

ANNUAL REPORT
2022



SHAPING
TOMORROW

Introduction

3	About this Report
4	Table of Content
5	2022 Financial Figures
7	NORMA Group

SALES FY 2022:

EUR 1,243.0 million

+ 13.8% compared to the previous year

1 INTRODUCTION

> ABOUT THIS REPORT

4 CONTENT

5 2022 FINANCIAL FIGURES

7 NORMA GROUP

2 TO OUR SHAREHOLDERS

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

ABOUT THIS REPORT

NORMA Group publishes both financial and non-financial information in its 2022 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.

Data and reporting standards

The reporting period covers the fiscal year from January 1 to December 31, 2022. To ensure the greatest possible timeliness, all relevant information available up to the issuance of the assurance by the legal representatives on March 14, 2023, 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 has been prepared with reference to 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.

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 and other websites.
These contents are part of the Non-financial Group Report and were subject to a separate limited assurance examination. NON-FINANCIAL REPORT	
Show content	Page forward / back

1 INTRODUCTION

- 3 ABOUT THIS REPORT
- > CONTENT
- 5 2022 FINANCIAL FIGURES
- 7 NORMA GROUP

2 TO OUR SHAREHOLDERS**3 CORPORATE RESPONSIBILITY REPORT****4 CONDENSED MANAGEMENT REPORT****5 CONSOLIDATED FINANCIAL STATEMENTS****6 FURTHER INFORMATION****INTRODUCTION**

- 3 About This Report
- 4 Content
- 5 2022 Financial Figures
- 7 NORMA Group

TO OUR SHAREHOLDERS

- 10 The Management Board
- 11 Letter from the Management Board
- 14 NORMA Group on the Capital Market
- 22 Supervisory Board Report
- 28 Corporate Governance Report and Declaration on Corporate Governance

CORPORATE RESPONSIBILITY REPORT

- 42 Corporate Responsibility Strategy
- 51 Governance
- 60 Environment
- 71 Social
- 81 Non-Financial Report, EU Taxonomy, GRI and UN Global Compact
- 94 CR Performance Indicators
- 97 Assurance Report

CONDENSED MANAGEMENT REPORT

- 101 Principles of the Group
- 119 Economic Report
- 159 Condensed Management Report of NORMA Group SE (HGB)
- 166 Forecast Report
- 176 Risk and Opportunity Report
- 194 2022 Remuneration Report
- 217 Other Legally Required Disclosures
- 219 Report on Transactions with Related Parties

CONSOLIDATED FINANCIAL STATEMENTS

- 221 Consolidated Statement of Comprehensive Income
- 222 Consolidated Statement of Financial Position
- 224 Consolidated Statement of Cash Flows
- 225 Consolidated Statement of Changes in Equity
- 226 Notes to the Consolidated Financial Statements
- 341 Appendix to the Notes to the Consolidated Financial Statements
- 346 Assurance of Legal Representatives
- 347 Independent Auditor's Report

FURTHER INFORMATION

- 356 Glossary
- 364 List of Graphics
- 366 List of Tables
- 371 Overview by Quarter
- 372 10-Year Overview
- 375 Financial Calendar, Contact and Imprint

1 INTRODUCTION

3 ABOUT THIS REPORT

4 CONTENT

> 2022 FINANCIAL FIGURES

7 NORMA GROUP

2 TO OUR SHAREHOLDERS

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

2022 FINANCIAL FIGURES

Financial figures		2022	2021	T001 Change in %
Order situation				
Order book ¹	EUR million	569,6	508,4	12,0
Income statement				
Revenue	EUR million	1,243,0	1,091,9	13,8
Cost of materials ratio	%	48,0	45,8	n/a
Personnel cost ratio	%	24,9	26,1	n/a
Adjusted EBITA ³	EUR million	106,9	122,5	-12,8
Adjusted EBITA margin ²	%	8,6	11,2	n/a
EBITA	EUR million	105,6	121,0	-12,7
EBITA margin	%	8,5	11,1	n/a
Adjusted EBIT ²	EUR million	99,0	113,8	-13,0
Adjusted EBIT margin ²	%	8,0	10,4	n/a
EBIT	EUR million	76,5	92,1	-16,9
EBIT margin	%	6,2	8,4	n/a
Financial result	EUR million	-12,6	-12,4	-1,5
Adjusted tax rate	%	35,2	28,6	n/a
Adjusted profit for the period ²	EUR million	56,0	72,3	-22,6
Adjusted earnings per share ²	EUR	1,75	2,27	-22,6
Profit for the period	EUR million	39,2	56,1	-30,1
Earnings per share	EUR	1,23	1,76	-30,1
NORMA Value Added (NOVA)	EUR million	-27,1	16,0	n/a
Return on Capital Employed (ROCE) ³	%	9,7	11,9	n/a
Balance sheet¹				
Total assets	EUR million	1,560,7	1,498,2	4,2
Equity	EUR million	705,4	668,6	5,5
Equity ratio	%	45,2	44,6	n/a
Net debt	EUR million	349,8	318,5	9,8
Cash flow				
Cash flow from operating activities	EUR million	76,6	108,4	-29,3
Cash flow from investing activities	EUR million	-44,5	-45,2	-1,5
Cash flow from financing activities	EUR million	-54,5	-71,1	-23,3
Net operating cash flow	EUR million	65,3	99,8	-34,5

1_Figures as at balance sheet date Dec 31.

2_Adjusted for effects from purchase price allocations.

3_Adjusted EBIT in relation to the average capital employed.

1 INTRODUCTION

3 ABOUT THIS REPORT

4 CONTENT

> 2022 FINANCIAL FIGURES

7 NORMA GROUP

2 TO OUR SHAREHOLDERS

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

Non-financial figures		2022	2021	Change in %
General information				
Core workforce		6,175	6,191	-0.3
Temporary workers		2,532	2,012	25.8
Total workforce		8,707	8,203	6.1
Number of invention applications		21	25	-16.0
Governance / Integrity				
Number of employees who were trained on compliance topics online		2.080	1.114	86.7
Defective parts	PPM (parts per million)	2.9	4.9	-40.8
Customer complaints	average per month per entity	3.7	5.1	-27.5
Environment				
CO ₂ emissions (Scope 1 and 2)	t CO ₂ e	4.879	43.449	-88.8
Energy consumption	kWh / EUR thousand of revenue	101.8	119.0	-14.5
Water consumption	liter / EUR thousand of revenue	131.6	147.1	-10.5
Hazardous waste	kg / EUR thousand of revenue	0.6	0.6	3.4
Non-hazardous waste	kg / EUR thousand of revenue	10	11.2	-13.9
Share of manufacturing locations certified according to ISO 14001	%	92.6	92.6	n/a
Social				
Accident rate	accidents / 1,000 employees	4.2	6.2	-32.3
Share of manufacturing locations certified according to ISO 45001	%	88.9	77.8	n/a
Training hours	average hours per employee	38.7	29.6	30.7
Share of female employees in core workforce	%	36.9	37.2	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 2022 ²	EUR	36.02		
Lowest price 2022 ²	EUR	13.15		
Closing price ^{1, 2}	EUR	17.00		
Market capitalization ¹	EUR million	541.66		
Dividend ³	EUR	0.55		
Payout ratio ³	%	31.3		
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.

1 INTRODUCTION

3 ABOUT THIS REPORT

4 CONTENT

5 2022 FINANCIAL FIGURES

> **NORMA GROUP**

2 TO OUR SHAREHOLDERS

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

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 over 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 am Main, Germany, the Company coordinates a global network consisting of 27 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. The most well-known brand names, under which NORMA Group markets its joining technology products can be seen here:



1 INTRODUCTION

- 3 ABOUT THIS REPORT
- 4 CONTENT
- 5 2022 FINANCIAL FIGURES
- > NORMA GROUP

2 TO OUR SHAREHOLDERS

3 CORPORATE RESPONSIBILITY REPORT

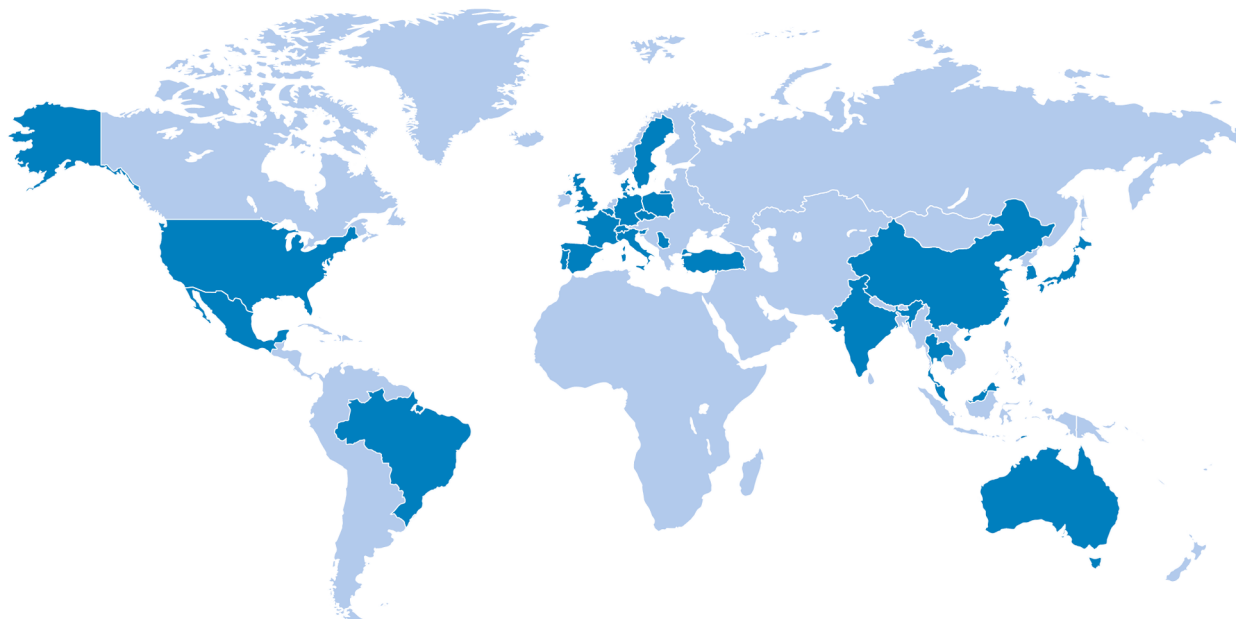
4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

NORMA Group worldwide

G001



	M ¹	D ²
EMEA		
Germany	■	■
France	■	■
Italy		■
Poland	■	■
Portugal	■	■
Sweden	■	■
Switzerland	■	■
Serbia	■	
Spain		■
Czech Republic	■	
Turkey		■
United Kingdom	■	■

1_Manufacturing sites
2_Sales and distribution sites

	M ¹	D ²
Americas		
Brazil	■	■
Mexico	■	■
USA	■	■
Asia-Pacific		
Australia		■
China	■	■
India	■	■
Japan		■
Malaysia	■	■
Singapore		■
South Korea		■
Thailand		■

To our Shareholders

10	The Management Board
11	Letter from the Management Board
14	NORMA Group on the Capital Market
22	Supervisory Board Report
28	Corporate Governance Report and Declaration on Corporate Governance

ADJUSTED EARNINGS PER SHARE FY 2022:

EUR 1.75

– 22.6% compared to the previous year

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS
 - > THE MANAGEMENT BOARD
 - 11 LETTER FROM THE MANAGEMENT BOARD
 - 14 NORMA GROUP ON THE CAPITAL MARKET
 - 22 SUPERVISORY BOARD REPORT
 - 28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

TO OUR SHAREHOLDERS

The Management Board



Annette Stieve
Chief Financial Officer (CFO)

Miguel Ángel López Borrego
Chief Executive Officer (CEO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
>	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
28	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Letter from the Management Board

Dear shareholders, customers and business partners,

First of all, we would like to introduce ourselves to you as the newly formed Management Board team of NORMA Group. Miguel Ángel López Borrego took over as interim Chairman of the Management Board from Dr. Michael Schneider on January 1, 2023. As we already announced in the late summer of 2022, Dr. Schneider stepped down from the Management Board at the end of 2022 on the best of terms with the Supervisory Board.

Mr. López Borrego already knows NORMA Group from his work on the company's Supervisory Board and brings along relevant management and industry experience. As a Management Board team, we will work to further improve NORMA Group's efficiency and productivity in the current year and strategically and operationally align the company for the future. "Shaping tomorrow" – that is our focus!

Not losing sight of the goal and working together is crucial in achieving stability in times of uncertainty. 2022, a year burdened by a number of different factors, once again demonstrated this more than clearly. Like many other companies, we were exposed to headwinds, some of which were severe. In addition to the renewed emergence of the pandemic in China, the start of the war in Ukraine in February 2022 and its consequences represented a major turning point. This event has profoundly shaken global developments in human, political and economic terms in many industries. For instance, production at many automotive manufacturers and suppliers in Ukraine was interrupted in the spring, resulting in a noticeable drop in demand from the car industry. This led to major uncertainties and significantly fluctuating order patterns among our automotive customers in the first half of 2022. The immensely uncertain conditions also resulted in drastically higher prices for gas and electricity in Europe. This resulted in unprecedented cost increases for raw materials and intermediate products as well as for transportation and logistics services. Coupled with a sharp rise in inflation, price increases were ultimately more than noticeable in all areas. The additional restrictions imposed due to the corona pandemic and fears of further lockdowns in China only further exacerbated the general economic uncertainties.

Overall, the factors just mentioned led us to revise our expectations for the development of the adjusted EBIT margin as well as for net operating cash flow in July 2022. With regard to the development of Group sales, we have stuck to the forecast we communicated in March 2022. As expected, we performed well again in the area of sales development, in particular by passing on price increases in our own selling prices.

NORMA Group's sales increased organically by 7.1% compared to the previous year and amounted to EUR 1,243.0 million. Sales rose by a total of 13.8%, driven by the strong US dollar. Despite the complex and diverse challenges in the market environment, the company succeeded in generating higher revenues in all three segments – EMEA, the Americas and Asia-Pacific – in the past reporting year compared to the previous year. Sales in the Americas region in particular showed a very gratifying increase. Growth was driven by inflation-related price increases and double-digit organic growth in Water Management. The automotive business in EMEA also picked up significantly in the second half of 2022. In Asia-Pacific, the important market of China was still impacted by corona restrictions for much of the reporting year. Demand in the segment was therefore somewhat more subdued overall, especially in the automotive sector, which meant that the increase in revenue was mainly influenced by positive currency effects.

1 INTRODUCTION

2 TO OUR SHAREHOLDERS

10 THE MANAGEMENT BOARD**> LETTER FROM THE MANAGEMENT BOARD****14 NORMA GROUP ON THE CAPITAL MARKET****22 SUPERVISORY BOARD REPORT****28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE**

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

Unfortunately, the good development of sales is not fully reflected in our earnings. Adjusted EBIT reached EUR 99.0 million in fiscal year 2022, thus falling short of the previous year's figure. This was mainly caused by the challenging environment referred to above. In addition, other operating costs, including IT implementation costs, had a negative impact on profitability. Nevertheless, at 8%, the EBIT margin was exactly in line with the revised target set in July 2022 that we have been expecting since then. At EUR 65.3 million, net operating cash flow even exceeded the revised target of "around EUR 60 million" that we set in the summer of 2022.

NORMA Group has thus achieved its targets that were adjusted in July for the full year 2022. Nevertheless, we are not quite satisfied with the result. In 2023, we want to continue working together to further stabilize the company and make it even more efficient. We as the Management Board have therefore set ourselves the goal for the current year of making even better use of the opportunities and potential within our three strategic business areas "Mobility and New Energies," "Water Management" and "Industrial Applications." In the coming weeks and months, we intend to focus on previously untapped growth potential in the high-margin water and industrial businesses and continue to build on our well-known strengths as a technology leader in joining and fluid-handling technology for the automotive industry. We will also work consistently and resolutely on making further improvements to gradually increase Group productivity.

Overall, we therefore see clear opportunities for the positive long-term development of NORMA Group. Nevertheless, taking the still volatile environment into account, we also approach fiscal year 2023 with caution and respect. For example, we assume that the overall economic development in fiscal year 2023 – as in the previous year – will be burdened by the macro- and geopolitical issues mentioned earlier. In particular, we continue to classify the potential after-effects of the corona pandemic in China and the further development of the war between Russia and Ukraine and its consequences for the global value creation and transport chains as major uncertainty factors. We also see the current high level of inflation worldwide and the turnaround in interest rates initiated by the central banks as negative factors.

Especially in volatile times, we need to act flexibly, in a solution-oriented and at the same time agile manner. After all, it has never been more important to identify potential challenges quickly, analyze them and derive options for action immediately. At the same time, despite all the current challenges, we are sticking resolutely to our strategy. By focusing on the relevant future markets of Water Management and Electromobility, we intend to secure and further increase our market share to be able to grow even more profitably in the future. Besides efficiency, innovations with a promising future are crucial here. "Shaping tomorrow" – actively shaping the future – is the motto of this year's Annual Report and we will take this to heart.

A company is always the sum of all employees who show tireless commitment every day and work resolutely as a team on further development for the "new tomorrow." Even in stormy times, NORMA Group can always depend on a capable and motivated team that supports the company's vision and goals. We would like to express our sincere thanks to the more than 8,700 employees who work for NORMA Group every day. We know it has also been another very demanding year for them. But we have stood firm and been able to achieve a great deal together. The successes support our shared vision of being the market leader in joining and fluid-handling technology for both current and future markets worldwide.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS
 - 10 THE MANAGEMENT BOARD
 - > [LETTER FROM THE MANAGEMENT BOARD](#)
 - 14 NORMA GROUP ON THE CAPITAL MARKET
 - 22 SUPERVISORY BOARD REPORT
 - 28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

We would also like to thank you, our shareholders, for your loyalty and faithfulness and also for your interest in NORMA Group's developments. For the year 2022 – as in every year since the IPO – we want to distribute an appropriate share of our profits to our owners. The Management Board and Supervisory Board plan to propose the payment of a dividend of EUR 0.55 per dividend-bearing share for 2022 to the Annual General Meeting on May 11, 2023. As part of our sustainable dividend strategy, this would be a payout ratio of approximately 31% of adjusted earnings for the period. Rest assured that we are constantly working to increase the value of NORMA Group and to further strengthen our international positioning as a provider of innovative joining technologies.

We would be pleased if you would continue to accompany us on our journey!

Sincerely,

Miguel Ángel López Borrego
Chief Executive Officer (CEO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

Annette Stieve
Chief Financial Officer (CFO)

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
>	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
28	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

NORMA Group on the Capital Market

- > NORMA Group share closes stock market year 2022 down 49.8%
- > Annual General Meeting 2022 approves dividend of EUR 0.75
- > Investor Relations work comes in second place in the SDAX and eighth in the overall Investors' Darling ranking

Global indices end weak stock market year 2022 clearly in the red

The stock market year 2022 was dominated by major uncertainties and thus took a very volatile course overall. After the global indices carried their positive momentum from the previous year into the first few days of 2022, the market trend increasingly deteriorated from the end of February with the start of Russia's war against Ukraine. Serious concerns over preserving worldwide supply chains through to a global escalation of the conflict sent the markets on a downward slide and exerted considerable influence on the stock markets throughout the year. The partly suspended trade structures and the sanctioned supply of gas and oil from Russia to Europe caused a significant increase in energy costs. Inflation in the euro zone reached a new long-term high of over 10% in some areas. As a result, the central banks were confronted with the challenge of limiting price increases by taking appropriate countermeasures. To curb inflation, the US Federal Reserve, the European Central Bank and other central banks raised their key interest rates unusually sharply and held out the prospect of further interest rate increases in the following year. Overall, the combination of fears of a recession, sharply rising prices and a tight monetary policy had a negative impact not only on overall demand, but also on economic growth and in particular on the development of the capital markets. As a result of this difficult economic and interest rate environment, international stock indices recorded significant price losses from the middle of the year on and analysts' outlooks for future company profits also became increasingly gloomy. In addition, there were negative reports from China according to which the Chinese government's strict zero-COVID policy involving tough regional lockdowns led to a standstill of large parts of the economy there. In light of this challenging mix and an environment characterized by major challenges, stock indices worldwide closed in negative territory, although a small year-end rally in November was able to limit the losses slightly.

