of the Management Board

Compensation of the members of the Management Board according to IFRS is as follows:

Compensation of members of the Management Board (IFRS)		T147
in EUR thousands	2021	2020
Short-term benefits	1,519	1,160
Post-employment benefits	1,214	970
Share-based payment	929	966
Total compensation according to IFRS	3,662	3,096

Provisions for the compensation of the members of the Management Board are as follows:

Provisions for compensation of the Management Board members		T148	
in EUR thousands	Note	Dec 31, 2021	Dec 31, 2020
NOVA – LTI	(25)	70	188
ESG – LTI	(25)	0	55
STI – Management Board	(25)	578	950
Total		648	1,193

Details regarding the individual provisions can be found in the respective notes.

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Besides the provisions shown above, a defined benefit obligation exists for the Management Board. The present value of the obligation amounts to EUR 5,238 thousand as of December 31, 2021 (Dec 31, 2020: EUR 4,518 thousand).

→ [NOTE 26 'RETIREMENT BENEFIT OBLIGATIONS'](#)

Details regarding the compensation of the Management Board can be found in the → [REMUNERATION REPORT](#).

The total remuneration of the members of the Supervisory Board of NORMA Group SE for short-term employee benefits including the meeting fees paid to them amounted to EUR 561 thousand in the fiscal year 2021 (2020: EUR 458 thousand).

35. Additional disclosures pursuant to section 315e (1) of the German Commercial Code (HGB)

Compensation of board members

The amounts presented below for the remuneration of the Management Board and the Supervisory Board of NORMA Group SE result from the valuation principles defined in the German GAAP (HGB) and may differ from the amounts recognized in the IFRS Consolidated Financial Statements.

The remuneration of the Management Board and Supervisory Board was as follows:

Compensation of board members		T149	
in EUR thousands	2021	2020	
Total Management Board	2,448	2,126	
Total Supervisory Board	561	485	
	3,009	2,611	

In the fiscal year, share-based payments were granted under the LTI for the Executive Board members. The fair value at grant date for the 2021 tranche of the NOVA LTI was EUR 0 thousand. For the 2021 tranche of the ESG LTI, the fair value at grant date was EUR 280 thousand. The share-based payments granted under the STI for Executive Board members had a fair value of EUR 770 thousand at the grant date.

The defined benefit obligation of pension commitments to prior members of the Management Board and their dependents was EUR 923 thousand as of December 31, 2021 (2020: EUR 817 thousand).

Further information on the remuneration of the members of the Management Board of NORMA Group SE can be found in the → [REMUNERATION REPORT](#).

Fees for the auditor

Fees for the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main were expensed as follows:

Fees for the auditor		T150	
in EUR thousands	2021	2020	
Auditing services	468	590	
Other confirmation services	26	23	
Other services	47	71	
	541	684	

In addition to auditing services, the auditor provided confirmation services for financial covenants audit. Other services include audit of the Nonfinancial Statement.

Headcount

The average headcount breaks down as follows:

Average headcount		T151	
Number	2021	2020	
Direct labor	3,201	3,197	
Indirect labor	1,116	1,191	
Salaried	2,115	2,133	
	6,432	6,521	

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The category 'direct labor' consists of employees who are directly engaged in the production process. The numbers fluctuate according to the level of output. The category 'indirect labor' consists of personnel that does not directly produce products, but rather supports production. Salaried employees are employees in administrative / sales / central functions.

Consolidation

Name, place of domicile and share in capital pursuant to section 313 (2) No. 1 HGB of the consolidated group of companies is presented in → [NOTE 4 'SCOPE OF CONSOLIDATION'](#).

Proposal for the distribution of the earnings

The Management Board of NORMA Group SE proposes to the Annual General Meeting to pay a dividend of EUR 0.75 per share to the shareholders. The total dividend payment thus amounts to EUR 23,896,800.

Declaration of Compliance with the German Corporate Governance Code (Section 161 AktG)

The Management Board and Supervisory Board have issued a Corporate Governance Declaration pursuant to section 161 of the German Stock Corporation Act (Aktiengesetz) and made it available to shareholders on the website of NORMA Group.

36. Exemptions under section 264, Paragraph 3 of the German commercial code (HGB)

In 2021, the following German subsidiaries made use of disclosure exemptions pursuant to section 264, paragraph 3 of the German Commercial Code (HGB):

- NORMA Group Holding GmbH, Maintal
- NORMA Distribution Center GmbH, Marsberg
- NORMA Germany GmbH, Maintal
- NORMA Verwaltungs GmbH, Maintal

37. Events after the balance sheet date

Up to March 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 as of December 31, 2021.

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Voting rights notifications

According to section 160 (1) No. 8 AktG, information regarding voting rights that have been notified to the Company pursuant to section 33 (1) or (2) of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) must be disclosed.

The following table gives an overview of all voting rights notifications that have been sent to the Company as of March 10, 2022. It contains the information of the last notification of each shareholder. The percentage and shares may have changed in the meantime.

All notifications of shareholder voting rights in the year under review and beyond are available on the [WEBSITE OF NORMA GROUP](#).

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Notifying party	Achievement of voting rights	Touched or exceeded reporting threshold	Share in %	Shares	Pursuant to WpHG
Allianz SE, Munich, Germany ¹	February 18, 2022	less than 5%	4.996698302702	1,592,068	§§ 33, 34 WpHG
FMR LLC, Wilmington, United States of America	January 25, 2022	more than 3%	3.02	962,860	§§ 33, 34 WpHG
Tweedy, Browne Company LLC, Wilmington, Delaware, United States of America	January 11, 2022	more than 3%	3.01	958,007	§§ 33, 34 WpHG
KBI Global Investor Ltd, Dublin, Ireland	November 30, 2021	less than 3%	2.97	945,776	§§ 33, 34 WpHG
Ameriprise Financial, Inc., Wilmington, Delaware, United States of America ²	November 8, 2021	more than 5%	7.26	2,313,721	§§ 33, 34 WpHG
Allianz Global Investors GmbH, Frankfurt, Germany	November 5, 2021	less than 15%	14.87	4,739,044	§§ 33, 34 WpHG
Allianz Global Investors Fund SICAV, Senningerberg, Luxembourg	November 4, 2021	less than 3%	2.99	951,653	§§ 33, 34 WpHG
AVGP Limited, St Helier, Jersey	September 28, 2021	more than 3%	3.29	1,049,104	§§ 33, 34 WpHG
T. Rowe Price International Funds, Inc., Baltimore, Maryland, United States of America	August 26, 2021	less than 3%	2.87	915,629	§§ 33, 34 WpHG
Impax Asset Management Group plc, London, United Kingdom	July 12, 2021	more than 3%	3.05	970,841	§§ 33, 34 WpHG
Bank of Montreal, Montreal, Canada	May 20, 2021	less than 3%	2.86	911,738	§§ 33, 34 WpHG
Ministry of Finance on behalf of the State of Norway, Oslo, Norway	May 14, 2021	less than 3%	2.68	854,098	§§ 33, 34 WpHG
Standard Life Investments Limited, Edinburgh, United Kingdom	April 20, 2021	more than 3%	3.02	961,022	§§ 33, 34 WpHG
Aberdeen Asset Managers Limited, Aberdeen, United Kingdom	April 20, 2021	more than 3%	3.02	961,022	§§ 33, 34 WpHG
Threadneedle (Lux), Bertrange, Luxembourg	March 30, 2021	less than 5%	4.90	1,561,850	§§ 33, 34 WpHG
T.Rowe Price Group Inc., Baltimore, Maryland, United States of America ³	March 18, 2021	less than 5%	4.84	1,540,804	§§ 33, 34 WpHG

1_In the consideration of the entire corporate chain, Allianz SE holds a total of 5.03%. Thereby, the subsidiary Allianz Lebensversicherungs-Aktiengesellschaft holds 3.57%.

2_Considering the entire corporate chain, Ameriprise Financial Inc. (Wilmington, USA) holds a total of 7.26%. The two subsidiaries Threadneedle Asset Management Limited (London, UK) and Threadneedle Management Luxembourg SA (Bertrange, France) hold Limited (London, UK) and Threadneedle Management Luxembourg SA (Bertrange, Luxembourg) hold 4.42% and 3.77% respectively.

3_In the consideration of the entire corporate chain, T. Rowe Price Group Inc. (Baltimore, USA) holds 4.84% via its subsidiary T. Rowe Price International Ltd (London, Great Britain).

Corporate Bodies of NORMA Group SE

Management Board members

Dr. Michael Schneider

Diploma in Business Administration
 Chief Executive Officer (CEO) since November 14, 2019
 Member of the Management Board since July 1, 2015

- Member of the Supervisory Board of Novellus Holding AG (formerly Leitwerk AG), Appenweier, Germany (not listed on the stock exchange)
- Member of the Supervisory Board of accuris AG, Munich, Germany (not listed on the stock exchange)

Dr. Friedrich Klein

Master's degree in Mechanical Engineering
 Chief Operating Officer (COO)
 since October 1, 2018

- Mandates in supervisory boards or comparable bodies

Annette Stieve

Diploma in Business Administration
 Chief Financial Officer (CFO)
 since October 1, 2020

- Mandates in supervisory boards or comparable bodies

Supervisory Board members, exercised profession

Günter Hauptmann

Chairman, Consultant

Member since 2011

- Member of the Advisory Board of Moon TopCo GmbH, Poing, Germany (not listed on the stock exchange, in liquidation)

Erika Schulte

Vice Chairwoman, Managing Director of Hanau Wirtschaftsförderung GmbH, Germany

Member since 2013

- No seats on other boards or comparable committees

Rita Forst

Consultant

Member since 2018

- Member of the Board of Directors (Non-Executive Director) of AerCap Holdings N.V., Dublin, Ireland (listed company)
- Member of the Advisory Board of iwis SE & Co. KG (formerly Joh. Winklhofer Beteiligungs GmbH & Co. KG), Munich, Germany (not listed on the stock exchange)
- Member of the Supervisory Board of ElringKlinger AG, Dettingen / Erms (listed company)
- Member of the Board of Directors (Non-Executive Director) of Westport Fuel Systems Inc., Vancouver, Canada (listed company)
- Member of the Supervisory Board (Non-Executive Director) of Johnson Matthey PLC, London, UK (listed company)