The German stock market was exposed to the effects of the war in Ukraine particularly strongly because German industry had covered its energy demand mainly from Russia prior to the start of the war. As a result, there was uncertainty as to the extent to which German companies would still be able to maintain production levels in the event of a supply freeze despite this dependency. With the entry into force of the sanctions against Russia and the subsequent halt in exports of important raw materials by Russia, many industrial companies were faced with the challenge of compensating for the enormous increase in energy costs and, in some cases, finding alternative energy sources. Furthermore, many companies ceased their economic activities in Russia, in some cases resulting in the loss of important production sites and sales markets. This development was also reflected in Germany's leading DAX index, which reached its high of 16,285 points shortly after the start of the year on January 5, 2022. The low was marked on September 28, 2022, at a level of 11,863 points. The DAX closed 2022 at 13,924 points, down a substantial 12.3% after three consecutive years of positive performance. The MDAX and the SDAX, which also includes the NORMA Group share, showed an even weaker performance than the DAX. The MDAX fell by 28.5% in 2022 and stood at 25,118 points at the end of December 2022. The SDAX closed the year at 11,926 points compared to the end of 2021, a 27.3% decline.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 10 THE MANAGEMENT BOARD
- 11 LETTER FROM THE MANAGEMENT BOARD
- > **NORMA GROUP ON THE CAPITAL MARKET**
- 22 SUPERVISORY BOARD REPORT
- 28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

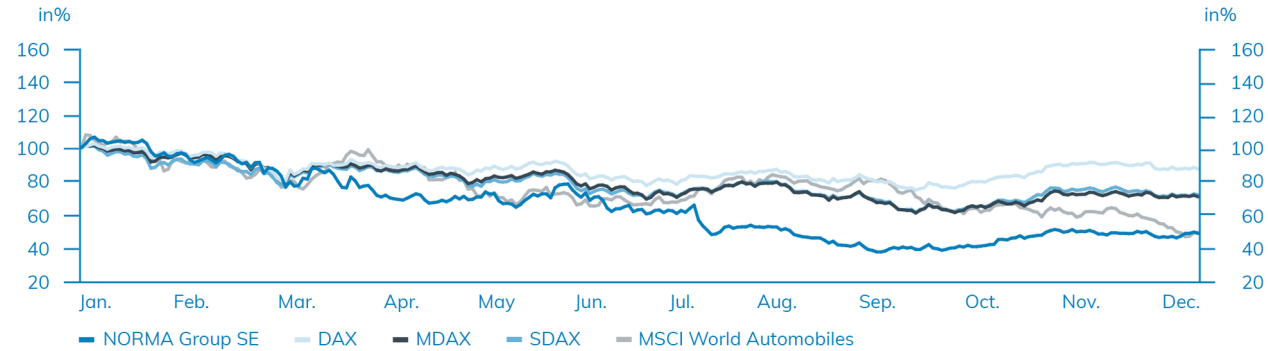
- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Index-based comparison of NORMA Group's share price performance in 2022 with DAX, MDAX, SDAX and MSCI World Automobiles G002



The U.S. indices also suffered setbacks in fiscal year 2022, some of which were significant, and showed an even more volatile performance overall. The Dow Jones index closed 2022 with a comparatively moderate decline of 9.6%. The broader S&P500 index fell by 22.1% overall after reaching a new record high the previous year. The MSCI World Automobiles Index, which is regarded as a trend indicator for the global automotive market, reflected the deteriorating economic situation very clearly by closing at 193.32 points at the end of December 2022, a decline of 49.2% compared to the level at the end of 2021.

Performance of the NORMA Group share

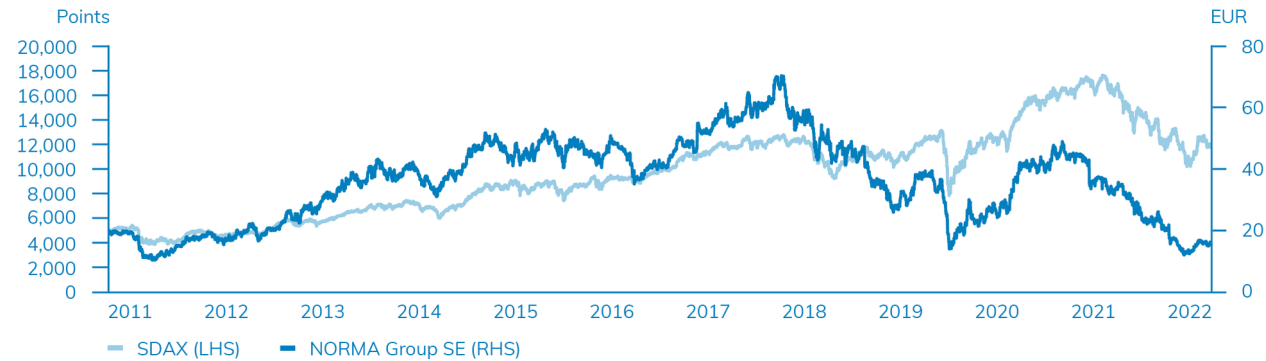
NORMA Group's share started the new year on January 3, 2022, at a price of EUR 33.70 and reached its high of EUR 36.02 shortly afterwards on January 5, 2022. After the share followed the overall market in the weeks that followed, its price dropped significantly from mid-March on with the start of Russia's war in Ukraine. The sharp rise in raw material prices and the lack of availability of materials weighed heavy on business. The share came under additional pressure as general economic growth declined over the course of the year as a result of the prevailing challenges and the outlook continued to deteriorate. On top of that, the level of inflation, lockdowns in China as well as higher logistics and other operating costs, including IT implementation costs, were partly responsible for NORMA Group issuing a profit warning on July 21, 2022. Another main reason was the sharp rise in material costs, which could not be fully compensated for by raising selling prices. As a result, the share price dropped noticeably and reached its low point for the year of EUR 13.15 on September 20, 2022. NORMA Group's share price subsequently recovered slightly and ended the weak stock market year 2022 at a closing price of EUR 17.00. This represents a decline of 49.8% compared to the previous year's closing price.

The market capitalization of the NORMA Group share amounted to approximately EUR 541.66 million as of December 30, 2022 (2021: EUR 1.08 billion). This is based on an unchanged number of shares of 31,862,400 compared to the previous year. Measured in terms of the free float market capitalization relevant for determining index membership, which has been 100% since 2013, the NORMA Group share ranked 43rd out of 70 in the SDAX at the end of December 2022 (December 2021: 24th out of 70 in the SDAX).

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 10 THE MANAGEMENT BOARD
- 11 LETTER FROM THE MANAGEMENT BOARD
- > **NORMA GROUP ON THE CAPITAL MARKET**
- 22 SUPERVISORY BOARD REPORT
- 28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

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

G003



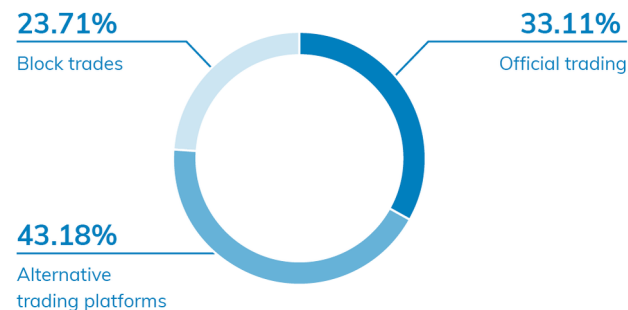
Trading turnover down despite higher trading volume

The average daily Xetra trading volume of the NORMA Group share was 78,272 shares (2021: 58,324 shares). Thus, the average daily Xetra turnover (number of shares traded multiplied by the respective closing price of the day on which they were traded) of EUR 1.7 million was below the level of the previous year (2021: EUR 2.3 million). This is due to the lower average share prices compared to the prior year.

The total number of shares traded on average per trading day on all trading venues in 2022 was 274,152 (2021: 242,255 shares). Trading was distributed among the various trading venues as follows:

Distribution of trading activity in 2022

G004



- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 10 THE MANAGEMENT BOARD
- 11 LETTER FROM THE MANAGEMENT BOARD
- > **NORMA GROUP ON THE CAPITAL MARKET**
- 22 SUPERVISORY BOARD REPORT
- 28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

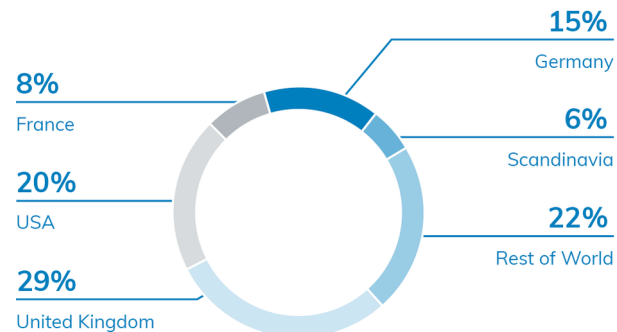
Voting rights notifications in 2022

Based on the voting rights notifications received by the end of 2022, shares of NORMA Group designated as free floating and exceeding 3% are held by the following institutional investors:

Voting rights notifications	T002
Teleios Capital, Zug, Switzerland	5.50%
Allianz Global Investors GmbH, Frankfurt/Main, Germany	4.97%
Impax Asset Management Group plc, London, UK	4.96%
SPICE TWO Investment Coöperatief U.A., Amsterdam, Netherlands	4.91%
AVGP Limited, St. Helier, Jersey Channel Island	3.29%
Norges Bank, Oslo, Norway	3.21%
Tweedy, Browne Company LLC, Wilmington, USA	3.03%
FMR LLC, Wilmington, USA	3.02%
Union Investment Privatfonds GmbH, Frankfurt/ Main, Germany	3.02%

As of December 31, 2022. 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 G005



as of December 31, 2022

2022 Annual General Meeting

The Annual General Meeting of NORMA Group SE was held in Frankfurt/Main on May 17, 2022. Due to the ongoing corona pandemic, the Annual General Meeting was held for the third time in a row as a purely virtual event without shareholders or their proxies physically present. Of the 31,862,400 shares with voting rights, a total of 23,647,076 shares and thus around 74% of the registered share capital of NORMA Group SE were represented. 32 shareholders participated live in the virtual Annual General Meeting via NORMA Group SE's shareholder portal.

The shareholders of NORMA Group who were represented discharged both the Supervisory Board and the Management Board by a clear majority. The proposal of the Supervisory Board and the Management Board to

1 INTRODUCTION

2 TO OUR SHAREHOLDERS

10 THE MANAGEMENT BOARD

11 LETTER FROM THE MANAGEMENT BOARD

> NORMA GROUP ON THE CAPITAL MARKET

22 SUPERVISORY BOARD REPORT

28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

distribute a dividend of EUR 0.75 per share was approved by the Annual General Meeting by a majority of 99.80%. The total amount distributed thus amounted to around EUR 23.9 million (2021: EUR 22.3 million). This resulted in a payout ratio of 33.0% of the adjusted consolidated net income, which amounted to EUR 72.3 million in fiscal year 2021. The payout ratio was thus within the range defined by NORMA Group of 30 to 35% of adjusted consolidated net income. In addition, the Annual General Meeting also approved all other agenda items by the majority necessary.

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

Directors' Dealings

No transactions were reported to NORMA Group SE as Directors' Dealings notifications in 2022. [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 the company's management and achieve a 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 eleven mostly virtual roadshows with current and potential new investors in fiscal year 2022. NORMA Group was also represented at the following conferences:

- Baader Investment Conference, Munich
- Baader Investor Day, Munich
- Berenberg European Conference 2022, Pennyhill, Great-Britain
- Berenberg Madrid Seminar 2022, Madrid, Spain
- Commerzbank & ODDO BHF Corporate Conference, Frankfurt/Main
- Commerzbank German Investment Seminar, virtual
- DZ Bank Equity Conference, Frankfurt/Main
- Kepler Cheuvreux German Corporate Conference, virtual
- Quirin Champions Conference, virtual
- Quirin 14th MidCap Event, Geneva, Switzerland

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
>	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
28	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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% (2021: 0.07%) of the shares were held by the management (Management Board in its current composition with Dr. Schneider as Chairman of the Management Board). An additional 5.05% (2021: 3.60%) were held by private investors. The remaining share of around 95% was held by institutional investors. The number of private investors (excluding the Management Board in its current composition and the Supervisory Board) increased significantly during fiscal year 2021 and stood at 5,892 at the end of December 2022 (December 31, 2021: 5,067).

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, 2022, NORMA Group was covered by 12 analysts from various banks and research companies. Of these, four analysts recommended buying the share and eight recommended holding the share, as of December 31, 2022. The average target price at the end of December 2022 was EUR 25.08 (2021: EUR 43.46).

Analysts covering NORMA Group

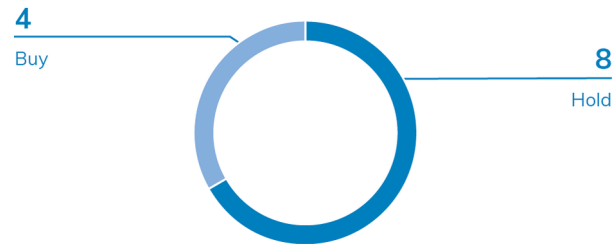
T003

Baader Bank	Peter Rothenaicher
Bankhaus Metzler	Jürgen Pieper
Berenberg Bank	Philippe Lorrain
BNP Paribas Exane	Ingo-Martin Schachel
Deutsche Bank AG	Nikolai Kempf
DZ Bank AG	Thorsten Reigber
Hauck & Aufhäuser	Christian Glowa
Kepler Cheuvreux	Dr. Hans-Joachim Heimbürger
Stifel	Alexander Wahl
ODDO BHF	Klaus Ringel
Quirin Privatbank	Daniel Kukalj
Warburg Research GmbH	Mustafa Hidir

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 10 THE MANAGEMENT BOARD
- 11 LETTER FROM THE MANAGEMENT BOARD
- > **NORMA GROUP ON THE CAPITAL MARKET**
- 22 SUPERVISORY BOARD REPORT
- 28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Analyst recommendations

G006



as of December 31, 2022

NORMA Group’s Investor Relations work receives awards again

NORMA Group’s IR activities were recognized again in fiscal year 2022. In the capital market competition “Investors’ Darling,” NORMA Group ranked second out of 70 in the SDAX segment and eighth overall among all members of the DAX, MDAX and SDAX. The quality of NORMA Group’s Annual Report and investor presentation, as well as the digital formats in particular, were highlighted. The latter includes most notably the Online Annual Report, which was supplemented by an Online Half-Year Report in 2022. NORMA Group’s Annual Report and Online Annual Report 2021 were also awarded “GOLD” and “SILVER” (visuals) at the Fox Finance Awards.

Key issues in capital market communications

For NORMA Group, the ongoing pandemic and the war in Ukraine with all its consequences were the main topics of capital market communications in 2022. This was associated in particular with the tense situation in the global supply chains and the sharp rise in material costs due to higher gas and energy prices. Other important and related issues included the high purchase prices of and security of energy supplies to maintain production. On the other hand, positive developments were also communicated, relating to rising end-customer demand and successful price pass-throughs. In addition, there was a constant exchange on filling the position of Chairman of the Management Board and the stabilization measures initiated following the publication of the 2022 Half-Year Report.

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
>	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
28	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Key figures for NORMA Group

T004

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Closing price on Dec 31 (in EUR)	17.00	33.88	41.88	38.00	43.18	55.97	40.55	51.15	39.64	36.09
Highest price (in EUR)	36.02	49.36	42.38	49.26	70.15	63.79	51.54	53.30	43.59	39.95
Lowest price (in EUR)	13.15	31.60	14.38	26.36	40.44	39.95	35.20	38.82	30.76	21.00
Score of the comparison index ¹ as of Dec 31	11,925.70	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
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)	542	1,079	1,334	1,211	1,376	1,783	1,292	1,630	1,263	1,150
Average daily Xetra volume										
Shares	78,272	58,324	88,689	97,960	95,624	96,906	73,571	88,888	73,932	86,570
EUR million	1.7	2.3	2.4	3.6	5.4	4.7	3.2	4.1	2.8	2.5
Earnings per share (in EUR)	1.23	1.76	0.18	1.83	2.88	3.76	2.38	2.31	1.72	1.74
Adjusted earnings per share (in EUR)	1.75	2.27	0.77	2.76	3.61	3.29	2.96	2.78	2.24	1.95
Dividend per share (in EUR)	0.55 ²	0.75	0.70	0.04	1.10	1.05	0.95	0.90	0.75	0.70
Dividend yield (in %)	3.2 ²	2.2	1.7	0.1	2.5	1.9	2.3	1.8	1.9	1.9
Distribution rate (in %)	31.3 ²	33.0	91.7	1.5	30.5	31.9	32.0	32.3	33.4	35.9
Price-earnings ratio	13.8 ³	19.3	232.5	20.8	15.0	14.9	17.0	22.1	23.0	20.7

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

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

²In accordance with the Management Board's proposal for the appropriation of profits, subject to approval by the Annual General Meeting on May 11, 2023.

³Related to the unadjusted earnings per share. The price-earnings ratio related to the adjusted earnings per share is 9.7.

1 INTRODUCTION

2 TO OUR SHAREHOLDERS

- 10 THE MANAGEMENT BOARD
 - 11 LETTER FROM THE MANAGEMENT BOARD
 - 14 NORMA GROUP ON THE CAPITAL MARKET
 - > **SUPERVISORY BOARD REPORT**
 - 28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
-

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

Supervisory Board Report

The Supervisory Board of NORMA Group SE monitored and advised on the activities of the Management Board in fiscal year 2022 in accordance with the legal regulations, the German Corporate Governance Code and NORMA Group SE's Articles of Association.



Günter Hauptmann
Chairman of the Supervisory Board

Supervisory Board Meetings in 2022

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, the forecast and the budget.

1 INTRODUCTION

2 TO OUR SHAREHOLDERS

10 THE MANAGEMENT BOARD

11 LETTER FROM THE MANAGEMENT BOARD

14 NORMA GROUP ON THE CAPITAL MARKET

> SUPERVISORY BOARD REPORT

28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

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 countermeasures already initiated and any provisions into account. This 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 asset, 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. In addition, the Supervisory Board deals with employee figures and personnel costs as well as CO₂ emissions and energy consumption. Other topics discussed on an ongoing basis by the Supervisory Board and Management Board, in 2022 in particular, included the status of the "Get on track" change program and the introduction of ERP systems, and above all developments at the focus plants in the EMEA region (Maintal, Gerbershausen/Germany, Hustopeče/Czech Republic, Subotica/Serbia) as well as personnel changes on the Management Board and the Supervisory Board. 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.

Ten meetings of the full Supervisory Board were held in 2022.

The first meeting in the reporting year at which the Supervisory Board dealt with the 2022 budget was held on January 7. All members of the Supervisory Board took part via video conference.

The meeting held in Frankfurt/Main on February 10, 2022, (closed meeting) was also attended by all Supervisory Board members, but on site. In addition to the usual topics, other matters were discussed, including M&A projects, succession planning for the Supervisory Board, the Management Board and the management level below the Management Board, dealing with supplier risks and securing supply chains, and preparations for a self-assessment of the Supervisory Board with the help of an external consultant.

The topics discussed at the meeting held on site in Maintal on March 17, 2022, included the Consolidated and Separate Financial Statements for 2021 and the Non-financial Group Report, the forecast for fiscal year 2022, the proposal for the appropriation of net income profit and preparations for the 2022 Annual General Meeting. This meeting was also attended by all participants.

A Supervisory Board conference was held by video conference on May 10, 2022, to exclusively discuss the possible acquisition of a company .

The Supervisory Board meeting on May 17, 2022, which was attended by all members on site in Frankfurt/Main following the Annual General Meeting, first dealt with the shareholders' only narrow approval of the Remuneration Report and the underlying criticism of the Management Board's remuneration. Measures to defend against cyber-attacks, an update of the product portfolio and the strategic orientation of NORMA Group as well as M&A projects were also addressed. In addition, the Supervisory Board set new targets for the share of women on the Management Board and the Supervisory Board and agreed that Mr. Wilhelms would take over Chairmanship of the Audit Committee from Dr. Michelberger as of September 1, 2022.

A meeting of the Supervisory Board was held by video conference on June 25, 2022, to discuss the development in NORMA Group's EMEA region and the impact on the Group.

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
>	SUPERVISORY BOARD REPORT
28	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

The decision not to extend the contract of the Chairman of the Management Board by mutual agreement was first discussed at the meeting on August 26, 2022. The Supervisory Board then discussed the forecast in detail, the changes since the meeting held on June 25, 2022, and the reasons for the forecast not being met. All members of the Supervisory Board attended this meeting on site in Frankfurt/Main.

On September 15, 2022, the Supervisory Board again intensively discussed the situation in the EMEA region and at the focus plants, among other topics. Two members of the Supervisory Board took part in this meeting via video conference, the others were present on site in Maintal.

At the meeting held on November 25, 2022, the Supervisory Board first discussed personnel issues and approved, among other items, the appointment of Mr. López Borrego as interim CEO, a settlement agreement with Dr. Schneider, and an offer of a contract extension to Mrs. Stieve. The members then discussed and approved the 2023 budget and medium-term planning. Other focal points of the meeting included quality indicators, the knowledge of Supervisory Board members on sustainability issues and the corresponding addition to the competence profile of Supervisory Board members, as well as the Declaration of Conformity with the German Corporate Governance Code. One member was connected via video conference at this meeting, while Mrs. Forst was unable to attend due to illness. The other members attended in person in Maintal.

The Supervisory Board met internally in Frankfurt/Main on December 13, 2022, without the Management Board in attendance. All members were in attendance at this meeting, except for Mrs. Forst, who continued to be unable to participate due to illness. Candidates for the Supervisory Board and the Management Board introduced themselves to the Supervisory Board. The Supervisory Board also discussed an adjustment to the remuneration system for the Management Board, which is also intended to take shareholder criticism of the current system into account.

The remuneration system for the members of the Management Board in general includes a comprehensive share purchase and share holding obligation and is thus geared towards aligning the interests of the Management Board and the shareholders as well as to the long-term and sustainable development of the company. In this context, the Management Board members are obliged to invest 75% of the net payouts from the Long-Term Incentive Plan, which is linked to the achievement of the NORMA Value Added (NOVA) target, in shares of the company and hold these for four years. The net payouts from the Long-Term Incentive Plan, which is linked to the achievement of the four-year ESG targets, must even be invested to 100% in shares of the company and held for at least one year.

Due to the business performance of the Company in recent years and the associated low or non-existent payouts under the NOVA-LTI, only small blocks of shares held by Management Board members are currently subject to the shareholding obligation. This will change in the near future as a result of the share purchase and shareholding obligation under the ESG-LTI, which will be paid out for the first time in 2024. In addition, the Supervisory Board will continue to monitor the share purchase and shareholding obligation of the members of the Management Board and, if necessary, adjust it when revising the compensation system for the Management Board members.

The Supervisory Board also passed other resolutions outside of meetings.

Outside of their meetings and conference calls, the Management Board report to the Supervisory Board on a monthly basis on how the business is developing for NORMA Group SE and the Group and provides 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 exchange views on important topics.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
>	SUPERVISORY BOARD REPORT
28	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Attendance of Meetings, Training Activities, No Conflicts of Interest

All members of the Supervisory Board attended eight of the ten Supervisory Board meetings and conference calls in 2022. Mrs. Forst was unable to attend two meetings due to illness. All of the other members of the Supervisory Board attended all meetings.

The seven meetings of the Audit Committee in 2022 were attended by all members, Dr. Michelberger, Mr. Wilhelms and Mr. López Borrego. Dr. Michelberger chaired the Audit Committee until August 31, 2022, and Mr. Wilhelms chaired the committee as of September 1, 2022. One of the Audit Committee meetings was held in presence in Maintal, three were held as video-only conferences, two were attended by one member of the committee and one meeting was attended by two members of the committee via video conference.

The four regular meetings of the General and Nomination Committee in 2022 were each attended by all members, Mr. Hauptmann (Chairman), Mrs. Schulte and Dr. Michelberger. These meetings were video conferences in each case. In addition, the committee had six appointments with personnel consultants and candidates for the Management Board and Supervisory Board, each of which was followed by committee meetings. Two of these appointments were held virtually and four as face-to-face meetings. In each case, all three members of the committee took part.

Likewise, all members of the Strategy Committee, Mrs. Forst (Chairwoman), Mr. Wilhelms and Mrs. Schulte, attended the two meetings of the Strategy Committee in 2022. Two members participated in each of the meetings via video conference, while one member was on site in Maintal.

The Supervisory Board's training and continuing education measures in 2022 focused on changed regulatory conditions. In addition, the members of the Supervisory Board attended seminars held by auditing firms and law firms on accounting and auditing, as well as sustainability and corporate governance topics.

A conflict of interest temporarily arose between a member of the Supervisory Board and the company in fiscal year 2022 in connection with the decision not to pursue the acquisition of another company. The member in question also worked for the target company, therefore he did not take part in any consultations or resolutions on this matter during the period of the conflict of interest, nor did he receive any information on the matter.

Main Activities of the Audit Committee in 2022

The Audit Committee deals intensively with 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 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. Furthermore, it decided on the audit plan for internal auditing. In addition, the Audit Committee discusses the quarterly publications with the Management Board.

In 2022, the Audit Committee also dealt in particular with the development of NORMA Group's earnings situation, the effects of the EU taxonomy and NORMA Group's preparations for expected stricter requirements. Further focal points of the discussions in the Audit Committee were the material price increases and the passing on of price increases to customers as well as the effects of the war in Ukraine. Likewise, the Audit Committee dealt with

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 10 THE MANAGEMENT BOARD
- 11 LETTER FROM THE MANAGEMENT BOARD
- 14 NORMA GROUP ON THE CAPITAL MARKET
- > SUPERVISORY BOARD REPORT
- 28 CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

financing instruments and maturity profiles as well as tax audits. In addition, the Audit Committee dealt with the updated invitation to tender for the audit of the Annual Financial Statements for fiscal year 2023 and proposed KPMG as the future auditor.

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 Management Board). Furthermore, the Audit Committee also met with the auditors without the Management Board.

Main activities of the General and Nomination Committee

The General and Nomination Committee dealt in particular with the search for new members of the Management and Supervisory Boards and prepared the respective resolutions of the Supervisory Board. In addition, it worked on the preparation of the Supervisory Board's self-assessment.

Main Activities of the Strategy Committee

The Strategy Committee deals 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 and discusses the sustainability of NORMA Group's products and production. The committee deals with the innovation process and 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 are also proposed.

In fiscal year 2022, the committee also addressed, among other topics, the organization of invention applications and patent strategy, M&A strategy, and plans for new sites and site closures, as well as Capex.

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 2022 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 2022 financial statements was issued on January 19, 2023. 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 Jürgen Körbel 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
>	SUPERVISORY BOARD REPORT
28	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Adoption of the 2022 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 2022 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 any objections being raised. 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 net profit, as well as the two auditor 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.

The Supervisory Board then approved the 2022 Annual Financial Statements of NORMA Group SE and the 2022 Consolidated Financial Statements, together with their respective Management Reports at its meeting on March 16, 2023. The Supervisory Board approved the proposal on the appropriation of net profit 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, 2022. 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 16, 2022, 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 2023 and wishes the Management Board and employees every success in achieving their goals.

Günter Hauptmann
Chairman of the Supervisory Board

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
>	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 16, 2022, 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 16, 2022, reads as follows:

With the following exceptions, NORMA Group SE ("the company") has complied since its last declaration was submitted, and continues to comply, with the recommendations of the German Corporate Governance Code in the version of December 16, 2019, published on March 20, 2020, and since June 27, 2022, with the version dated April 28, 2022, published in the Federal Gazette on June 27, 2022, by the Federal Ministry of Justice in the official section of the Federal Gazette ('Bundesanzeiger'):

1. G.10, sentence 2:

According to recommendation G.10 sentence 2 of the German Corporate Governance Code, the members of the Management Board should not be permitted to dispose of the long-term variable grant contributions until after four years. The remuneration system for the Management Board provides for a long-term incentive ("LTI") with a four-year shareholding requirement. As a result of the end of Dr. Schneider's employment contract, the four-year shareholding obligation of the tranches of the LTI open at the time of the end of his employment contract is being reduced to one year. This means Dr. Schneider is allowed to dispose of the tranches of the LTI still outstanding at the end of his employment contract before the end of the four-year period.

2. G.13, sentence 1:

The employment contracts of two members of the Management Board provide for a right of special termination in the event of a change of control. If these employment contracts end due to this special right of termination, the company will pay a severance payment at the time of termination amounting to one and a half times the severance payment cap, but not more than the amount of remuneration for the remaining term of the employment contract. This is a transitional arrangement. This special termination right is to no longer be granted in the employment contracts with new Management Board members.

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

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 10 THE MANAGEMENT BOARD
- 11 LETTER FROM THE MANAGEMENT BOARD
- 14 NORMA GROUP ON THE CAPITAL MARKET
- 22 SUPERVISORY BOARD REPORT
- > **CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE**

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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.

Compliance

NORMA Group SE’s compliance organization seeks to prevent violations of laws and other rules, in particular by taking 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.”

Group-wide compliance activities are managed by the Chief Compliance Officer of NORMA Group SE, who reports to the Executive Vice President HR & Integrity and, if necessary, directly 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 is responsible for monitoring the appropriateness of the Compliance Management System.

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. Based on the 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 all relevant languages in order to clearly communicate important compliance topics. The compliance organization also offers face-to-face training on an ad hoc basis, if necessary. Employees also receive relevant, up-to-date compliance information regularly and on an ad hoc basis via various information channels, the intranet, brochures, e-mails and notices, for example.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 10 THE MANAGEMENT BOARD
- 11 LETTER FROM THE MANAGEMENT BOARD
- 14 NORMA GROUP ON THE CAPITAL MARKET
- 22 SUPERVISORY BOARD REPORT
- > [CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE](#)

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

The [COMPLIANCE GUIDELINES](#) of NORMA Group represent 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. In the last fiscal year, the current compliance guidelines were supplemented by a separate guideline on whistleblower protection that will be rolled out in the new fiscal year.

The compliance guidelines also include requirements in the area of [HUMAN RIGHTS](#) (including forced and child labor, freedom of association and anti-discrimination). A separate Code of Conduct (“Supplier Code of Conduct”) applies to suppliers. 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 as well reviewed and updated on a regular basis to determine whether changes are necessary.

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 [WHISTLEBLOWER SYSTEM](#). 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 to the main electronic whistleblower channel, NORMA Group offers additional or alternative reporting channels at all sites where local laws require these. 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, as well as the respective implementing laws of the Member States. 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.

The members of the compliance organization investigate any indications of compliance violations. If violations of compliance rules are discovered or 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, ESG and Climate Change

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 (Environmental, Social, Governance) topics, the Supervisory Board, Management Board and employees are paying more attention than ever to the resulting aspects. For example, NORMA Group is focusing increasingly on products and solutions in water management and the transformation to more environmentally friendly drive systems.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 10 THE MANAGEMENT BOARD
- 11 LETTER FROM THE MANAGEMENT BOARD
- 14 NORMA GROUP ON THE CAPITAL MARKET
- 22 SUPERVISORY BOARD REPORT
- > CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

The Strategy Committee in particular deals with the effects of climate change on a regular basis. In addition, the development of NORMA Group's CO₂ emissions in particular is discussed at every Supervisory Board and Management Board meeting.

CFO Annette Stieve is responsible for Corporate Responsibility and ESG on the Management Board.

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 the 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 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

As of end of 2022, the Management Board of NORMA Group SE comprised the following three members: Dr. Michael Schneider (Chief Executive Officer, CEO), Dr. Friedrich Klein (Chief Operating Officer) and Annette Stieve (Chief Financial Officer). Dr. Michael Schneider stepped down from the Management Board at the end of 2022. Until the position has been permanently filled with a new executive, Miguel Ángel López Borrego, member of the Supervisory Board, assumes the role as interim CEO for a maximum period of one year from January 1, 2023. His offices as member of the Supervisory Board are suspended for this period of time.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
>	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

The resumes of the three Board members are posted on the company's website. WWW.NORMAGROUP.COM

Responsibilities of the Management Board

T005

Member of the Management Board	Responsibilities 2022
Dr. Michael Schneider Chief Executive Officer (CEO) since November 14, 2019 Member of the Management Board since July 1, 2015 Born in 1963 Nationality: German Last appointed: 2018 Appointed until: June 30, 2023 (stepped down from the Management Board on December 31, 2022)	Group Development Group Communications Regional Organization Sales Marketing Human Resources & Integrity Legal and M&A Product Development Research and Development Divisional Organization
Dr. Friedrich Klein Member of the Management Board (COO) since October 1, 2018 Born in 1962 Nationality: German Last appointed: 2021 Appointed until: September 30, 2024 ¹	Production Purchasing Supply Chain Management Operational Global Excellence Information and Communication Technology (ICT) Quality Assurance Environment, Health and Safety (EHS) Project Management
Annette Stieve Member of the Management Board (CFO) since October 1, 2020 Born in 1964 Nationality: German Last appointed: 2020 Appointed until: September 30, 2023 ¹	Finance & Reporting Controlling Treasury & Insurances Investor Relations Corporate Responsibility and ESG (Environment, Social, Governance) Risk Management & Internal Auditing

¹As of Dec 31, 2022 [SIGNIFICANT EVENTS AFTER BALANCE SHEET DATE](#)

Resolutions of the Management Board are 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 by laws, 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.

1 INTRODUCTION

2 TO OUR SHAREHOLDERS

10 THE MANAGEMENT BOARD

11 LETTER FROM THE MANAGEMENT BOARD

14 NORMA GROUP ON THE CAPITAL MARKET

22 SUPERVISORY BOARD REPORT

> CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

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 2022.

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 2022.

The Supervisory Board must also approve any ancillary 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 new members. 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 2022, a few 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, a few of these meetings also took place 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](#).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
>	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 2022:

- Günter Hauptmann (Chairman of the Supervisory Board)
- Erika Schulte (Vice Chairwoman of the Supervisory Board)
- Rita Forst
- Miguel Ángel López Borrego (offices suspended as of January 1, 2023)
- 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 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 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. In addition, the Supervisory Board shall pay attention to international activity and diversity when making proposals for the election of new members.

The age limit for Supervisory Board members is 75.

These objectives were all achieved in fiscal year 2022. Miguel Ángel López Borrego 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 Ángel López Borrego since 2021. All members of the Supervisory Board are also under 75 years of age.

All members of the Supervisory Board are independent of the company and the Management Board within the meaning of the German Corporate Governance Code. This includes the Chairman of the Supervisory Board, who is also the Chairman of the General and Nomination Committee, as well as the Chairman of the Audit Committee. No member of the Supervisory Board and no close family member was previously a member of the Management Board of NORMA Group SE or one of its predecessor companies. Neither maintains or maintained a member of the Supervisory Board 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.

1 INTRODUCTION

2 TO OUR SHAREHOLDERS

10 THE MANAGEMENT BOARD

11 LETTER FROM THE MANAGEMENT BOARD

14 NORMA GROUP ON THE CAPITAL MARKET

22 SUPERVISORY BOARD REPORT

> CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

The competence profile for the Supervisory Board as a whole is fulfilled by the current members as a whole.

Competence profile of the Supervisory Board and qualification matrix

T006

	Günter Hauptmann	Rita Forst	Miguel Ángel López Borrego	Dr. Knut Michelberger	Erika Schulte	Mark Wilhelms
Knowledge of the industry and international markets, in particular the automotive industry, and of NORMA Group's business model	Yes	Yes, with very strong global experience in the automotive field	Yes	Largely true	Yes	Active in the automotive industry since 1987; many international assignments; OEM and supplier experience
Knowledge of production and sales, as well as research and development in industrial companies	Yes	Yes, especially in the areas of research and development, project management and production	Yes	True for production and distribution based on diverse activities as a COO	Yes	Yes
Experience as an executive in a company or member of a supervisory board	Yes	Yes, member of the Management Board of Adam Opel AG, Chairwoman of the Management Board of Opel PT Deutschland GmbH, since 2014 member of various supervisory boards and advisory boards in Germany, Mexico and Canada	Yes	Largely true thanks to diverse activities as a COO and CFO and several advisory board mandates	Yes	Yes, management function since the end of 2003, member of the board of a listed company since 2014
International professional experience §2 GO	Yes	Yes, stays abroad in the US and Italy, management of international engineering teams in a global working environment	Global responsibilities since 1995, stay abroad in Spain 1991 - 1995	Largely true; expatriate assignments, e.g., in USA, Luxembourg and the Netherlands	Not in the sense of several years of international activity, but responsibility for international projects (e.g. SAP implementation at all sites of the Leybold Group)	Expatriate assignments in the UK, US and Belgium

1 INTRODUCTION

2 TO OUR SHAREHOLDERS

10 THE MANAGEMENT BOARD

11 LETTER FROM THE MANAGEMENT BOARD

14 NORMA GROUP ON THE CAPITAL MARKET

22 SUPERVISORY BOARD REPORT

> CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

(continued) Competence profile of the Supervisory Board and qualification matrix

	Günter Hauptmann	Rita Forst	Miguel Ángel López Borrego	Dr. Knut Michelberger	Erika Schulte	Mark Wilhelms
Knowledge of assessing NORMA Group's financial position, accounting and auditing, (including sustainability reporting and its audit), and controlling	Yes, but not in the sense of a financial expert	Yes, but not in the sense of a financial expert, but in particular in her function as chairwoman of a German GmbH, a subsidiary of GM	Financial expert with expertise in the area of accounting and auditing of financial statements	Financial expert with expertise in the area of accounting and auditing of financial statements	Yes, but not in the sense of a financial expert	Financial expert with expertise in the area of accounting and auditing of financial statements
Knowledge in the areas of risk management, the internal control system and compliance	Yes	Yes	Yes	Largely applies due to various CFO and COO activities	Yes	Yes, general audit function at Ford as well as CFO mandate
Knowledge of the capital market and how it works, including the perspective of investors and the requirements of capital market and stock exchange law	Yes, but not in the sense of a financial expert	Yes, but not in the sense of a financial expert	Yes	Largely applies	Yes, but not in the sense of a financial expert	Yes, from 2014 to 2022, CFO of a listed company
Knowledge of IT-systems, including ERP-systems	Yes, but not in the sense of an IT expert	Yes, but not in the sense of an IT expert	Yes	Yes	Yes, special skills	Supervised SAP user migration from QAD to SAP since the end of 2003
Know-how in sustainability	Yes	Yes	Yes	Yes	Yes	Yes

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. Dr. Knut Michelberger holds mandates with four other companies, including a chairmanship of the advisory board. None of these companies are listed, however. In each case, these are advisory board mandates with non-listed companies 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.

The occupations 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 2022 are shown in the following table [TABLE T007: "OTHER MANDATES OF THE SUPERVISORY BOARD MEMBERS"](#).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
>	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Other mandates of the Supervisory Board members

T007

Supervisory Board member exercised profession service periods	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 Wirtschaftsfoerderung GmbH, Hanau, Germany 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 (Non-Executive Director) of Johnson Matthey PLC, London, United Kingdom (listed on the stock exchange) Member of the Advisory Board of iwis SE & Co. KG (formerly Joh. Winkhofer 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 until November 2022 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) Member of the Advisory Board (Deputy Chairman) of Racing TopCo GmbH, Troisdorf, Germany (not listed) Member of the Advisory Board of Moon TopCo GmbH, Poing, Germany (not listed, in liquidation) Chairman of the Advisory Board of Axxence TopCo GmbH (Accence Aromatics), Emmerich, Germany (not listed)
Mark Wilhelms Chief Financial Officer of Stabilus SE until September 2022 Member since 2018	Member of the Supervisory Board of Novem Group SA, Luxembourg / Vorbach, Germany (listed on the stock exchange) Member of the Board of Kongsberg Automotive ASA, Zurich, Switzerland (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 July 2022. This review was conducted by involving an external consultant for the first time.

Transactions between companies of NORMA Group on the one hand and a member of the Supervisory Board or persons or companies related to him or her on the other hand must be approved by the Supervisory Board in advance. No such transactions were concluded in 2022.

Every member of the Supervisory Board is required to report conflicts of interest. Material and not merely temporary conflicts of interest in the person of a Supervisory Board member are to lead to termination of the mandate. In fiscal year 2022, a temporary conflict of interest arose between a Supervisory Board member and the

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
>	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

company in connection with the decision not to pursue the acquisition of another company. The member in question also worked for the target company. During the period of the conflict of interest, he therefore did not take part in any consultations or resolutions on this topic and did not receive any related information.