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Miguel Ángel López Borrego

Chairman of the Board of Directors of Siemens Gamesa Renewable Energy S.A., Zamudio, Spain, and President and CEO of Siemens S.A., Spain, and Siemens' Spanish operations

Member since 2021

- No seats on other boards or comparable committees

Dr. Knut J. Michelberger

Consultant

Member since 2011

- Member of the Supervisory Board (raad van commissarissen) of Weener Plastics Group, Ede, The Netherlands (not listed on the stock exchange)
- Member of the Advisory Board (Vice Chairman) of Racing TopCo GmbH, Troisdorf, Germany (not listed on the stock exchange)
- Member of the Advisory Board of Moon TopCo, Poing, Germany (not listed on the stock exchange, in liquidation)
- Chairman of the Advisory Board of Axxence TopCo GmbH (Accence Aromatics), Emmerich, Germany (not listed on the stock exchange)

Mark Wilhelms

Chief Financial Officer of Stabilus S.A.

Member since 2018

- Member of the Supervisory Board of Novem Group SA, Luxembourg / Vorbach, Germany (since July 2021, listed on the stock exchange)

Maintal, March 10, 2022

NORMA Group SE

Dr. Michael Schneider
Chief Executive Officer (CEO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

Annette Stieve
Chief Financial Officer (CFO)

INSURANCE OF LEGAL REPRESENTATIVES

To the best of our knowledge, and in accordance with the applicable reporting principles, the Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Condensed Management Report 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.

Maintal, March 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)

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To NORMA Group SE, Maintal

Report on the Audit of the Consolidated Financial Statements and of the Condensed Management Report

Audit Opinions

We have audited the consolidated financial statements of NORMA Group SE, Maintal, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2021 and the consolidated statement of comprehensive income, consolidated statement of profit or loss, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2021, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of NORMA Group SE which is combined with the Company's management report, - which comprise the content included to comply with the German legal requirements as well as the remuneration report pursuant to § [Article] 162 AktG [Aktengesetz: German Stock Corporation Act], including the related disclosures, included in section „Remuneration Report“ of the group management report – for the financial year from 1 January to 31 December 2021.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at 31 December 2021, and of its financial performance for the financial year from 1 January to 31 December 2021 and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as “EU Audit Regulation”) in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the “Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report” section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

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Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matter of most significance in our audit was as follows:

1. Recoverability of goodwill

Our presentation of this key audit matter has been structured in each case as follows:

- a) Matter and issue
- b) Audit approach and findings
- c) Reference to further information

Hereinafter we present the key audit matters:

1. Recoverability of goodwill

a) In the consolidated financial statements of NORMA Group SE a total amount of EUR 392.7 million, representing around 26 % of total assets, is reported under the balance sheet item "Goodwill". The Company allocates goodwill to the groups of cash-generating units, which correspond to the Group's operating segments. Goodwill is tested for impairment ("impairment test") on an annual basis or if there are indications that goodwill may be impaired, to determine any possible need for write-downs. For the purposes of the impairment test the carrying amount of the relevant cash-generating unit is compared with its fair value less costs of disposal. This measurement is generally based on the present value of the future cash flows of the relevant cash-generating unit to which the respective goodwill is allocated. Present values are calculated using discounted cash flow models. For this purpose, the Group's five-year financial plan prepared by the executive directors and adopted by the supervisory board forms the starting point for future projections based on assumptions about

long-term rates of growth. In doing so, expectations relating to future market developments and country-specific assumptions about the performance of macroeconomic indicators are also taken into account as well as the expected effects of the ongoing Corona crisis on the business activities of the Group. The discount rate used is the weighted average cost of capital for the relevant cash-generating unit. The outcome of this valuation is dependent to a large extent on the estimates made by the executive directors with respect to the future cash inflows from the respective group of cash-generating units, the discount rate used, the rate of growth and other assumptions, and is therefore, also against the background of the effects of the Corona crisis, subject to considerable uncertainty. Against this background and due to the complex nature of the valuation, this matter was of particular significance in the context of our audit.

b) As part of our audit, we evaluated the methodology used for the purposes of performing the impairment test, among other things. We also assessed whether the future cash inflows underlying the measurements and the discount rates used on the whole provide an appropriate basis for the impairment tests of the individual cash-generating units. We assessed the appropriateness of the future cash inflows used in the calculation, inter alia, by comparing this data with the current budgets in the five-year financial plan prepared by the executive directors and approved by the supervisory board, and by reconciling it with general and sector-specific market expectations. In this connection, we also evaluated the assessment of the executive directors regarding the effects of the Corona crisis on the business activities of the Group and examined how they were taken into account in determining the future cash flows. In addition, we assessed whether the basis for including the costs of Group functions was appropriate. In the knowledge that even relatively small changes in the discount rate applied can have a material impact on the value of the entity calculated using this method, we focused our testing in particular on the parameters used to determine the discount rate applied, and assessed the calculation model. Furthermore, in addition to the analyses carried out by the Company we performed our own sensitivity analyses and, taking into account the information available, determined that the carrying amounts of the cash-generating units, including the allocated goodwill, were adequately covered by the discounted future net cash inflows. Overall, the measurement parameters and assumptions used by the executive directors are comprehensible.