Ten meetings of the Supervisory Board were held in fiscal year 2022. All members of the Supervisory Board took part in eight meetings. Only two meetings could not be attended by Rita Forst for health reasons. All other members of the Supervisory board took part in all meetings. 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 with the audit of the Annual Financial Statements. With respect to the audit of the financial statements, the Committee deals in particular with 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 served as Chairman of the Audit Committee until the end of August 2022. Mr. Mark Wilhelms took over as Chairman on September 1, 2022. Miguel Ángel López Borrego is another member of the Audit Committee with his offices suspended as of beginning of 2023. All members are independent financial experts within the meaning of Art. 100 par. 5 German Stock Corporation Act (AktG). Due in particular to their many years of experience as a Chief Financial Officers and Managing Director, they have special knowledge and experience in the application of accounting principles and internal control procedures, as well as sustainability reporting and its auditing.

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.

1 INTRODUCTION

2 TO OUR SHAREHOLDERS

10 THE MANAGEMENT BOARD

11 LETTER FROM THE MANAGEMENT BOARD

14 NORMA GROUP ON THE CAPITAL MARKET

22 SUPERVISORY BOARD REPORT

> CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE

3 CORPORATE RESPONSIBILITY REPORT

4 CONDENSED MANAGEMENT REPORT

5 CONSOLIDATED FINANCIAL STATEMENTS

6 FURTHER INFORMATION

The General and Nomination Committee is comprised of the Chairman of the Supervisory Board, Günter Hauptmann (Chairman), Dr. Knut Michelberger and Erika Schulte.

The Strategy Committee deals in particular with NORMA Group's long-term focus on the various end markets and megatrends. This committee also deals with the effects of climate change on NORMA Group's business and sustainability issues. 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 are presented.

Chairwoman of the Strategy Committee is Rita Forst, further members are Erika Schulte and Mark Wilhelms.

Further information on the meetings and 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. Moreover the shareholders elect the members of the Supervisory Board.

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 and 2021, the 2022 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, 2022.

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. No transactions were reported to NORMA Group SE as part of Directors' Dealings notifications in 2022.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
10	THE MANAGEMENT BOARD
11	LETTER FROM THE MANAGEMENT BOARD
14	NORMA GROUP ON THE CAPITAL MARKET
22	SUPERVISORY BOARD REPORT
>	CORPORATE GOVERNANCE REPORT AND DECLARATION ON CORPORATE GOVERNANCE
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 at least one-third of the members. For the top two management levels of NORMA Group SE, the target for the share of women is at least 25% in each case. The aforementioned targets for the Supervisory Board, the Management Board and the top two management levels are each expected to apply until June 30, 2027.

These targets were all achieved in fiscal year 2022. With two female members out of six members, the target figure for the Supervisory Board was achieved. 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. One woman is among the two executives at this level.

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 as well as 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 2022. 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 for the fourth time in a row and Jürgen Körbel assumed the role of the auditor signing on the right for the first time in fiscal year 2022.

Corporate Responsibility Report



42	Corporate Responsibility Strategy
51	Governance
60	Environment
71	Social
81	Non-financial Report, EU Taxonomy, GRI and UN Global Compact
94	CR Performance Indicators
97	Assurance Report

CO₂ EMISSIONS (SCOPE 1 & 2 MARKET-BASED) FY 2022:

4,879 t
CO₂e

–88.8% compared to the previous year



- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- > CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Corporate Responsibility Strategy

NORMA Group’s Approach to Corporate Responsibility

Corporate Responsibility (CR), for NORMA Group, 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 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 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’s functions. To ensure that NORMA Group 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

To strategically align and further develop the CR measures, NORMA Group set up the CR Roadmap, which includes 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 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 Financial Officer of NORMA Group is responsible for Corporate Responsibility and ESG (Environment, Social, Governance) 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT
 - > CORPORATE RESPONSIBILITY STRATEGY
 - 51 GOVERNANCE
 - 60 ENVIRONMENT
 - 71 SOCIAL
 - 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
 - 94 CR PERFORMANCE INDICATORS
 - 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Stakeholders & Materiality

Close exchange with stakeholders

NORMA Group sees itself as a transparent and open company. The company specifically seeks exchange with its internal and external stakeholders as well as experts. 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 and experts 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 as well as in identifying material topic, NORMA Group values an open approach to stakeholder expectations.

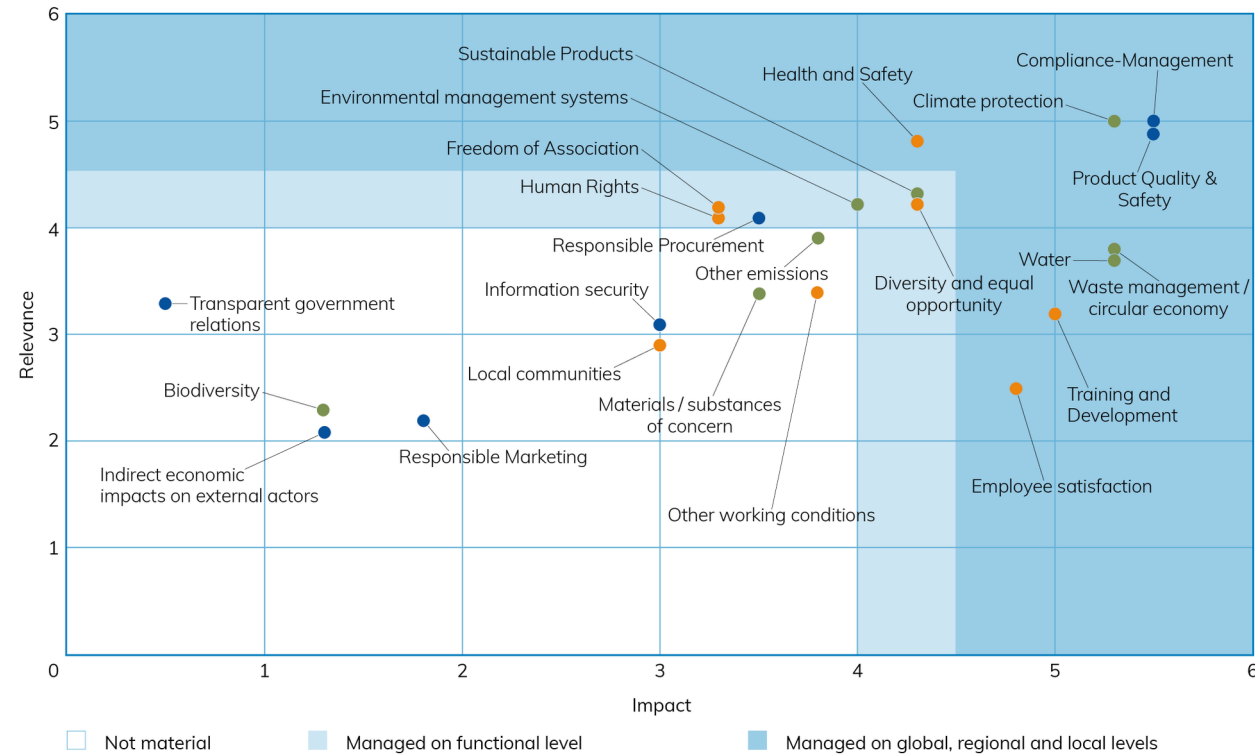
Materiality analysis defines scope of CR activities

In 2020, NORMA Group carried out its last 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 2016): 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."

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
 - > CORPORATE RESPONSIBILITY STRATEGY
 - 51 GOVERNANCE
 - 60 ENVIRONMENT
 - 71 SOCIAL
 - 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
 - 94 CR PERFORMANCE INDICATORS
 - 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Materiality matrix

G007



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 relevant / major impact) and then prioritized (GRAPHIC G007: ‘MATERIALITY MATRIX’). This was divided into topics that are a) managed globally, regionally and locally with measurable targets (right outer area), b) topics that are managed at the functional level through concrete measures (middle area) and c) 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.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
 - > CORPORATE RESPONSIBILITY STRATEGY
 - 51 GOVERNANCE
 - 60 ENVIRONMENT
 - 71 SOCIAL
 - 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
 - 94 CR PERFORMANCE INDICATORS
 - 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

In 2022, the materiality analysis was again validated with the Management Board, the top management of the regions and the specialist departments. There were no changes.

NORMA Group will carry out an update of the materiality analysis in the fiscal year 2023. This will be based on the new standards of GRI (GRI 2021) as well as the requirements of the upcoming Corporate Sustainability Reporting Directive (CSRD) that needs to be applied for the first time for fiscal year 2024. The preparation of the new materiality analysis was started in fiscal year 2022. For this purpose, a gap analysis for example was carried out. The results identify gaps between the current materiality analysis and the new GRI standard as well as the CSRD requirements (ESRS, status August 2022). Furthermore, the gap analysis describes measures for closing these gaps as part of the new materiality analysis.

CR Roadmap 2023

G008

Environment	Social	Governance
<p><u>CO₂ emissions</u> < 9,800 Indicator: Scope 1 and 2, tons</p>	<p><u>Incident rate</u> < 4.35 Indicator: accidents / 1.000 employees</p>	<p><u>Defective parts</u> < 5.5 Indicator: parts per million</p>
<p><u>Water consumption</u> 2 % improvement* Indicator: liter / TEUR sales</p>	<p><u>Training hours</u> > 30 Indicator: training hours / employee</p>	<p><u>Customer complaints</u> < 5.5 Indicator: average per month per entity</p>
<p><u>Waste</u> 2 % improvement* Indicator: kg / TEUR sales</p>	<p><u>Voluntary attrition rate</u> Local targets Indicator: % of sites that achieved local target</p>	

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT
 - > CORPORATE RESPONSIBILITY STRATEGY
 - 51 GOVERNANCE
 - 60 ENVIRONMENT
 - 71 SOCIAL
 - 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
 - 94 CR PERFORMANCE INDICATORS
 - 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

CR Targets und Sustainable Development Goals

CR targets 2023

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 CR.

An overview of the CR targets for 2023 can be found in the chart [GRAPHIC G008: 'CR ROADMAP 2023'](#). The Group-wide targets presented were approved by NORMA Group's 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 an [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](#)¹. 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](#)

¹ Links to external information are not part of the non-financial report and serve only as a source of further information

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- > CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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:



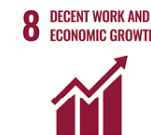
Goal 4 – Quality Education:

Through measures in the area of training and development, NORMA Group enables its employees to constantly advance their career and personal development. NORMA Group also presents opportunities to acquire knowledge and skills with respect to sustainable lifestyles, human rights, appreciating cultural diversity, etc. via its group-wide learning platform. [LEARNING AND DEVELOPMENT](#)



Goal 6 – Clean Water and Sanitation:

The [PRODUCTS](#) NORMA Group offers globally contribute 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT
 - > CORPORATE RESPONSIBILITY STRATEGY

- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION



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 **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, e.g. by organizing equal opportunity workshops, and **“Goal 11 – Sustainable Cities and Communities”** through products in the area of infrastructure and water management). 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.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
 - > CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Sustainability Ratings and Sustainable Finance

Positive feedback from sustainability ratings

In 2022, 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.

NORMA Group's performance in sustainability ratings

T008

Sustainability ratings	Score 2022	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: 75 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 Leader 	<ul style="list-style-type: none"> Score: A Average
Sustainalytics (standard report)	<ul style="list-style-type: none"> Risk Score: 17.3 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: 15.4 of 100 Management Score: 70.3 	<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 2022. 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 approach to CR. At the same time, the company is using the feedback to continuously develop its CR strategy and 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 demonstrating a lasting good 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
>	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
81	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
94	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

NORMA Group was in 2022 again able to demonstrate a strong management score. With a risk score of 17.3 NORMA Group belongs to the 50 “ESG TOP-RATED” companies in the industry group and is ranked 10th out of a total of 561 rated companies within the industry group.

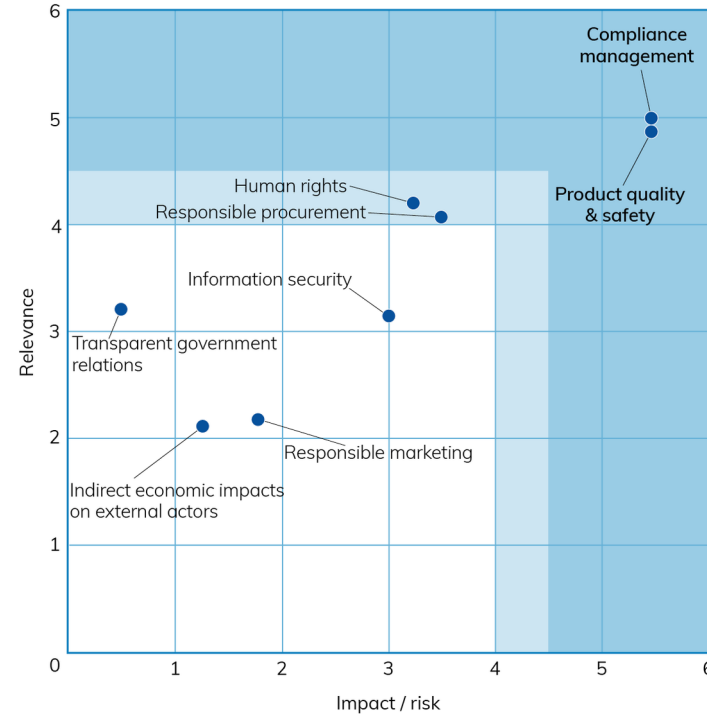
With a loan term of up to seven years (until 2026), the inclusion of the sustainability component in refinancing is an important step toward integrating sustainability aspects into NORMA Group’s core business in the long term. Further information on refinancing can be found on NORMA Group’s website WWW.NORMAGROUP.COM.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 42 CORPORATE RESPONSIBILITY STRATEGY
- > GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

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](#).

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- > GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 regarding the need for updates and adapted as required.

NORMA Group's compliance management system 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. Compliance 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 considers the growing importance of these topics, but also adequately reflects their increasing interlinking in terms of content.

The group-wide compliance activities are managed by the Chief Compliance Officer of NORMA Group SE. The Chief Compliance Officer regularly reports to the Executive Vice President HR & Integrity 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.

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 informed about compliance matters as needed.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 42 CORPORATE RESPONSIBILITY STRATEGY
- > GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

NORMA Group's Compliance Management System

G010



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 and is in close contact with relevant departments (e.g. Internal Audit, Risk Management).

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 mainly takes place in form of online training sessions and as face-to-face sessions if necessary. 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. The training 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, the knowledge of employees is updated and

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- > GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

extended regularly through refresher courses. 'Compliance Safety Cards' were handed out to employees without a PC workstation, especially those who work in production, in the past fiscal year. They are available in all the necessary languages and clearly communicate relevant compliance topics.

In fiscal year 2022, 2,080 employees (2021: 1,114) received online compliance training. In this context, training courses totaling 2,535 hours (2021: 1,283) were conducted. The increase in both the number of employees trained and the number of training hours compared to the previous year is due in particular to the fact that in 2022 there was a full re-enrollment in the revised and updated "Anti-Corruption" training.

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. Besides the main electronic whistleblower channel, NORMA Group offers supplementary or alternative reporting channels at all sites at which local laws require these channels to be made available.

Both the suitability and the appropriateness of the reporting system are reviewed on a regular basis – 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" (so-called "Whistleblower Protection Directive") as well as the respective implementing laws of the member states, 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 laws of the EU member states, further developments will be monitored closely and any adjustments necessary will be made as required.

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](#)

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- > GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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](#)

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 2022, 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- > GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 2022, this number was at 2.9 PPM, and thus once again below the previous-year figure (2021: 4.9 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 2022, NORMA Group purchased goods and services worth EUR 538.9 million. It is ensured that aspects of CR are considered in this context. The purchasing department pursues the goal of making contractual relationships with suppliers socially and environmentally compatible and ensures that human rights, labor, and environmental standards are adhered to.

The purchasing process is aimed at ensuring and improving NORMA Group's high quality standards and managing external supplier costs competitively in order to achieve maximum value creation for the company. However, it also entails risks with regard to negative impacts on the environment and social standards in the supply chain. For this reason, not only pure price factors are taken into account in purchasing processes, the quality, logistics and sustainability of suppliers are also assessed. [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 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 respect 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- > GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 in the area of production materials was 15 in 2022 (2021: 17). The share of total production material sales decreased to 18.3% in fiscal 2022 compared to 25% in the previous year. This was mainly due to the dislocations in the supply chains in 2022, as a result of which alternative suppliers had to be used or new supplier relationships were developed in order to cover requirements. As a result, the spend share of preferred suppliers declined slightly. Approval of the Supplier Code of Conduct is a binding criterion in the catalogue of requirements when selecting new suppliers.



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

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- > GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 improvement measures. A large proportion of the commodity strategies already contain this sustainability information.

Sustainability self-assessment for suppliers

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 considered, 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 2022, the voluntary sustainability self-assessment again formed part of the supplier scoring. NORMA Group asked its suppliers for 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 33.5% of the suppliers included in the scoring. This was a decrease of 7.5 percentage points compared to last year (2021: 41.0%). One of the reasons for this decrease may be that suppliers who had already completed the Sustainability Self-Assessment were no longer relevant for scoring out of strategic reasons.

Sustainability criteria in risk management

Besides the annual supplier performance evaluation, supplier risks are constantly monitored by means of an automated risk management software. It is the responsibility of all buyers to review risk reports, this includes contacting affected suppliers and reporting relevant and critical risks to commodity managers. This helps the purchasing organization to maintain an overview of resilience in the supply chain and to initiate the necessary measures in good time.

Besides human rights and working condition risks, the software also monitors environmental risks as well as corruption and bribery risks at the national level. Supplier risks with regard to the occurrence of fines and sanctions, including those related to corruption, bribery or price fixing, are also covered by the software.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
>	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
81	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
94	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 must 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.

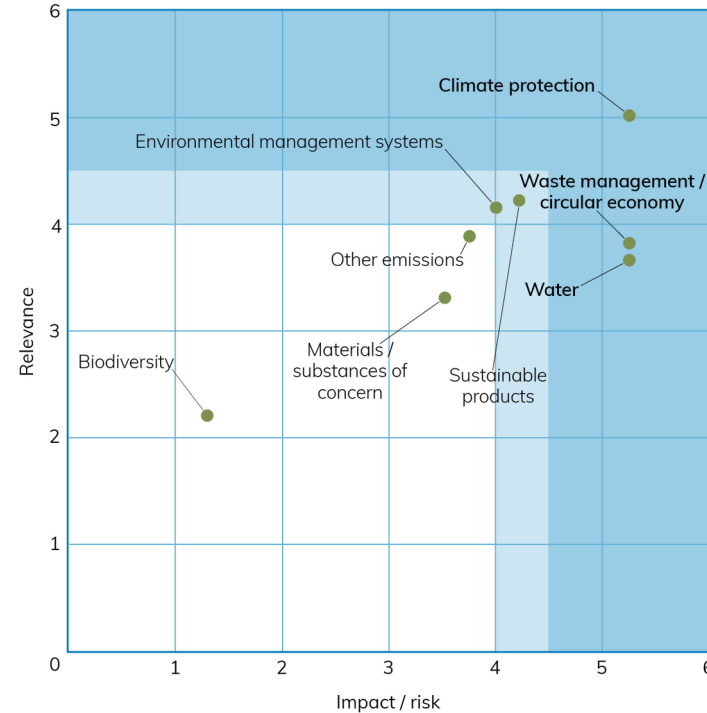
Furthermore, the initial sanctions list check for new suppliers is established in the purchasing processes. The sanctions list check is carried out in the Visual Compliance Tool DESCARTES, for which NORMA Group's Trade Compliance team is responsible. If risks related to conflict materials are detected, corrective actions are initiated immediately. In addition to the initial check, the current supplier base is also reviewed on a regular basis by conducting batch screening.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Environment

Materiality matrix

G011



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 around sales development. [CLIMATE-RELATED RISKS](#)

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 measures its ability to innovate based on the invention applications reported by employees in a formalized process. In 2022, the number

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

of invention disclosures was 21 (2021: 25). The number of invention disclosures is a significant non-financial control parameter.

Simultaneously, NORMA Group gives all employees the opportunity to actively contribute their own ideas. In relation to this an Innovation Platform was implemented in 2022, in which all employees with a PC access can participate. The Foresight manager facilitates and moderates the platform.

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](#)

Environmental Strategy and Management Systems

NORMA Group's environmental strategy

To further structure and enforce its efforts in the area of environmental management, NORMA Group developed an environmental strategy in 2018.

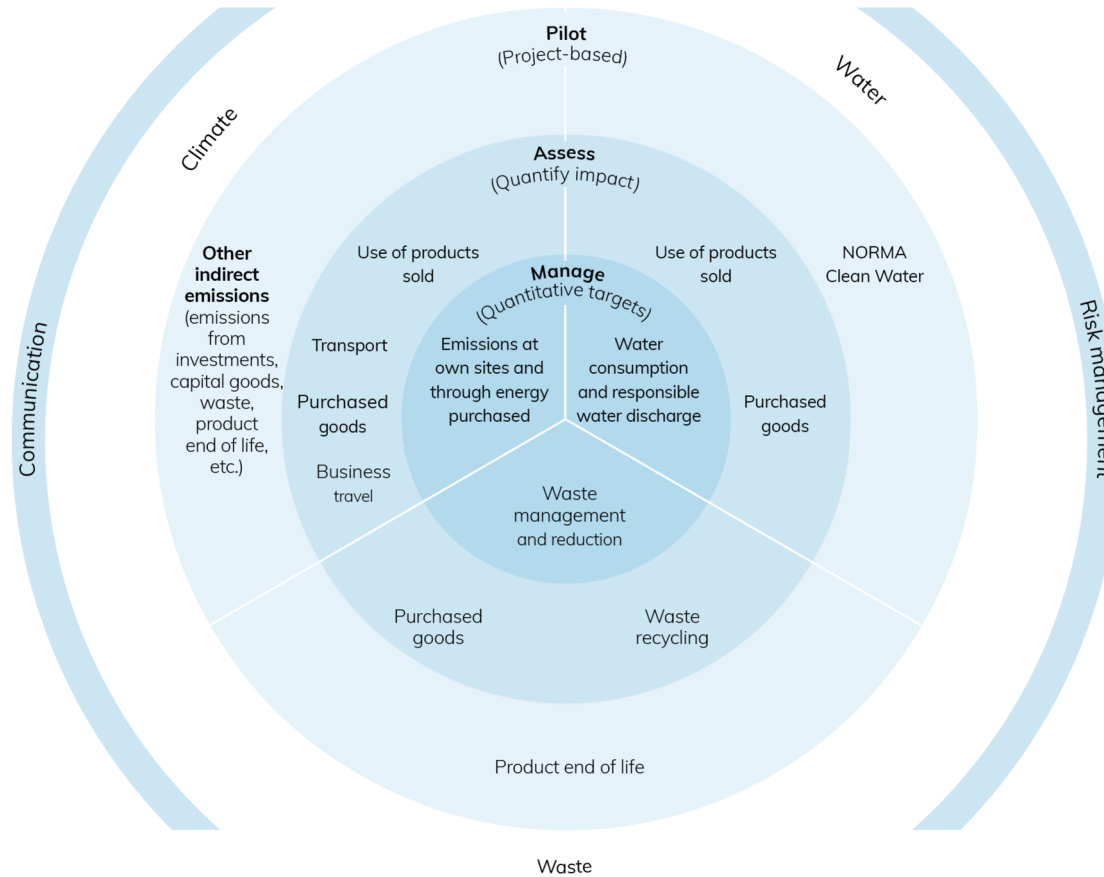
The basis of the strategy forms the material topics that were identified in the materiality analysis: climate, water and waste management. [STAKEHOLDERS AND MATERIALITY](#) The strategy clusters each of these topics into three levels [GRAPHIC G012: 'ENVIRONMENTAL STRATEGY'](#) At the core is the management 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 risk management approaches.

NORMA Group regularly reflects its existing environmental strategy. It takes increasing regulatory requirements into consideration as well as internal and external feedback, for example through sustainability ratings. NORMA Group is continuously working on the further development of its existing environmental strategy as part of a CR strategy. 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.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Environmental strategy

G012



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.

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, 2022, 92.6% (25 of 27) of these manufacturing sites were certified according to ISO 14001. The locations missing are the subsidiary Connectors in Switzerland and the new production site

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Guangzhou, China, which was opened in spring 2022. 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 Environment, Health and Safety (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 every three years 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 most 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](#)

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 one hand, both the reduction of greenhouse gases (GHGs) 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.

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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Active management of e-mobility opportunities

NORMA Group is making an active contribution to e-mobility by developing new products such as quick connectors and thermal management systems. These solutions optimize 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 drop in coolant systems. Minimized pressure loss ensures optimal performance of the thermal management systems.

In addition to providing solutions to these requirements, NORMA Group also guarantees the highest safety standards by applying its experience from the design of fuel transport systems to the demanding environment of batteries and cooling water.

NORMA Group manages its e-mobility efforts in a project-based organization including close collaboration between engineering and sales. Additional training serves to drive knowledge and know-how sharing between all internal stakeholders. By doing so, the company has the flexibility to react efficiently on emerging and very dynamic markets and to connect the new challenges to its current product portfolio and customer expertise. To ensure global alignment and steering, all projects are coordinated and supported by the Global Product Management team.

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 2022, Scope 1 emissions amounted to 4,645 tons of CO₂ equivalents (2021: 5,678 tons), while Scope 2 emissions were 234 tons of CO₂ equivalents (2021: 37,771 tons). Overall, emissions from Scope 1 and 2 were thus 4,879 metric tons of CO₂ equivalents, 88.8% below the previous year's figure (2021: 43,449 tons). Since January 2022, NORMA Group has purchased electricity from renewable energies at all production sites. NORMA Group purchases "Energy Attribute Certificates" for this purpose. For each megawatt hour consumed at each production site, a certificate is available which proves that the electricity was obtained from renewable energies. The certificates all meet the requirements of the [GHG PROTOCOL](#).

The corresponding energy consumption of gas, electricity and district heating (combined) was 126,532 megawatt hours or 101.8 kilowatt hours per EUR thousand of revenue (2021: 119.2 kilowatt hours per EUR thousand of revenue). The normalized energy consumption decreased by 14.5%, due to several initiatives, such as LED light installation, more efficient ways of heating at the plants as well as the installation of solar panels.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

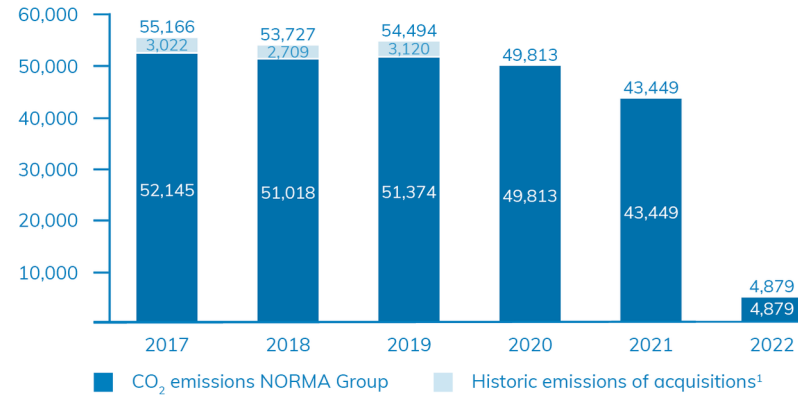
- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

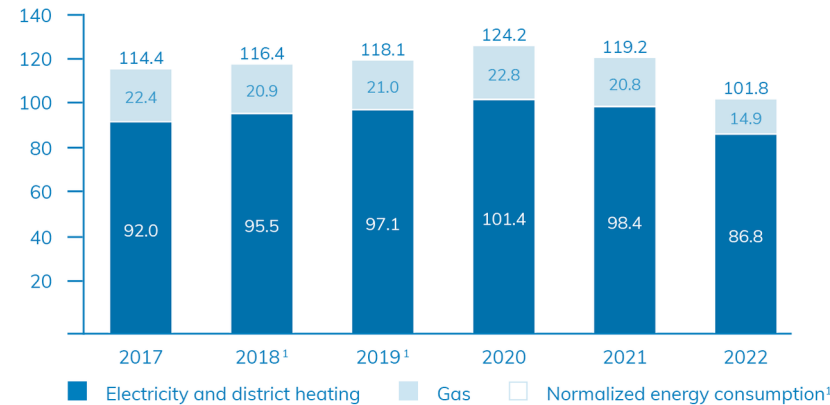
- 6 FURTHER INFORMATION

Development of greenhouse gas emissions (Scope 1 and 2) G013
 from gas, electricity and district heating, in tons of CO₂ equivalents



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 G014
 in kilowatt hours per EUR thousand of revenues



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 95.

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 [SCIENCE-BASED TARGETS INITIATIVE](#) (Science-based target

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 WORLD RESOURCES INSTITUTE](#) states that one quarter of the global population lives in countries facing extremely high water stress, where more than 80% of the available supply is withdrawn every year by irrigated agriculture, industries and municipalities alone. At the same time global water demand will increase by about 55% as water use increases, especially in manufacturing (+400%) but also in domestic use (+130%) [OECD](#). NORMA Group recognized these developments 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 significantly compared to sprinkler irrigation and hand watering, as well as stormwater management solutions that protect properties from water damage and increasingly ensure that stormwater runoff 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. The regional businesses collaborate on global initiatives and are coordinated by the president for Water Management and his team. The strategy and organization for Water Management were further strengthened.

Driven by continued growth in both brick and mortar and online channels, as well as unprecedented global supply chain disruptions, the company has significantly invested in its Water Management organization, capacity and digital capabilities.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Reduction of water consumption in production

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 2.0% efficiency increase for 2023. [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](#).

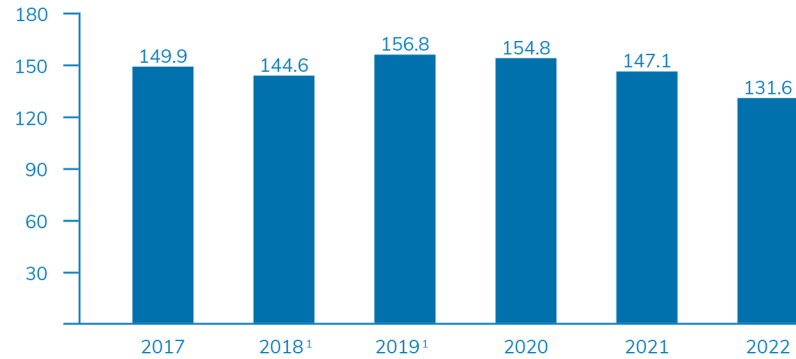
NORMA Group's water is mainly sourced from municipal water supplies or other public or private water utilities and – at some locations – from ground and surface water. It is used to a large extent for cooling processes within production. In 2022, the water consumption of NORMA Group's production totaled 163,680 cubic meters. This translates into an 1.9% increase in water consumption (2021: 160,586 cubic meters). The increase of water consumption is mainly due to the new plant Guangzhou in China. Specific water consumption sank by 10.5% to 131.6 liters per EUR thousand of revenues (2021: 147.1 liters per EUR thousand of revenues). This decrease is on the one hand due to the higher increase in sales revenue compared with the increase in absolute water consumption. On the other hand it is due to specific measures that were implemented, like the installation of water meters to monitor water consumption and leakage, as well as specific water reuse measures.

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.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
 - 42 CORPORATE RESPONSIBILITY STRATEGY
 - 51 GOVERNANCE
 - > ENVIRONMENT
 - 71 SOCIAL
 - 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
 - 94 CR PERFORMANCE INDICATORS
 - 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Water consumption (revised¹)
in liter per EUR thousand of revenue

G015



¹In 2020, the acquired entities Kimplas Piping Systems Ltd. and Statek Stanzertechnik 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 95.

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 417.8 million in 2022 (2021: 372.2 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.

Considering NORMA Group's procurement portfolio, price increases for raw materials are considered likely (2021: very likely) overall. However, the associated financial impact is estimated to be minor. [RISK AND OPPORTUNITY REPORT](#)

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 (EMS). 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 revenue in 2023. [CR TARGETS](#)

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- > ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

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

	2022	2021	Change in % ¹
Non-hazardous waste	10	11.2	-13.9
Metallic waste	5.5	6.7	-18.0
Plastic waste	0.9	1.1	-13.0
Cardboard / paper waste	0.5	0.7	-22.9
Wood waste	0.8	0.8	-4.8
Other waste	1.9	1.9	-1.0
Hazardous waste	0.6	0.6	3.4

1_The percentage change is based on unrounded absolute figures.

Last year, the absolute amount of non-hazardous waste decreased by 2.2% to 11,990 tons (2021: 12,261 tons). In relation to sales revenues, non-hazardous waste amounted to 10 kg per EUR thousand of revenue (2021: 11.2 kg per EUR thousand of revenue), a decrease of 13.9%.

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 is often reused in the production process itself.

In 2022, the volume of hazardous waste was 0.6 kg per EUR thousand of revenue (2021: 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 EMS.

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.

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. NORMA Group already uses recycled and bio-based plastic materials in series production.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
>	ENVIRONMENT
71	SOCIAL
81	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
94	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

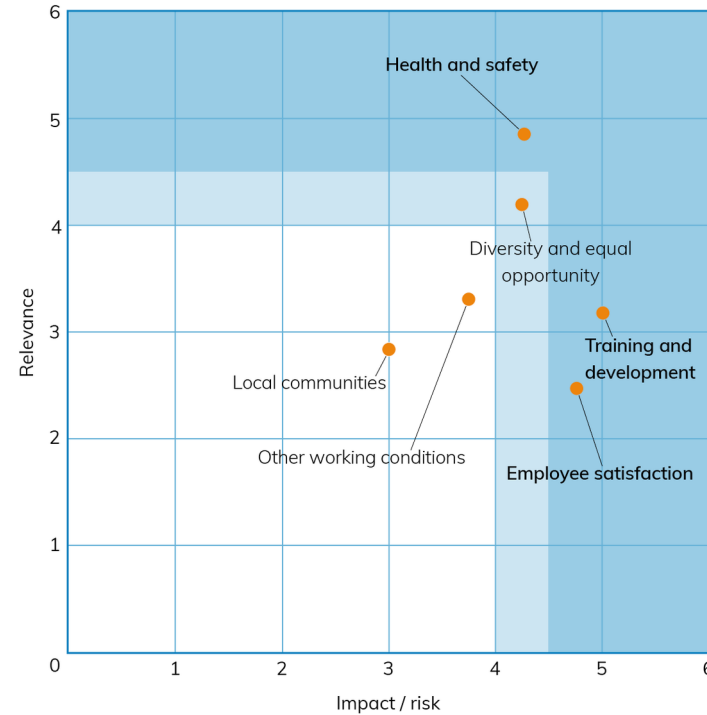
NORMA Group is currently not in the position to recycle its own products because these are usually used in end products such as engines and turbines and doing so would require a disproportionately high investment of time and resources on the part of NORMA Group. All contractually regulated specifications 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, Authorization and Restriction of Chemicals) and California Proposition 65 on the requirements on drinking water infrastructure. Additionally, it supports its customers' recycling concepts.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > **SOCIAL**
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Social

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, 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 2022, the aggregated attrition rate was 14.2% (2021: 13.2%). However, there are large regional and local differences, depending on the respective operational,

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

cultural, and macroeconomic environment. NORMA Group has therefore not set a global target for 2023 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

Global management approach to occupational safety

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 beyond merely meeting requirements. Considering 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 and incidents. In particular, the site 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 2022, 24 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 2021, the absolute number of certified sites increased by three.

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 to identify potential for improvements and to define appropriate measures. Progress resulting from these measures is tracked regularly. NORMA Group leverages the development of the OHS to sustain safety performance.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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. Root cause analyses are derived from this at the site level, and countermeasures are defined. Progress on systemic measures is also reported to the Management Board.

In addition to regular EH&S regional staff meetings, the regions have the option to conduct a Health and Safety Circle meeting that requires its applicable locations to conduct self-assessments on the current status quo of their health and safety activities and strategic initiatives. Participants include the health and safety managers or representatives 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.

A key global level initiative that was started in 2022, driven from the Americas region, is implementing automated vehicle restraints and forklift dock guards to prevent the risk of potential catastrophic accidents at NORMA’s shipping and receiving docks. 98% of Americas active loading docks are now protected with the engineering safety controls including a handful of sites in the APAC and EMEA region. This effort will continue into 2023 and beyond until all docks are secure.

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 2022, the accident rate per 1,000 employees was 4.2, which means a significant decrease of 32% compared to 2021 (2021: 6.2).

A new systemic improvement measure introduced in early 2022 to attack the accident rate is the launch of Safety Top Focus program, which includes risk monitoring and controls and leading and lagging OHS indicators with oversight by top management for key manufacturing sites not meeting accident rate targets. The programs focus in 2022 is on improvement measures for high-risk areas and maturation of OHS management system fundamentals (e.g. Value-based Safety audits, etc.).

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 2023, the notifiable rate of accidents per 1,000 employees per year should be at least below 4.35.



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 2022, this figure stood at 21.3 treatments per 1,000 employees. The rate increased slightly compared to 2021 (2021: 27.4). The main reason for the 22% decrease in the Medical Treatment Incident Rate for Group level in 2022 compared to the previous year is due to a 33% decrease in the medical treatment cases in the EMEA region and 10% decrease in Americas region, resulting in a 22% decrease overall in the treatment cases. The APAC region had an increase in the medical treatment cases of 78%. The primary drivers of the APAC increase was driven by sharp increased from NORMA EJT(Changzhou) Co., Ltd. new plant and Kimplas Piping Systems Ltd.

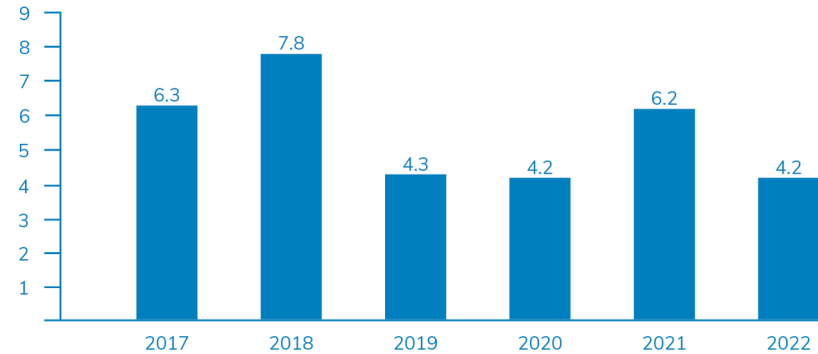
In order to focus on preventive rather than reactive measures, NORMA Group also monitors the number of “near miss” events, which are occasions where an accident nearly happened but was just avoided. Incidents, medical

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

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

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

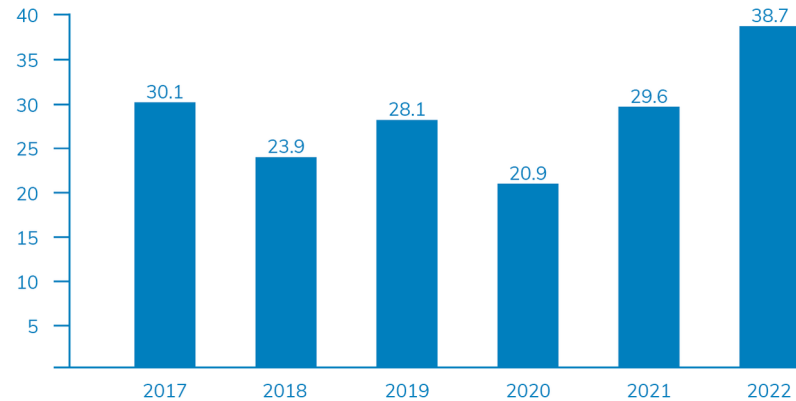
- 6 FURTHER INFORMATION

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.

NORMA Group has set itself the goal of ensuring that all full-time 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 38.7 training hours in 2022 (2021: 29.6).

GRAPHIC G018: 'DEVELOPMENT OF TRAININGS HOURS'

Development of training hours G018
in hours per employee



Given the far-reaching opening tendencies in the aftermath of the corona pandemic in many countries NORMA Group operates in, there was an opportunity to hold more face-to-face training sessions again, which was reflected in a significant increase in the number of training hours reported. Irrespective of this, the activities undertaken in the context of the corona pandemic to expand the range of online training courses were continued by integrating standardized training content into NORMA Group's "Learning Management System." Accordingly, the implementation of "goodhabitz" as an external provider of digital learning offers significantly expanded the range of online training courses. Employees around the world now have access to a wide range of high-quality online courses, which ensures flexible and needs-based further training for employees. Already in the first year after its introduction, strong use of the training offer could be seen and this also had a positive effect on the training hours reported.