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c) The Company's disclosures on goodwill are contained in sections 3 and 18 of the notes to the consolidated financial statements.

Other Information

The executive directors are responsible for the other information. The other information comprises

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the separate non-financial report pursuant to § 289b Abs. 1 HGB and § 315b Abs. 1 HGB
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

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The executive directors and the supervisory board are further responsible for the preparation of the remuneration report, including the related disclosures, which is included in a separate section of the group management report and complies with the requirements of § 162 AktG. They are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain

audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.

- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.

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- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter

the "ESEF documents") contained in the electronic file NORMA_Group_KA_KLB_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained attached electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1. January to 31. December 2021 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering, of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial

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statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance engagement on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance conclusion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.
- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 20 May 2021. We were engaged by the supervisory board on 26 November 2021. We have been the group auditor of the NORMA Group SE, Maintal, without interruption since the financial year 2010.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

Reference to an other matter – use of the Auditor's Report

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

German public auditor responsible for engagement

The German Public Auditor responsible for the engagement is Stefan Hartwig.

Frankfurt / Main, March 10, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Stefan Hartwig
Wirtschaftsprüfer
(German Public Auditor)

sgd. ppa. Richard Gudd
Wirtschaftsprüfer
(German Public Auditor)

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NORMA CV DRIPLINE FOR IRRIGATION

Efficient irrigation system for reduced water consumption.

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Glossary

5S Methodology

5S is a method for organizing a work space for efficiency and effectiveness in order to reduce industrial accidents.

Aftermarket segment

The market concerned with the maintenance/repair of investment goods or long-life final goods (e.g. vehicles) or the sale of replacement parts or complementary parts for the goods. This involves the sale of services and / or parts that are directly related to the previous sale of the goods.

APAC

Abbreviation for the Asia-Pacific region.

Asset-backed securities (ABS) program

A specific way of converting payment claims into negotiable securities with a financing company.

Best-landed cost approach

Assessment of the total costs of a product including the price of the product as well as the charges for shipping, taxes and/or duties.

Bubble assignment

Short-term exchange program for employees to promote internal knowledge transfer, intercultural awareness, the development of networks and the individual development of participants.

CDP

Formerly "Carbon Disclosure Project," non-governmental organization focusing on environmental reporting in the areas of climate, water and forests.

Circular economy

The circular economy corresponds to a regenerative economic system in which the use of resources, waste production, emissions as well as energy consumption are minimized. The basis for this is formed by long-lasting and closed material and energy cycles.

CO₂ equivalents

CO₂ equivalents illustrate the global warming potential of various gases that are harmful to the climate and show how much a specific quantity of a greenhouse gas contributes to the greenhouse effect. The comparative value used here is carbon dioxide (CO₂). The index thus expresses the warming effect of a greenhouse gas over a clearly defined period of time compared to that of CO₂.

Code of Conduct

A set of policies that can and should be applied in a wide range of contexts and environments depending on the situation. In contrast to a rule, the target audience is not obliged to always comply with the Code of Conduct. A Code of Conduct is more of a personal commitment to follow or abstain from certain patterns of behavior, ensuring that nobody gains an unfair advantage by circumventing these patterns.

Commercial Paper

Commercial Paper (CP) is a short-term bond issue with a money market character.

Compliance

Conforming to rules: a company and its employees adhering to Codes of Conduct, laws and guidelines.

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Conflict minerals

Natural resources whose deposits are largely located in conflict regions (especially the Democratic Republic of Congo), where they are mined and traded in some cases in serious violation of international law; especially tin, tantalum, tungsten and gold.

Corporate governance

A set of all international and national rules, regulations, values and principles that apply to companies and determine how these companies are to be managed and monitored.

Corporate responsibility

A form of corporate self-regulation integrated into a business model by taking societal and environmental aspects into account.

Corporate Volunteering

Corporate volunteering refers to the voluntary, employer-sponsored sponsored by the employer of employees in social or ecological areas and activities.

Covenants

Covenants is a collective term for additional contractual clauses or ancillary agreements in loan agreements or bond conditions. They contain future obligations on the part of the borrower or bond debtor to perform or refrain from performing a certain act.

Coverage

The regular assessment of the economic and financial situation of a listed company by banks or financial research institutions.

Cross-selling effects

The action or practice of selling an additional product or service to an existing customer.

CSR-RUG

German CSR Directive Implementation Law.