By expanding its range of online training courses, NORMA Group is also taking account of the growing trend towards mobile working. The current integration of the training offering into the Human Capital Management System (SAP Success Factors) enables NORMA Group to offer its employees an online platform on which standard training courses are offered and on which employees can also receive additional training according to their individual needs. NORMA Group ensures the effectiveness of the training courses by means of regular internal reporting on participation rates and feedback.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

NORMA Group has also established the global management training program “Excellence in General Management,” which is specifically tailored to the needs of the company and seeks to promote Group-wide networking in a targeted manner. In addition to teaching theoretical basics, existing knowledge and social skills are deepened in order to achieve a uniform understanding of leadership within NORMA Group along the lines of the core values.

Competency model

G019



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 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 on the other hand sharpens the focus on respect and equal opportunities within the company.

The blog series [“DIVERSITY@NORMA”](#) makes an important contribution to reporting on the diversity of the employees who work for NORMA Group. Every year, the blog series Diversity@NORMA focuses on a specific group: In 2021, the topic was female employees at NORMA Group; in 2022, the focus was on diverse cultures of NORMA Group employees. Colleagues from different departments and different countries talked about their culture, how it influences their approach to work and how intercultural exchange takes place at NORMA Group. In fiscal year 2023, the blog series will focus on the topics of age and generational exchange at NORMA Group.

NORMA Group has also taken further steps in its general communication activities to consider aspects of appreciation and equality. This report, where attention was paid to gender-neutral wording during preparation, is one example. In addition, internal trainings on gender-neutral language was offered, which was taken up by 142 employees.

NORMA Group’s commitment to diversity is also 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. Nevertheless, we celebrated Diversity Day 2022 via social media by publishing a

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL

- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

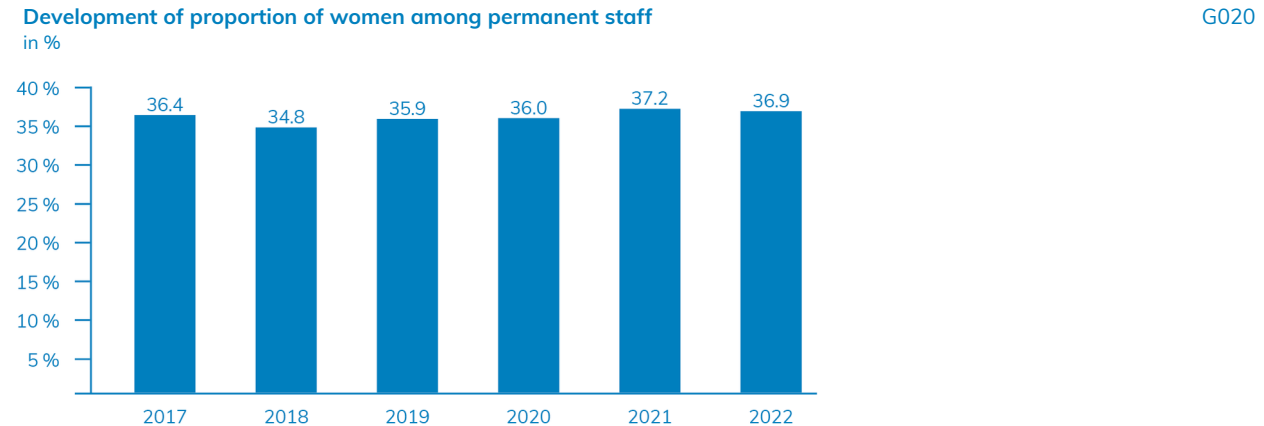
- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

video in which short sequences of colleagues from the various NORMA Group sites around the world were edited together. In the short sequences the colleagues presented what the word diversity means in their language and therefore represent diversity within NORMA Group through their diverse languages.

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 2022, the proportion of women in the entire core workforce was 36.9% (2021: 37.2%) [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 2022. [CORPORATE-GOVERNANCE-REPORT](#)



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 with children's aid organization Plan International Deutschland. It supervises and implements the projects in the respective countries. In 2018, the alliance between NORMA Group and Plan International Deutschland 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 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.

In fiscal year 2022, NORMA Clean Water Project won the SDG Award in the category "Civil Organizations/NGOs" in Brazil. The SDG Award is a reward for best practice examples and implementations of the Sustainable Development Goals. The prize is awarded from the SDG Strategy Network - an established Brazilian coalition that brings together civil society, the private sector, local governments, academia and NGOs. All different actors work together and support each other in achieving the SDGs by 2030.

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 and ecological challenges, NORMA Group is committed to getting involved and playing an active role. The basis for promoting the civic and ecological 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

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- > SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 different local Corona protection measures, it was still not possible to hold NORMA Help Day at all sites in 2022. In Sweden, colleagues renovated a local mini golf course. At the site in Brazil, employees played music together with children in the local community nursery. In Malaysia, a soup kitchen was supported in serving food, while in Germany, volunteers did some renovation work at a youth center. In some locations, there were different forms of donation projects: For example, at two sites in the USA, backpacks were packed with donated school supplies for children.

NORMA Group has received a lot of positive feedback from participants and external project partners. Thus, the NORMA Help Day has been a 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 105 thousand. As part of NORMA Help Day, 18 PCs were donated to local elementary school in Serbia. The site in Spain donated numerous laptops to developing countries. In September 2022, NORMA Group donated joining solutions for repairing critical infrastructure to Ukraine. The First Aid Repair Clamps can be used to repair damaged pipes for water transport, gas lines and other lines.

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. In 2021 and 2022, eight scholarships were each time awarded to college-bound or current college students. The candidates had to meet predefined applicant requirements (3.0 GPA, financial assistance need, career goals, involvement in extracurricular activities, actively enrolled in a college/university and submission of an essay about why they think water management is important to modern day society.

The NORMA Group Americas site in Michigan has also been awarding annual NORMA Cares Scholarships since 2021. The scholarship is aimed at students who are already studying. Here, too, previously defined requirements must be met (3.0 GPA, financial assistance need, career goals and involvement in extracurricular activities) and an essay must be submitted that describes their background, creative abilities and academic ambitions in greater detail. The site in Michigan has awarded four scholarships since 2021.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- > **NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT**
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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

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 the EU’s 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 addressed in this report. With regard to the environmental targets “Climate protection” and “Adaptation to climate change,” the economic activities of NORMA Group were to be examined and analyzed in fiscal year 2021 with regard to their Taxonomy-eligibility and from fiscal year 2022 with regard to their Taxonomy-eligibility and Taxonomy-alignment. Taxonomy-eligibility is met if a company’s economic activities are described in the Climate Delegated Act (Annex 1 and 2). 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 fulfilment of certain technical screening criteria as well as minimum safeguards.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- > NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Taxonomy-eligible economic activities of NORMA Group

NORMA Group has identified the following economic activities as defined in Annex I of the Delegated Act of the EU Taxonomy (EU 2021/2139) on climate-related environmental objectives. Climate target 1 is relevant for NORMA Group, while the requirements of climate target 2 are not met.

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 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. The activity is considered to be a separate business activity.

Economic activity 6.4 Operation of personal mobility devices, cycle logistics

Economic activity 6.4 is defined by the EU as: “The sale, purchase, financing, leasing, rental and operation of personal mobility devices or personal transport equipment powered by the user’s muscle power, a zero-emission engine or a combination of zero-emission engine and muscle power. This also includes goods transport services with (cargo) bicycles.” NORMA Group offers its employees bicycle leasing at the Maintal and Marsberg sites. Overall, NORMA Group’s activities thus correspond to the economic activity described in Annex 1 of the Delegated Act of the EU Taxonomy (EU 2021/2139) 6.4.

Economic activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles

Economic activity 6.5 is defined by the EU as: “The purchase, financing, hiring, leasing and operation of vehicles of categories M1, N1, both covered by Regulation (EC) No 715/2007 of the European Parliament and of the Council, or L (two- and three-wheeled vehicles and four-wheeled vehicles).” The leasing of company cars by employees can be assigned to this category. Overall, NORMA Group’s activities thus correspond to the economic activity described in Annex 1 of the Delegated Act of the EU Taxonomy (EU 2021/2139) 6.5.

Economic activity 7.1 Construction of new buildings

Economic activity 7.1 is defined by the EU as: “Development of construction projects for residential and non-residential buildings by bringing together financial, technical and material resources to realize the construction projects for subsequent sale, as well as construction of complete residential or non-residential buildings for own account for resale or on a fee or contract basis.” NORMA Group fulfills the description of economic activity 7.1 “Construction of new buildings” with the construction of buildings and can allocate itself to the economic activity of Annex 1 of the Delegated Act of the EU Taxonomy (EU 2021/2139) in fiscal year 2022.

Economic activity 7.2 Renovation of existing buildings

Economic activity 7.2 is defined by the EU as: “Building and civil engineering works or their preparation.” NORMA Group fulfills the description of economic activity 7.2 “Renovation of existing buildings” with its renovation work on

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- > NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

buildings and can assign itself to the economic activity of Annex 1 of the Delegated Act of the EU Taxonomy (EU 2021/2139) in fiscal year 2022.

Economic activity 7.3 Installation, maintenance and repair of energy efficiency equipment

Economic activity 7.3 is defined by the EU as: “Individual renovation activities consisting in the installation, maintenance or repair of energy-efficient equipment.” NORMA Group fulfills the description of economic activity 7.3 “Installation, maintenance and repair of energy efficiency equipment” with its maintenance and repair work on energy-efficient equipment and can assign itself to the economic activity of Annex 1 of the Delegated Act of the EU Taxonomy (EU 2021/2139) in fiscal year 2022.

Economic activity 7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)

Economic activity 7.4 is defined by the EU as: “Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings).” NORMA Group fulfills the description of the economic activity 7.4 “Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)” with the installation as well as maintenance and repair work on charging stations for electric vehicles and can assign itself to the economic activity of Annex 1 of the Delegated Act of the EU Taxonomy (EU 2021/2139) in fiscal year 2022.

Economic activity 7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings

Economic activity 7.5 is defined by the EU as: “Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings.” NORMA Group fulfills the description of economic activity 7.5 “Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings” with the installation as well as maintenance and repair work on equipment for the measurement, regulation and control of the energy performance of buildings and can be assigned to the economic activity of Annex 1 of the Delegated Act of the EU Taxonomy (EU 2021/2139) in fiscal year 2022.

Taxonomy-aligned economic activities of NORMA Group

NORMA Group has assessed the Taxonomy-eligible economic activities listed above for Taxonomy alignment in fiscal year 2022. This includes the fulfillment of the technical assessment criteria as well as the minimum safeguards. The audit has shown that NORMA Group does not meet the alignment requirements in fiscal year 2022. Activity 3.6 cannot meet the substantial contribution criteria per se, as the electromobility sector is already classified as emission-free by definition of the Taxonomy. The activities that are to be assigned to CapEx and OpEx category c) are “Purchase of Output.” The activities classified as CapEx and OpEx category c) are purchases of output, as NORMA purchases the main services and products in connection with these activities from third parties. It is not possible to report a Taxonomy-aligned share here in fiscal year 2022, as this is dependent on the information available from suppliers. A process for communicating with and querying suppliers to obtain the relevant information was already started in fiscal year 2022. The implementation of this process will be continued in fiscal year 2023 so that the Taxonomy-aligned CapEx and OpEx category c) can be determined and reported in the future, subject to the proviso that the suppliers also implement corresponding Taxonomy-aligned processes.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- > NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Changes compared to the previous year

In fiscal year 2021, NORMA Group has classified the manufacturing processes of the product area Water Management as Taxonomy-eligible under the economic activity 5.1 described in Annex 1 and 2 of the Delegated Act of the EU taxonomy (EU 2021/2139). With the publication "Draft Commission Notice" (FAQs Batch 2) of December 19, 2022, and the clarification in question 66 on the Climate Act, these manufacturing processes are no longer classified as taxonomy-eligible in fiscal year 2022. More specifically, the products must be used to provide potable water and in wastewater treatment. NORMA Group's Water Management products are used to treat water, but not wastewater within the meaning of the clarification by the European Commission. In the area of Drip Irrigation, the systems treat either drinking water or wastewater by filtering it before it can be reused for landscape and agricultural irrigation. Drip Irrigation systems have a proven positive impact on climate change mitigation, as drip irrigation systems can dramatically reduce greenhouse gas emissions from the soil. The systems in the Stormwater product group protect against drinking water contamination. Thus, although NORMA Group's Water Management products fall outside economic activity 5.1 due to the stricter definitions, they still have a positive impact on climate protection.

Performance indicators according to EU Taxonomy²

The following section presents Group sales, capital expenditures (Capex) and operating expenses (Opex) for the reporting period 2022, broken down into Taxonomy-eligible and non-Taxonomy-eligible as well as Taxonomy-aligned and non-Taxonomy-aligned components.

Sales KPI (Key Performance Indicator) definition

The Taxonomy-aligned share of Group sales is defined as the share of net sales in fiscal year 2022 derived from products and services related to Taxonomy-aligned economic activities (numerator) divided by net sales in 2022 (denominator) (Total sales correspond to sales from the [CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME](#)). The taxonomy-eligible share of Group sales is defined as the share of net sales in fiscal year 2022 derived from products and services related to Taxonomy-eligible economic activity (numerator) divided by net sales in 2022 (denominator). This numerator for NORMA Group results from 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 in fiscal year 2022 from the income statement. In determining sales, the system ensured that no sales were recorded twice.

² NORMA Group does not fill in the specific reporting forms for the gas and nuclear activities as they are irrelevant.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
>	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
94	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Sales KPI (Key Performance Indicator)

T010

Economic activities	Codes	Absolute turnover in TEUR	Proportion of turnover in %	Substantial contribution criteria					
				Climate change mitigation in %	Climate change adaptation in %	Water and marine resources in %	Circular economy in %	Pollution in %	Biodiversity and ecosystems in %
A. Taxonomy eligible Activities (%)									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Activity 3.6	22.21	19,526	1.57						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		19,526	1.57						
Total (A1. + A.2)		19,526	1.57						
B. Taxonomy-non-eligible activities									
Turnover of Taxonomy-non-eligible activities (B)		1,223,488	98.43						
Total (A + B)		1,243,014	100						

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- > NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Capex KPI definition

The Capex KPI is defined as the share of Taxonomy-aligned 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 2022 in the denominator. (Compare the corresponding additions under table [TABLE 094 "GOODWILL AND OTHER INTANGIBLE ASSETS"](#) and [TABLE 095 "PROPERTY, PLANT AND EQUIPMENT"](#)). 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-aligned economic activities.” As NORMA Group cannot report Taxonomy-aligned activities in this fiscal year 2022, no Taxonomy-aligned Capex is reported. However, we do, report our Taxonomy-eligible activities.

Capex category b)

Capex category b) is defined by the EU as “investments that are part of a Capex plan to expand Taxonomy-aligned economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-aligned.” No such investments were made in fiscal year 2022.

Capex category c)

Capex category c) is defined according to the EU as capital expenditures related to the purchase of products and services from Taxonomy-aligned economic activities and individual measures that enable the target activities to become low-carbon or lead to greenhouse gas reductions. Since NORMA Group has not yet been able to identify any Taxonomy-aligned activities in this fiscal year 2022, as described in section "Taxonomy-aligned economic activities of NORMA Group," the company is still in the process of implementing the process, no Taxonomy-aligned capex can be reported. However, we do report our Taxonomy-eligible activities.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
>	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
94	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Capex KPI

T011

Economic activities	Codes	Absolute CapEx in TEUR	Proportion of CapEx in %	Substantial contribution criteria					
				Climate change mitigation in %	Climate change adaptation in %	Water and marine resources in %	Circular economy in %	Pollution in %	Biodiversity and ecosystems in %
A. Taxonomy eligible activities (%)									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Activity 3.6	22.21	1,132	1.45						
Activity 6.5	77.11	1,425	1.83						
Activity 7.1	41,1 / 41,2	2,487	3.19						
Activity 7.2	41 / 43	799	1.03						
Activity 7.3	41 / 43	2,621	3.37						
Activity 7.4	41 / 43	2	0						
Activity 7.5	41 / 43	169	0.22						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		8,634	11.09						
Total (A1. + A.2)		8,634	11.09						
B. Taxonomy-non-eligible activities									
CapEx of Taxonomy-non-eligible activities (B)		69,232	88.91						
Total (A + B)		77,866	100						

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
>	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
94	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Opex KPI definition

The Opex KPI is defined as the share of Taxonomy-aligned 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 as well as maintenance and repair in the denominator. In determining Opex, the system ensured that no expenses were recorded twice.

Opex category a)

Opex category a) is defined by the EU as “operating expenses related to assets or processes associated with Taxonomy-aligned economic activities, including training and other human resource adaptation requirements, as well as research and development costs.” Since NORMA Group cannot report any Taxonomy-aligned activities in 2022, no Taxonomy-aligned Opex is reported. However, we do, report our taxonomy-eligible activities.

Opex category b)

Opex category b) is defined by the EU as “operating expenses that are part of a Capex plan to expand Taxonomy-aligned economic activities or enable Taxonomy-eligible economic activities to become Taxonomy-aligned.” No such operating expenses were incurred in fiscal year 2022.

Opex category c)

Opex category c) is defined according to the EU as operating expenses that relate to the purchase of products and services from Taxonomy-eligible or Taxonomy-aligned economic activities and individual measures that enable the target activities to become low-carbon or lead to greenhouse gas reductions. Since NORMA Group has not yet been able to identify any Taxonomy-aligned activities in fiscal year 2022, because, as described above, the company is still in the process of implementing the process, no Taxonomy-aligned Opex can be reported. However, we do report our Taxonomy-eligible activities.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- > NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Opex KPI

T012

Economic activities	Codes	Absolute OpEx in TEUR	Proportion of OpEx in %	Substantial contribution criteria					
				Climate change mitigation in %	Climate change adaptation in %	Water and marine resources in %	Circular economy in %	Pollution in %	Biodiversity and ecosystems in %
A. Taxonomy eligible activities (%)									
A.1. Environmentally sustainable activities (Taxonomy-aligned)									
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		0	0						
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Activity 3.6	22.21	898	1.57						
Activity 6.4	77.21	73	0.13						
Activity 6.5	77.11	70	0.12						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		1,041	1.82						
Total (A1. + A.2)		1,041	1.82						
B. Taxonomy-non-eligible activities									
OpEx of Taxonomy-non-eligible activities (B)		56,312	98.18						
Total (A + B)		57,354	100						

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
 - 42 CORPORATE RESPONSIBILITY STRATEGY
 - 51 GOVERNANCE
 - 60 ENVIRONMENT
 - 71 SOCIAL
 - > **NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT**
 - 94 CR PERFORMANCE INDICATORS
 - 97 ASSURANCE REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

(continued) Opex KPI

	DNSH criteria ('Does Not Significant Harm')							Taxonomy aligned proportion of turnover, year 2022 in %	Taxonomy aligned proportion of turnover, year 2021 Y/N	Category (enabling activity) E	Category (transitional activity) T
	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution Y/N	Biodiversity and ecosystems Y/N	Minimum Safeguards Y/N				
Economic activities											
A. Taxonomy eligible activities (%)											
A.1. Environmentally sustainable activities (Taxonomy-aligned)											
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)							0				
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)											
Activity 3.6											
Activity 6.4											
Activity 6.5											
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)							0				
Total (A1. + A.2)							0				
B. Taxonomy-non-eligible activities											
OpEx of Taxonomy-non-eligible activities (B)											
Total (A + B)											

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- > NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- 97 ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

The reported information within the Corporate Responsibility Report in conjunction with other information from the Annual Report has been prepared with reference to the GRI Standards 2021. It also offers an orientation to GRI Standards within the non-financial report. 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.