Diversity Management

Diversity management is a central element of human resources policy, which diversity of employees in terms of gender, age, ethnic origin, religious beliefs ethical background, religious beliefs, sexual identity or possible disabilities for the success of the company.

Due Diligence

Refers to the examination and analysis of a company with “due diligence”, especially with regard to economic, legal, tax and financial circumstances.

Earnings before interest, taxes and amortization (EBITA)

EBITA describes earnings before interest, taxes and amortization of intangible assets. For long-term comparison and a better understanding of business development, NORMA Group adjusts the EBITA for certain one-time expenses. → [NOTES](#)

Earnings before interest, taxes, depreciation and amortization (EBITDA)

Earnings before interest, taxes, depreciation (of property, plant and equipment) and amortization (of intangible assets). It is a measure of a company’s operating performance before investment expenses. For long-term comparison and a better understanding of its business development, NORMA Group adjusts the EBITDA for certain one-time expenses. → [NOTES](#)

EBITA margin (adjusted)

The adjusted EBITA margin is calculated from the ratio of adjusted EBITA to sales and is an indicator of the profitability of NORMA Group’s business activities.

EBITDA margin (adjusted)

The adjusted EBITDA margin is calculated from the ratio of adjusted EBITDA to sales.

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Economies of scale

Describes the ratio of production volume to the factors of production factors. In the case of positive economies of scale increases with the intensification of the production factors the quantity of output also increases.

Elastomers

Stable but elastic plastics that are used at a temperature above their glass transition temperature. The plastics can deform under tensile or compressive load, but then return to their original shape.

EMEA

Abbreviation for the economic area of Europe (comprising Western and Eastern Europe), the Middle East and Africa.

Engineered Joining Technology (EJT)

One of NORMA Group's two ways to market. It provides customized, highly Engineered Joining Technology products primarily, but not exclusively, for industrial OEM customers.

ESG

ESG stands for Environmental, Social and Governance. The abbreviation refers to the commitment of companies in the areas of environment, social affairs and corporate governance.

Equity ratio

Equity in relation to total assets.

EU Taxonomy

The EU Taxonomy represents a detailed classification system designed to provide the greatest possible transparency to the capital market in order to encourage investment in environmentally sustainable activities. It also establishes, for the first time, a link between financial and non-financial issues in order to provide an objective and consistent assessment of the sustainability of economic activities. The EU Taxonomy was originally designed by the European Commission as part of its climate policy positioning following the Paris Climate Agreement in 2019. It is based on the European Green Deal and aims to establish reporting requirements that increase the informative value of companies' non-financial reporting.

Fair value

Fair value is the amount for which an asset could be exchanged, or a liability settled, between market participants in an arm's length transaction at the measurement date. In principle, it is a value concept for the measurement of assets or liabilities. Fair value is used in particular for the measurement IAS 40 in conjunction with IFRS 13.

FAO

Food and Agriculture Organization of the United Nations.

Foresight management

Long-term strategic planning based on an analysis of changing environmental conditions (e.g. technology trends and changes in the market environment).

Free cash flow

Indicates the amount of money that is available to pay dividends to shareholders and / or repay loans.

Gearing

Gearing is a measure of a company's debt level. Gearing is calculated from the ratio of net debt to equity.

Gemba walk

Daily walk through production halls, inspecting individual processes in the opposite order of workflow and analyzing potential opportunities for improvement.

Global excellence program

A cost optimization program. It coordinates and manages all of NORMA Group's sites and business units.

GRI – Global Reporting Initiative

Initiative that sets standards for sustainability reporting.

IATF 16949

An international standard that combines the existing general demands on quality management systems of the (mostly North American and European) automotive industry.

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IDW

The Institute of Auditors in Germany (Institut der Wirtschaftsprüfer in Deutschland e. V.)

Initial public offering (IPO)

First offering of shares of a company on the regulated capital market.

Innovation roadmapping

Systematic approach to adapt company-specific product innovations to future market and technological developments.

Innovation scouting

Structured observation of changes, potentials and relevant knowledge of technological developments and processes.

International securities identification number (ISIN)

12-digit alphanumerical code used to identify a security traded on the stock market.

International Labour Organization (ILO)

The ILO was founded in 1919 and has its headquarters in Geneva. The aim of the ILO is to the improvement of the working and living conditions of all people, the world peace by improving the working and living conditions of all people. To this end, legally binding agreement and conventions as well as labor and social standards has been defined.

ISO 14001

An international environmental management standard that specifies the internationally accepted requirements for an environmental management system.

ISO 9001

International standard that defines the minimum requirements that quality management systems must meet.

ISO 45001

Health and Safety Management that replaces the current Occupational Health and Safety Assessment Series 18001 (OHSAS 18001)

Lean manufacturing

A systematic method for the elimination of waste within a manufacturing process. An integrated socio-technical system reduces or minimizes supply-side, customer-side and internal fluctuations.

Leverage

Leverage is a measure of a company's debt and is calculated as the ratio of net debt (without hedging instruments) to adjusted EBITDA over the last 12 months (LTM). For the purpose of a better comparison, adjusted EBITDA LTM includes the companies acquired during the year.