Content of non-financial disclosure T013

Mandatory information according to HGB	Reconciliation in report content / material topics	Page
Business model	Principles of the Group	101
Environmental issues	Environmental Strategy and Management Systems	61
	Climate Protection	63
	Water Resource Efficiency and Materials	66
	Responsible Procurement	68
Labor issues	Responsible Procurement	56
	Compliance	51
	Human Rights	54
	Employee Satisfaction	71
	Occupational Health and Safety	72
Social issues	Learning and Development	74
	This aspect was found to be non-material in the materiality analysis.	see 43-45
Respect for human rights	Compliance Human Rights Responsible Procurement	51
		54
		56
Combating corruption and bribery	Compliance	51
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	81

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
81	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
>	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

CR Performance Indicators

Governance / Integrity		T014		
Indicator	Unit	2022	2021	Change in %
Compliance management system & compliance training				
Employees who were trained on compliance topics online	Headcount	2,080	1,114	86.7
Completed hours in compliance online training	h	2,535	1,283	97.6
Substantial fines for non-compliance with laws and regulations	EUR thousand	0	0	0
Human rights: elimination of discrimination				
Discriminations determined by courts	Number	0	0	0
Human rights: freedom of association				
Violations of freedom of association determined by courts	Number	0	0	0
Share of permanent staff covered by collective bargaining agreements	%	49.1	49.5	n / a
Product quality and safety				
Manufacturing locations certified according to quality standards (ISO 9001, IATF 16949 or EN 9100)	Number	26	26	0
Defective parts	ppm (parts per million)	2.9	4.9	- 40.8
Customer complaints	average per month	3.7	5.1	-27.5
Invention applications	per entity	21	25	-16.0
Sustainability in purchasing				
Purchasing turnover	EUR million	538.9	481.5	11.9
Total production materials turnover	EUR million	417.8	372.2	12.3
Share of preferred suppliers who have signed the Supplier Code of Conduct (SCoC)	%	100	100	0
Preferred production material suppliers	Number	15	17	- 11.8
Share of preferred suppliers in production material purchasing spend	%	18.3	25	- 26.8
Share of suppliers in supplier scoring that participated in sustainability self-assessment	%	33.5	41.0	- 18.3

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
81	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
>	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Environment		T015		
KPI	Unit	2022	2021	Change in %
Eco-management systems				
Manufacturing locations certified according to ISO 14001	Number	25	25	0
Share of manufacturing locations certified according to ISO 14001	%	92.6	92.6	n/a
CO₂ Footprint				
Absolute emission				
Scope 1 emissions (from gas consumption 1)	tons CO ₂ equivalents	4,645	5,678	-18.2
Scope 2 emissions (from purchased electricity/heat, market-based 1)	tons CO ₂ equivalents	234	37,771	-99.4
Scope 1 and 2 emissions (from purchased electricity/heat, market-based 2 1)	tons CO ₂ equivalents	4,879	43,449	- 88.8
Scope 1 and 2 emissions (from purchased electricity/heat, location-based 2 1)	tons CO ₂ equivalents	54,209	56,758	-4.5
Energy				
Absolute energy consumption				
Gas	MWh	126,532	130,170	-2.8
Electricity	MWh	18,579	22,713	-18.2
District heating	MWh	107,547	107,111	0.4
Normalized energy consumption	kWh / EUR thousand of revenue	405	346	17.0
Gas	kWh / EUR thousand of revenue	101.8	119.0	- 14.5
Electricity & district heating	kWh / EUR thousand of revenue	14.9	20.8	-28.1
Electricity & district heating	kWh / EUR thousand of revenue	86.8	98.3	-11.7
Water in production processes				
Water consumption	m ³	163,680	160,586	1.9
Water consumption (normalized)	Liter / EUR thousand of revenue	131.6	147.1	-10.5
Resource efficiency				
Hazardous waste	tons	764	644	18.6
Non-hazardous waste	tons	11,990	12,261	-2.2
Metallic waste	tons	6,809	7,309	-6.8
Plastic waste	tons	1,164	1,181	-1.4
Cardboard/paper waste	tons	671	767	-12.5
Wood waste	tons	995	920	8.2
Other waste	tons	2,351	2,084	12.8

1_Market-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).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
81	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
>	CR PERFORMANCE INDICATORS
97	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Social		T016		
KPI	Unit	2022	2021	Change in %
Occupational Health and safety				
Manufacturing locations certified according to ISO 45001	Number	24	21	14.3
Share of manufacturing locations certified according to ISO 45001*	%	88.9	77.8	14.3
Accident rate	accidents/1,000 employees	4.2	6.2	-32.3
Medical treatment rate	treatments/1,000 employees	21.3	27.4	-22.3
Number of lost time incidents	Number	37	54	-31.5
Number of medical treatments (non-notifiable accidents)	Number	185	238	-22.3
Training and development				
Average training hours	Hours / employee	38.7	29.6	30.7
Employee satisfaction				
Attrition rate (voluntary)	%	14.2	13.2	n / a
Diversity and equality of opportunity				
Countries in which NORMA Group is currently represented	Number	25	25	0
Share of women in permanent staff	%	36.9	37.2	n / a
Women in the six-person Supervisory Board	Number	2	2	0
Social commitment				
Donations	EUR thousand	5	14	-62.9
Sponsoring	EUR thousand	100	288	-65.3

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 42 CORPORATE RESPONSIBILITY STRATEGY
- 51 GOVERNANCE
- 60 ENVIRONMENT
- 71 SOCIAL
- 81 NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
- 94 CR PERFORMANCE INDICATORS
- > ASSURANCE REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Assurance Report

Independent Practitioner’s Report on a Limited Assurance Engagement on Non-financial Reporting³

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 1 January to 31 December 2022 (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.

³ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the separate non-financial group report and issued an independent practitioner’s report in German language, which is authoritative. The following text is a translation of the independent practitioner’s report.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
81	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
94	CR PERFORMANCE INDICATORS
>	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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.

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
- Verification of the implementation of central management requirements, processes and specifications for data collection with the help of virtual site visits at the following locations:
 - Norma Germany GmbH, Maintal, Germany
 - NORMA EJT (Changzhou) Co., Ltd
 - National Diversified Sales, Inc., Lindsay, USA
- 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 and taxonomy-aligned economic activities and the corresponding disclosures in the Separate Non-financial Group Report
- Inquiries on the relevance of climate-risks

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
42	CORPORATE RESPONSIBILITY STRATEGY
51	GOVERNANCE
60	ENVIRONMENT
71	SOCIAL
81	NON-FINANCIAL REPORT, EU TAXONOMY, GRI AND UN GLOBAL COMPACT
94	CR PERFORMANCE INDICATORS
>	ASSURANCE REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 1 January to 31 December 2022 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, 14. March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Nicolette Behncke
Wirtschaftsprüfer
[German public auditor]

ppa. Janine Hauptenthal

Condensed Management Report

101	Principles of the Group
119	Economic Report
159	Management Report of NORMA Group SE (HGB)
166	Forecast Report
176	Risk and Opportunity Report
194	Remuneration Report 2022
217	Other Legally Required Disclosures
219	Report on Transactions with Related Parties

ADJUSTED EBITDA FY 2022:

EUR 157.2 million

– 6.2% compared to the previous year

COMBINED MANAGEMENT REPORT

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 27 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, Africa) and Asia-Pacific (APAC).

As of December 31, 2022, NORMA Group SE held direct or indirect interests in 49 companies that belong to NORMA Group and are fully consolidated.

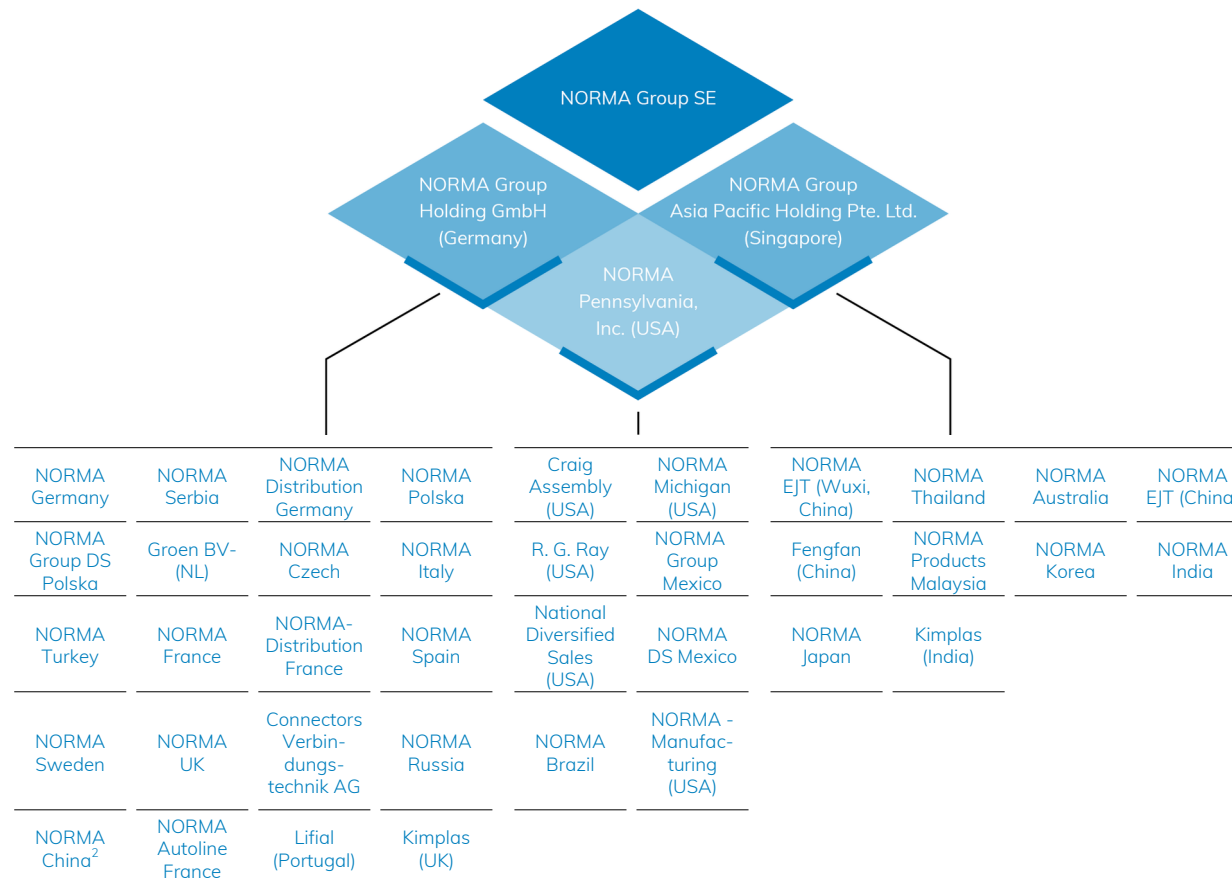
There were no changes to the legal structure of the Group in fiscal year 2022.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - > PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

NORMA Group (simplified structure)¹

G021



¹This illustration provides an overview of the operating companies of NORMA Group. The company names correspond to the company names that are used internally. A complete list of all Group companies and NORMA Group's shareholdings as of December 31, 2022, can be found in the corresponding disclosure in the [NOTES](#).
²NORMA China is organizationally assigned to the Asia-Pacific segment; under company law, it belongs to NORMA Group Holding GmbH.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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.

With effect from December 31, 2022, the CEO of NORMA Group SE, Dr. Michael Schneider, left the Management Board. Dr. Schneider had joined the Management Board of NORMA Group as CFO in 2015 and was appointed CEO in November 2019. At the end of August 2022, Dr. Schneider and the Supervisory Board of NORMA Group agreed by mutual consent not to extend his service contract, which expires on June 30, 2023, and agreed on his early departure.

With effect from January 1, 2023, Miguel Ángel López Borrego, member of the Supervisory Board of NORMA Group since March 2021, assumed the position of Chairman of the Management Board of NORMA Group SE. He will hold this position on an interim basis for a maximum period of one year. His Supervisory Board mandate will be suspended during this period. Mr. López Borrego has many years of management experience in the automotive industry, general industrial equipment and new energies. As CEO of Siemens S.A. in Madrid, he headed Siemens' Spanish operations from 2018 until November 2022. He was born in Germany in 1965 and is a Spanish citizen. Mr. López Borrego will continue to implement ongoing improvement measures throughout the company in 2023 together with the two other members of the Management Board, Annette Stieve (CFO) and Dr. Friedrich Klein (COO until April 30, 2023; effective as of May 1, 2023 Dr. Daniel Heymann will assume the COO mandate).

In the meantime, the Supervisory Board is pressing ahead with its search for a long-term candidate to chair the Management Board.

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 Supervisory Board and Erika Schulte is Deputy Chairman.

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 HGB and Section 315b 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 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, Americas and Asia-Pacific. All three regions have networked regional and cross-company organizations with different functions. For this reason,

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 service.

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 significant 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 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

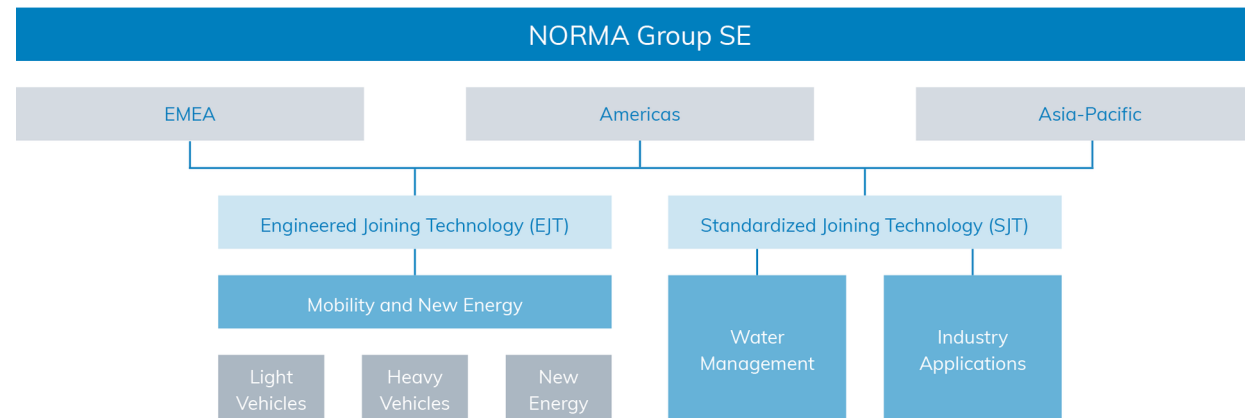
- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - > PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

and scope due to the diversity of its product range and high volumes, which clearly 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.

Organizational structure of NORMA Group

G022



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 many 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.

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.

NORMA Group’s 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 aerospace industries, these include construction, mechanical engineering, pharmaceuticals and biotechnology. Other end markets

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT
 - > PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

include agriculture and the drinking water supply and irrigation industries. NORMA Group's products are also used in the consumer products, such as home appliances, for example.

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 the claim to ensure 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 offers products and solutions for a wide variety of different industrial applications. Thanks to the unique combination of expertise in both metal and plastics processing and the broad diversification of its product portfolio, the company can offer its customers a comprehensive portfolio of solutions to different problems from a single source. This sets the Group apart 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 in which numerous specialized industrial companies are active. 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, in particular. 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.

A clear structural change has 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 at an early stage and is closely monitoring current developments and trends in order to be able to seize positioning opportunities immediately. NORMA Group has a broad product portfolio with customized products and system solutions for applications in electric and hybrid vehicles. For the most part, they are manufactured at its existing production facilities and on the same equipment on which the traditional products for gasoline and diesel vehicles are manufactured. 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 in particular 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 comprehensive range of products in the areas of water management and general industrial applications that is geared toward end customer needs.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Strategy and goals

Increase in value

NORMA Group's main strategic objective is achieving sustainable profitable growth for the company. Building on its many years of successful entrepreneurial development, the company continues to strive for profitability above the industry average and an efficient use of the Group's capital. On its way to achieving these goals, NORMA Group pursues a stakeholder-oriented approach. This is based on the expectations of customers with regard to innovative, reliable and value-creating solutions as well as on the financial interests of shareholders, the needs of the workforce and the concerns of suppliers. A motivated, competent and loyal workforce is a fundamental prerequisite for meeting the diverse requirements of external stakeholders. To this end, NORMA Group strives to offer its employees an environment geared towards continuous growth, thus underpinning its position as an attractive employer. 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:

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 for 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 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. Global megatrends such as climate change are increasing the need for low-emission technologies. The increasing scarcity of resources offers NORMA Group attractive growth potential, especially for its water business.

Selective product portfolio

The technological requirements for NORMA Group's end products are constantly changing. Increasing environmental awareness, scarcity of resources and growing cost pressure – further intensified by the massive rise in energy costs – 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 help its customers to reduce 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 strategic business field of water management and its extensive product portfolio for applications in landscape irrigation, rainwater management and infrastructure solutions in the water sector, NORMA Group supports its customers in optimizing their use of scarce resources. Innovations play an important role in meeting the increasing

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT
 - > PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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](#)

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. Since its IPO in 2011, the Group has acquired a total of 14 companies and integrated them into the Group. The main focus of M&A activities is always on companies that contribute to realizing NORMA Group's strategic goals, strengthening 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) 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.

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. To expand the water business in the Asia-Pacific and EMEA regions, the current structures will be used to advance business development organically or complete value-enhancing acquisitions.

In the area of Industry Applications, the focus is on active portfolio management and a targeted brand strategy. In this area of the business as well, e-commerce initiatives are to be strengthened, particularly in the EMEA region. 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 even more profitable.

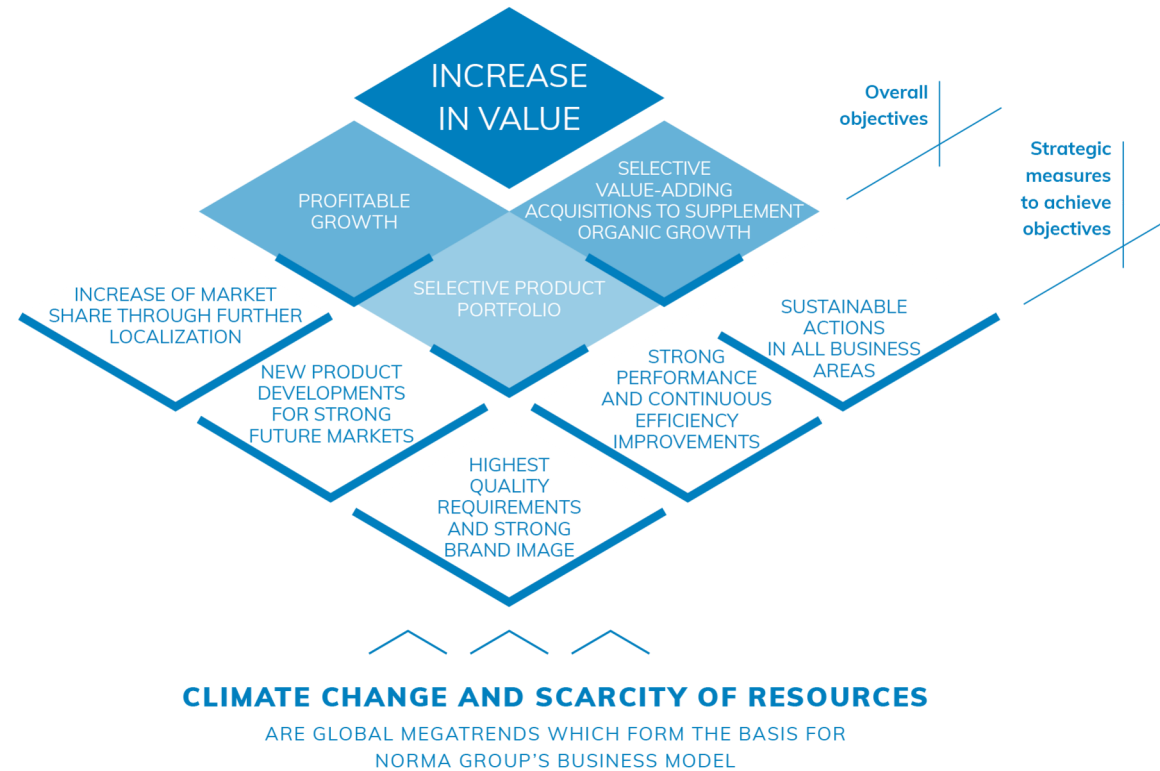
NORMA Group also intends to further expand its activities in the Mobility and New Energy sectors globally. Here, the company will focus on strategic and profitable applications that optimally meet the current and future requirements of its customers. At the same time, NORMA will seek to defend its primary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

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - > PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Strategic goals of NORMA Group

G023

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



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

NORMA Group's most important financial objective is to secure its solvency in the long term. This is ensured by permanently maintaining operating liquidity and holding sufficient strategic liquidity reserves. This also includes maintaining sufficient liquid funds to take advantage of short- to medium-term acquisition opportunities.

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

management. This was also a valuable tool for measuring and managing liquidity risk, particularly with regard to the ongoing corona pandemic and the current geopolitical situation.

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 as part of the syndicated bank loan. This credit line can be drawn in various currencies and maturities up to an amount of EUR 50 million. 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 2022 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 derivative hedging instruments, 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 also reduced in the Group companies above a defined threshold by using derivative financial instruments. Here, Group-wide 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, 2022, around 46% (2021: 45%) 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 for internal Group financing. The Group Treasury of NORMA 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 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.