Lockout-tagout

Safety procedure used to ensure that dangerous machines are properly shut off and not able to be started up again prior to the completion of maintenance or repair work.

Long-term assignment

Long-term exchange program for employees to promote internal knowledge transfer, intercultural awareness, the development of networks and the individual development of participants.

Long-term incentive plan (LTI)

Multi-year variable compensation in the form of stock rights for executives and other specific employee groups, representing a cash-settled share-based compensation plan in the form of virtual shares. It takes into account both the development of the company as well as that of the share price.

Material cost ratio

The material cost ratio of NORMA Group results from the ratio of material expenses to sales.

Net debt

Net debt is the sum of financial liabilities less cash and cash equivalents. Financial liabilities also include liabilities from derivative financial instruments that are held for trading purposes or as hedging instruments.

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Net operating cash flow

Net operating cash flow is calculated on the basis of EBITDA plus changes in working capital less investments from operating activities. Net operating cash flow is a key financial control figure for NORMA Group and serves as a measure for the Group's liquidity.

NORMA Value Added (NOVA)

A key financial control figure for NORMA Group that serves as a measure for the annual rise in corporate value.

OHSAS 18001

Occupational Health and Safety Assessment Series; certification of occupational health and safety management systems.

Original equipment manufacturer (OEM)

A company that retails products under its own name.

Peugeot Société Anonyme PSA

A French car manufacturer group that includes the Citroen, DS, Opel, Peugeot and Vauxhall brands.

Prime standard

A segment of the regulated stock market with higher inclusion requirements than the General Standard. It is the private law segment of the Frankfurt Stock Exchange with the highest transparency standards. All companies listed in the DAX, MDAX, TecDAX and SDAX must be included in the Prime Standard.

Reverse factoring

A financing solution initiated by the ordering party in order to help its suppliers finance their receivables more easily and at a lower interest rate than they would normally be offered.

Roadshow

Series of corporate presentations made to investors by an issuer at various financial locations to attract investment in the company.

Science-based targets initiative

Initiative that sets climate targets that support the Paris Climate Agreement and meet the goal of limiting global warming to well below two degrees Celsius.

Scope 1, 2, 3

Method for differentiating greenhouse gases. Scope 1: Emissions from emission sources within the company's boundaries. Scope 2: Emissions from the generation of energy procured from outside the boundaries (especially electricity and heat). Scope 3: All other emissions caused by the company's activities but not under its control, for example from suppliers, service providers or employees.

Securities ID number (WKN)

A six-character combination of numbers and letters used in Germany to identify securities.

Selective catalytic reduction (SCR)

Selective catalytic reduction is a method used to reduce particle and nitric oxide emissions.

SMED (Single Minute Exchange of Die)

Optimization of set up times of processes through both organizational and technical measures.

Societas europaea (SE)

Legal form for stock companies in the European Union and the European Economic Area. With the SE, the EU started allowing for companies to be founded in accordance with a largely uniform legal framework at the end of 2004.

Stakeholder approach

The stakeholder approach is an extension of the shareholder value approach often found in business management. However, the stakeholder approach attempts to grasp the company in its entire context and to reconcile the needs of different groups. In addition to shareholders, stakeholders include employees, customers, suppliers and the general public.

Standardized Joining Technology (SJT)

One of NORMA Group's two distribution channels with a wide range of high-quality, standardized connection products for different application areas and end customers. This distribution channel was known as Distribution Services (DS) until 2019.

Sustainable Development Goals (SDGs)

The Sustainable Development Goals (SDGs) were adopted by the United Nations General Assembly in 2015. They cover economic, environmental and social aspects and consist of individual indicators that make implementation measurable.



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Thermoplasts (also known as plastomers)

Plastics that become elastic (thermoplastic) in a particular temperature range, whereby this process is reversible.

UN Global Compact

United Nations initiative for corporate responsibility.

Weighted average cost of capital (WACC)

The weighted average cost of capital (WACC) represents a company's total costs of capital for liabilities and equity depending on the individual capital structure.

Working capital

Trade working capital describes the Group's current net operating assets and is calculated as the sum of inventories and trade receivables minus trade payables.

Xetra

An electronic trading system operated by Deutsche Börse AG for the spot market.

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Overview by Quarters ¹

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		Q1 2021	Q2 2021	Q3 2021	T153 Q4 2021
Income statement					
Revenue	EUR million	286.4	281.6	265.7	258.1
Adjusted EBITA ²	EUR million	39.5	38.2	24.7	20.1
Adjusted EBITA margin ²	%	13.8	13.6	9.3	7.8
EBITA	EUR million	39.1	37.9	24.4	19.6
EBITA margin	%	13.7	13.5	9.2	7.6
Adjusted EBIT ²	EUR million	36.9	36.1	22.8	17.9
Adjusted EBIT margin ²	%	12.9	12.8	8.6	6.9
EBIT	EUR million	31.5	30.8	17.5	12.3
EBIT margin	%	11.0	10.9	6.6	4.8
Adjusted profit for the period ²	EUR million	24.3	24.9	14.1	9.1
Adjusted earnings per share ²	EUR million	0.76	0.78	0.44	0.28
Profit for the period	EUR million	20.3	20.8	10.1	4.9
Earnings per share	EUR	0.63	0.66	0.32	0.15
Balance sheet ³					
Total assets	EUR million	1,485.1	1,464.7	1,467.0	1,498.2
Equity	EUR million	630.9	625.1	647.3	668.6
Equity ratio	%	42.5	42.7	44.1	44.6
Net debt	EUR million	352.0	352.0	332.5	318.5
Cash flow					
Cash flow from operating activities	EUR million	8.7	33.1	36.3	30.3
Cash flow from investing activities	EUR million	- 11.8	- 11.1	- 10.2	- 12.1
Cash flow from financing activities	EUR million	- 10.0	- 28.3	- 21.8	- 10.9
Net operating cash flow	EUR million	2.5	36.8	31.2	29.3

1_Minor deviations may occur due to commercial rounding for the full year compared with the summation of the corresponding quarterly amounts.

2_Since 2020: Adjusted exclusively for expenses related to acquisitions; Prior years: Adjusted for expenses related to acquisitions and non-recurring items.

Details regarding the adjustments, can be found in the corresponding Annual Reports.

3_Figures as at balance sheet date end of quarter.

10-Year Overview

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		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
T154											
Order situation											
Order book ¹	EUR millions	508,4	391,3	358,3	379,2	329,1	302,4	295,8	279,6	236,7	215,4
Income statement											
Revenue	EUR millions	1,091.9	952.2	1,100.1	1,084.1	1,017.1	894.9	889.6	694.7	635.5	604.6
thereof EMEA	EUR millions	462.4	409.5	486.0	494.8	485.9	432.0	416.0	394.5	388.0	367.5
thereof Americas	EUR millions	456.8	385.5	450.8	441.5	411.3	381.6	395.3	237.8	191.5	193.3
thereof Asia-Pacific	EUR millions	172.8	157.2	163.4	147.8	119.9	81.3	78.2	62.5	56.0	43.8
Engineered Joining Technology (EJT)	EUR millions	620.7	552.6	665.5	684.6	638.2	535.9	540.3	481.0	443.9	427.6
Standardized Joining Technology (SJT)	EUR millions	464.3	395.5	430.2	393.8	372.3	354.5	344.1	211.5	193.6	174.5
Material cost ratio	%	45.8	43.8	43.4	43.6	41.2	39.4	40.8	41.7	42.4	43.6
Personnel cost ratio	%	26.1	31.3	27.5	25.9	26.5	27.3	26.3	27.1	26.7	25.9
Adjusted EBITA ²	EUR millions	122.5	54.6	144.8	173.2	174.5	157.5	156.3	121.5	112.6	105.4
Adjusted EBITA margin ²	%	11.2	5.7	13.2	16.0	17.2	17.6	17.6	17.5	17.7	17.4
EBITA	EUR millions	121.0	51.1	127.9	164.8	166.8	150.4	150.5	113.3	112.1	105.1
EBITA margin	%	11.1	5.4	11.6	15.2	16.4	16.8	16.9	16.3	17.6	17.4
Adjusted EBIT ²	EUR millions	113.8	45.3	136.1	164.5	166.0	147.7	147.9	116.2	107.7	101.9
Adjusted EBIT margin ²	%	10.4	4.8	12.4	15.2	16.3	16.5	16.6	16.7	16.9	16.8
EBIT	EUR millions	92.1	20.1	96.7	133.5	137.8	120.0	124.8	97.8	99.5	94.4
EBIT margin	%	8.4	2.1	8.8	12.3	13.5	13.4	14	14.1	15.7	15.6
Financial result	EUR millions	-12.4	-14.8	-15.5	-11.7	-16.1	-14.6	-17.2	-14.5	-15.6	-13.2
Adjusted tax rate ²	%	28.6	20.3	27.1	24.9	30.0	28.9	32.1	33.3	32.6	30.3
Adjusted profit for the period ²	EUR millions	72.3	24.3	87.8	114.8	105.0	94.6	88.7	71.5	62.1	61.8
Adjusted earnings per share ²	EUR	2.27	0.77	2.76	3.61	3.29	2.96	2.78	2.24	1.95	1.94
Profit for the period	EUR millions	56.1	5.5	58.4	91.8	119.8	75.9	73.8	54.9	55.6	56.6
Earnings per share	EUR	1.76	0.18	1.83	2.88	3.76	2.38	2.31	1.72	1.74	1.78
NORMA Value Added (NOVA)	EUR millions	16.0	-46.4	17.3	60.8	54.9	53.1	48.3	n/a	n/a	n/a
Return on capital employed (ROCE) ³	%	11.9	4.6	13	17.2	18.9	17.7	19.3	n/a	n/a	n/a
R&D expenses	EUR millions	38.0	29	31.2	30.5	29.4	28.8	25.4	25.7	21.9	22.1
R&D ratio (related to sales) ⁴	%	3.5	3.1	4.7	4.5	4.6	5.4	4.7	5.3	4.9	5.1
Investment ratio in relation to sales (without acquisitions)	%	4.3	4.3	5	5.8	4.7	5.4	4.7	5.7	4.8	5.0

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		2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Balance sheet ¹											
Total assets	EUR millions	1,498.2	1,414.7	1,514.3	1,471.7	1,312.0	1,337.7	1,167.9	1,078.4	823.7	691.8
Equity	EUR millions	668.6	589.5	629.5	602.4	534.3	483.6	429.8	368.0	319.9	289.2
Equity ratio	%	44.6	41.7	41.6	40.6	40.7	36.2	36.8	34.1	38.8	41.8
Net debt	EUR millions	318.5	338.4	420.8	400.3	344.9	394.2	360.9	373.1	153.5	199.0
Working capital	EUR millions	189.5	160.8	192.5	179.2	158.2	144.5	151.9	141.8	110.8	115.9
Working capital related to sales	%	17.4	16.9	17.5	16.5	15.6	16.1	17.1	20.4	17.4	19.2
Cash flow											
Cash flow from operating activities	EUR millions	108.4	133.5	137.1	130.8	146.0	149.2	128.2	96.4	115.4	96.1
Cash flow from investing activities	EUR millions	-45.2	-39.1	-57.0	-129.5	-70.8	-133.8	-44.5	-265.1	-43.4	-58.1
Cash flow from financing activities	EUR millions	-71.1	-81.0	-93.2	31.3	-77.7	49.6	-70.4	57.7	51.7	-34.1
Net operating cash flow	EUR millions	99.8	78.3	122.9	124.4	132.9	148.5	134.7	109.2	103.9	81.0
Non financial figures											
Core workforce ¹		6,191	6,635	6,523	6,901	6,115	5,450	5,121	4,828	4,134	3,759
Temporary workers ¹		2,012	2,155	1,998	1,964	1,552	1,214	1,185	1,147	813	726
Total workforce ¹		8,203	8,790	8,521	8,865	7,667	6,664	6,306	5,975	4,947	4,485
Number of invention applications ⁵		25	22	22	32	33	k. A.	k. A.	k. A.	k. A.	k. A.
Defective parts	PPM (parts per million)	4.9	5.1	6.1	7.1	16.1	32.0	k. A.	k. A.	k. A.	k. A.
Average customer complaints per month per entity		5.1	4.7	6.4	7.0	9.0	8.0	k. A.	k. A.	k. A.	k. A.
CO ₂ emissions (Scope 1 and 2) ⁶	In t CO ₂ e	43,449	49,875	54,494	51,018	k. A.	k. A.	k. A.	k. A.	k. A.	k. A.
Share data											
Last price ^{1,7}	EUR	33.88	41.9	38.0	43.2	56.0	40.6	51.2	39.6	36.1	21.0
Market capitalization ^{1,7}	EUR Mio.	1,079	1,334	1,211	1,376	1,783	1,292	1,630	1,263	1,150	669
Dividend ⁸	EUR	0.75	0.70	0.04	1.10	1.05	0.95	0.90	0.75	0.70	0.65
Payout ratio ⁸	%	33.0	91.7	1.5	30.5	31.9	32.0	32.3	33.4	35.9	33.5
Price-earnings ratio		19.3	232.7	20.8	15.0	14.9	17.0	22.1	23.0	20.7	11.8
Number of shares issued		31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400	31,862,400

1_Figures as at balance sheet date Dec 31.

2_Since 2020: Adjusted exclusively for expenses related to acquisitions; Prior years: Adjusted for expenses related to acquisitions and non-recurring items. Details regarding the adjustments can be found in the corresponding Annual Reports.

3_Adjusted EBIT in relation to the average capital employed.

4_Until 2019: in relation to EJT sales, since 2020: in relation to total sales.

5_The number of invention applications has served as a key control parameter for measuring the Group's innovative ability since mid-2016, replacing the number of patent applications, a figure that had lost significance in light of changes in the patent strategy. There are no comparative figures for prior years.

 6_Since 2017, CO₂ emissions have been reported according to the requirements of the Greenhouse Gas Protocol. The figures relating to the years 2019 and before are audited with "limited assurance".

7_Xetra price.

8_Subject to approval by the Annual General Meeting.

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Financial Calendar, Contact and Imprint

Financial calendar 2022 T155

Date	Event
May 4, 2022	Publication of Interim Statement Q1 2022
May 17, 2022	Ordinary Annual General Meeting 2022, Frankfurt/Main
Aug 10, 2022	Publication of Interim Report H1 2022
Nov 2, 2022	Publication of Interim Statement Q3 2022

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

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Forward-looking statements

This Annual Report 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 SE 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 SE, including its financial position and profitability and the economic and regulatory fundamentals, are in accordance with such future-oriented statements in this Annual Report, no guarantee can be given that this will continue to be the case in the future.

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Date of publication

March 23, 2022

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