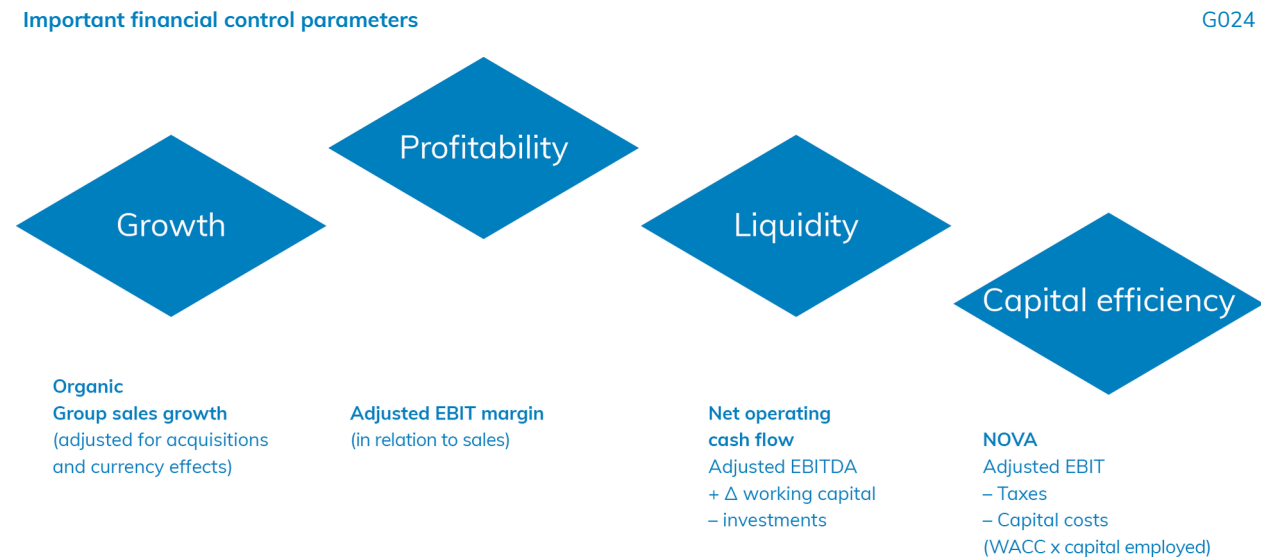
- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - > PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

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 its success in terms of growth, profitability, liquidity and capital efficiency.



Organic sales growth

As a growth-oriented company, NORMA Group attaches particular importance to profitable sales growth. Here, 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 from newly acquired companies are reported separately within the first 12 months of initial consolidation (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 includes certain early indicators, such as customer order patterns in the retail business (Standardized Joining Technology) and the order backlog in the Engineered Joining Technology (EJT) segment.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Operating earnings indicators

Adjusted 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 and the incentives for non-pay-scale employees.

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](#)

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 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).

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

NORMA Value Added (NOVA)

T017

		2022	2021
Adjusted EBIT ¹	EUR million	99.0	113.8
Adjusted Group tax rate	%	35.2	28.6
Taxes	EUR million	34.8	32.6
Adjusted EBIT after taxes¹	EUR million	64.2	81.2
– WACC ² x capital employed (in EUR million)	EUR million	91.3	65.2
NOVA	EUR million	-27.1	16.0

1_Adjusted for expenses in connection with acquisitions
2_Weighted Average Cost of Capital

Capital employed¹

T018

		2022	2021
Equity	EUR million	668.6	589.5
Net debt	EUR million	318.5	338.4
Capital employed	EUR million	987.1	927.9

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

T019

(in %)	2022	2021
Risk-free interest rate	2.00	0.10
Market risk premium	7.50	7.50
Beta factor of NORMA Group	1.65	0.89
Cost of equity rate	15.41	9.62
Borrowing cost rate after taxes	2.80	1.46
WACC after taxes	9.25	7.03

The base interest rate is derived from the interest rate structure data of Deutsche Bundesbank (three-month average: October 1 to December 31, 2022). 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 (Institute of Public Auditors in Germany (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 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 debt as of January 1 of the respective fiscal year.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 actual figures are tracked in the local companies and aggregated at the regional segment level as part of the monthly analysis. Business development is regularly forecast 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 disclosures. 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 the 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 2023 and the assumptions underlying the forecast are presented in the [FORECAST REPORT](#).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Financial control parameters

T020

		2022	2021	2020	2019	2018
Revenue	EUR million	1,243.0	1,091.9	952,2	1,100,1	1,084,1
Adjusted EBIT ¹	EUR million	99.0	113.8	45,3	136,1	164,5
Adjusted EBIT margin ¹	%	8.0	10.4	4,8	12,4	15,2
Net operating cash flow	EUR million	65.3	99.8	78,3	122,9	124,4
NORMA Value Added	EUR million	-27.1	16.0	-46,4	17,3	60,8

¹Since 2020: adjusted for acquisition-related costs only; up until and including 2019: adjusted for acquisition-related costs and non-recurring expenses.

Non-financial control parameters

T021

		2022	2021	2020	2019 ⁴	2018 ⁴
Invention application	Number	21	25	22	22	32
CO ₂ emissions ¹	t CO ₂ e	4,8792	43,449	49,813	54,494 ^{2, 3}	53,727 ^{2, 3}
Parts per million	ppm	2.9	4.9	5.1	6.1	7.1

¹Greenhouse gas emissions of all production sites resulting from gas consumption (Scope 1) and the purchase of electricity and district heating (Scope 2). Since 2020, CO₂ emissions have been a target figure for determining part of the long-term remuneration of the Management Board and were thus newly included in the control system.

²In total, emissions from Scope 1 and 2 (method: market-based) were 88.8% below the previous year's value (2021: 43,449 tons). Since January 2022, NORMA Group has been procuring electricity from renewable energies through "Energy Attribute Certificates" at all its production sites.

³Recalculated data due to the integration of the acquired companies Kimplas and Stetek into environmental reporting in fiscal year 2020. For calculation, please refer to the Greenhouse Gas Protocol, chapter 5.

⁴The key figures for 2019 and earlier 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. This is intended to optimally support the achievement of the company's strategic goals. The focus is 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 current processes, minimize the use of materials or further improve the functionalities and sustainability of the end products. The focus is on innovative and high-quality solutions to the global challenges of the respective end markets. Besides water management and electromobility, these include topics such as digitalization, stationary battery storage systems and hydrogen as an alternative energy carrier, for example. By specifically taking the relevant megatrends of its customers into account, NORMA Group is able to initiate technological developments at an early stage. The protection of resources and the environment plays an important role here.

The new organizational structure for the R&D departments already implemented in previous years according to the three Strategic Business Units Water Management, Industry Applications and Mobility and New Energy enables optimized cross-regional cooperation between the teams and better dovetailing of development activities with the business development teams (Sales and Application Engineering). The global focus of the business units enables more targeted and efficient working on the tasks that lie ahead. At the same time, tasks and projects continue to be prioritized in line with strategic requirements, by the Innovation Council and Global Product Management, for example.

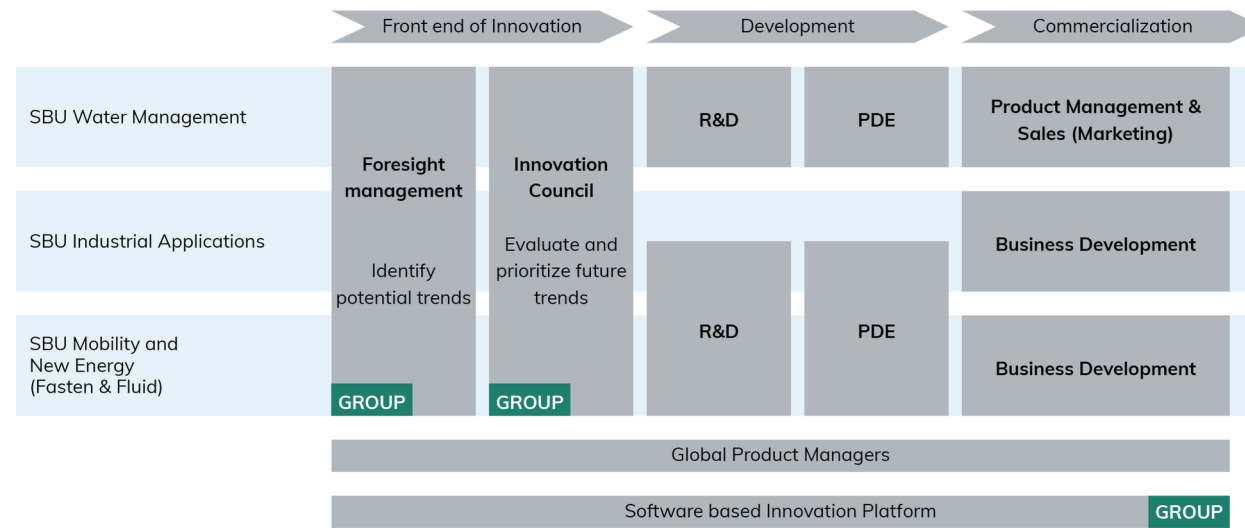
- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - > PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

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 and Global Product Management are jointly responsible for monitoring the strategic end markets and bundling the knowledge gained in the internal innovation management process.

NORMA Group further expanded the concept of innovation, research and (product) development in fiscal year 2022. In addition, a new software-based innovation platform supports the systematic identification and documentation of new ideas by involving all NORMA Group employees. Active networking with start-ups and universities combined with visits to trade fairs and close exchanges with our customers’ technical teams generate additional impetus for new products and fields of application.

Integration of the innovation process into the Strategic Business Units G025



SBU = Strategic Business Unit

R&D = Research and Development
PDE = Product Engineering

Numerical simulation and validation of new technologies

Future technologies identified on the basis of the global megatrends flow directly into the development and design of new products. Mathematical models and numerical simulations play a key role in the early development phases for the efficient development and optimization of new product concepts. In addition to theoretical-technical investigations (known as verification), the respective concepts are also subjected to subsequent extensive physical tests (known as validation). Numerical simulation allows for the required development times to be optimized. The number of experimental optimization loops required, including the time needed for prototyping and testing in the laboratory, can thus be reduced. The final experimental validation of new products then ideally confirms the

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

product properties previously determined via simulation. This ensures that the investigated products, technologies, materials and manufacturing processes meet the needs of the market.

Strategic cooperation with customers and research institutions

In the area of Water Management, NORMA Group maintains close contact with its end customers, installers, trading and construction companies, as well as regulatory authorities, not only on a regional but also on a global level, due to the wide range of standards, varying regulatory requirements and best practices in the field of water management. This enables optimized and individual product solutions to be generated that meet the local market requirements.

In the area of Mobility and New Energy, NORMA Group acts in close cooperation with its end customers, leading research and development institutions, suppliers and other external partners. Customer requirements can thus be incorporated directly into the development of new products and technologies. This also ensures rapid marketing. For competitive reasons, the company refrains from publishing the specific contents of these research partnerships.

In the area of Industry Applications, which is more of a commercial segment, extensive 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 Industry Applications is on the meaningful supplementation of the product range and targeted marketing activities. [MARKETING](#)

Development focuses in 2022

Research and development activities in fiscal year 2022 were dominated by the trend topics of water management, mobility, digitalization, globalization and ecology.

In the area of Water Management, research and development activities focused on global, market-oriented and innovative solutions for the efficient use of water and the improvement of water quality. Work was also carried out on the use of sustainable materials and the range of "smart" connectors, or connection technology networked with the Internet (IoT – Internet of Things). Highly efficient components for irrigation systems (micro-sprayers, precision drippers and drip lines) in combination with pressure regulators, particle filters and intelligent control components (e.g. valves and timers) form system solutions that meet current and future requirements for local water management. In wastewater management, development efforts range from technologies for water recovery in catch basins, drainage channels and drainage ditches, to technologies for filtering all suspended solids (TTS) using underground chambers, to measures to optimize the water permeability of soil pavements on green and gravel surfaces. In line with NORMA Group's objectives regarding its social and environmental responsibility, further initiatives were also launched in the area of Water Management to expand the use of sustainable and recycled raw materials and plastics in product and process design. NORMA Group's extensive in-house expertise and proximity to customers, sales partners and authorities enables the company to optimally adapt its current product portfolio and develop innovative new products to meet market requirements.

In the area of Electromobility, thermal management of batteries and systems remains a key topic. For this purpose, NORMA Group develops special line systems in the FLUID product area that ensure uniform temperature distribution inside the battery and maintain the optimal operating state of the cells. The consistent use of numerical simulation has been instrumental here in developing fluid components and systems with the lowest flow resistances and thus maximized efficiency and resource conservation. Innovations in the FASTEN product area in

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
>	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

2022 were aimed at further strengthening NORMA Group's goal of being the market and technology leader. In addition to new product solutions, significant work was also carried out here on the continuous improvement of products based on the aspects of robustness, resource conservation and weight savings.

NORMA Group continues to be active in the field of fuel cells and supplies line systems and fastening elements here. In this environment, further projects are underway to help prepare the company's current and new product solutions for use in fuel cell technology. Examples include tank straps with integrated elasticity for fixing high-pressure tanks for hydrogen storage and emergency tank vent lines.

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. A total of 960 patents and utility models were held as of December 31, 2022 (2021: 1,017). The number of internal invention applications (2022: 21, 2021: 25) decreased slightly compared to the previous year, while the number of newly filed patent applications (2022: 30, 2021: 32) remained at a similar level compared to the previous year.

R&D Expenses

Research and development expenses in the area of EJT amounted to EUR 40.6 million in 2022 (2021: EUR 38.0 million). This equates to around 3.3% (2021: 3.5%) of NORMA Group's total sales in fiscal year 2022. The capitalization ratio, i.e., the share of own work capitalized in R&D expenses, was 6.0% (2021: 7.1%) in the current reporting year.

Employees in engineering R&D

As of December 31, 2022, the Group employed 311 people (2021: 343 employees) in research and development worldwide. This represents around 5.0% of the core workforce.

R&D Figures		T022				
		2022	2021	2020	2019	2018
Employees in R&D	Number	311	343	340	345	365
R&D employee ratio	% of permanent staff	5.0	5.5	5.1	5.3	5.3
R&D expenses ¹	EUR million	40.6	38.0	29.0	31.2	30.5
R&D ratio ¹	% of revenue	3.3	3.5	3.1	4.7	4.5
Invention applications	Number	21	25	22	22	32

¹ Up to and including 2019, only R&D expenses in the EJT area were documented and reported. The R&D ratio was derived 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 and set in relation to total sales since 2020.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 an impact 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 heavily burdened in 2022 as a result of Ukraine war, inflation, the interest rate turnaround and problems in China

The economic environment deteriorated significantly in 2022. The main reasons for this were Russia's war against Ukraine, which violated international law and had far-reaching consequences, and the lockdowns of entire economic centers in China as a result of the country's strict zero-COVID policy. Both events triggered additional turbulence in supply chains that were already disrupted. In particular, the war in Ukraine led to profound effects: Important sources of supply were no longer accessible. In addition, the cessation of Russian gas supplies threatened to cause an energy crisis in Western Europe. Not only did the prices of important raw materials and intermediate products rise as a result, but the costs of energy supply also experienced a significant increase. Food prices likewise rose significantly worldwide. In addition to the Ukraine war, this was due to intense heat waves and droughts in Europe and Asia in the summer of 2022. This environment also saw a sharp rise in inflation, which reached new highs. In response and as a countermeasure to this development, many of the world's central banks resolutely raised key interest rates. Many countries also responded by introducing extensive fiscal packages to cushion the impact of the explosion in energy costs and thus stabilize the economy. The economy was also supported by corona catch-up effects in many countries. Nevertheless, the global economy was noticeably depressed at the end of 2022, and industrial production had lost momentum. According to the International Monetary Fund (IMF), global economic growth weakened in the past fiscal year and stood at 3.4%.

Economic development in China was burdened by the government's strict zero-COVID policy. The restrictions were only gradually eased towards the end of 2022. In addition, the real estate sector there remained under pressure as a result of the still unresolved financing problems. Furthermore, Chinese exports were impacted by faltering supply chains and weaker external demand. In this environment, Chinese industrial production rose by a slight 3.6% in 2022, compared to a 9.6% increase in the previous year. In particular, producers in construction-related sectors, such as steel, cement and flat glass, suffered significant losses. In order to stabilize the economy, the Chinese Central Bank eased its interest rate policy, bucking the global trend. Nevertheless, according to the National Bureau of Statistics, China's economic growth in 2022 was only 3.0%. In Southeast Asia (ASEAN-5), on the other hand, economic growth recovered strongly (+5.2%) after overcoming the pandemic-related burdens. Although momentum in India flattened out, GDP growth nevertheless remained strong at 6.8%. Brazil's economy also grew at a much more moderate rate of 3.1% than recently. By contrast, Russia's economy slumped as a result of the war and sanctions. Overall, according to the IMF, the economic recovery in the developing and emerging countries in 2022 at +3.9% was somewhat weaker than originally expected at the beginning of the year.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

In the US, the economic recovery did not continue in 2022. Economic momentum weakened as early as the first months of 2022, reaching an annual growth rate of 2.1%. On the one hand, this was due in particular to high inflation, which peaked at 9.1% in June 2022. On the other hand, the rapid and significant interest rate hike by the US Federal Reserve, which took a total of seven interest rate steps, also had an impact on growth. Nevertheless, industrial production increased by 3.9% and capacity utilization improved slightly by 23 basis points to 79.7% on average for the year. As a result of geopolitical developments, investment in machinery and equipment also increased slightly, which in turn helped stabilize the economy. Additional positive impetus came from consumption and exports. However, the very low GDP growth of 1.0% in the fourth quarter of 2022 compared to the final quarter of the previous year reflects the negative effects of the restrictive monetary policy on economic development, although this limited inflation to +6.5% at the end of the year. According to the IMF, growth in other industrialized countries such as Japan (+1.4%), Canada (+3.5%) and the UK (+4.1%) was also moderate in 2022.

GDP growth rates (real) in %

	2022	2021	T023
World ¹	3.4	6.2	-3.0
USA ²	2.1	5.9	-2.8
China ³	3.0	8.4	2.2
Euro zone ⁴	3.5	5.3	-6.1
Germany ⁵	1.8	2.6	-3.7

1_ IMF
 2_ US Department of Commerce
 3_ National Bureau of Statistics (NBS)
 4_ Eurostat
 5_ Federal Statistical Office (Destatis)

Europe's economy under pressure due to the consequences of the war in Ukraine, high order backlog has stabilizing effect

After the euro zone economy got off to a strong start in 2022, the environment changed following the start of Russia's war at the end of February 2022, and the growth rates determined by the European Central Bank (ECB) fell continuously year-on-year over the course of the year. To counter the immense inflationary pressure that had arisen, the ECB and the central banks of the UK and Switzerland decided to raise interest rates significantly. This placed a heavy burden on the construction sector in particular. As a result, the first signs of a recession in the euro zone became visible at the end of 2022. In this environment, the euro zone economy grew only very modestly at 3.5% according to the Eurostat statistics office. All countries were affected by the economic slowdown, but there were differences. While the economies in Switzerland and the United Kingdom, for example, suffered relatively moderate setbacks, the impact in France and Germany was more pronounced.

Industrial production in the euro zone proved to be resilient in 2022 despite the many challenges. The hurdles included supply bottlenecks and high prices for raw materials and energy, for example. By contrast, high order backlogs in particular had a stabilizing effect. In addition, demand for capital goods was not yet impacted by high interest rates. Overall, industrial capacity utilization in the euro zone was 81.4% in the fourth quarter of 2022 (2021: 82.7%).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Germany: Economy held up well despite the strain, industrial activity remains robust

According to the Federal Statistical Office (Destatis), the German economy was also affected by the consequences of the Ukraine war and extreme energy price increases in 2022. Material bottlenecks as well as considerable supply problems, massive price increases – for food, among other items – and the shortage of skilled workers were other notable factors that had a burdening effect. Despite this, the German economy held up comparatively well over the course of the year, contrary to very pessimistic expectations. Private consumption in particular proved to be one of the main pillars of the economy, with growth of 4.6% year-on-year, partly due to the corona catch-up effects following the lifting of nearly all corona protection measures in the spring of 2022. Moreover, investment in plant and equipment, including machinery, equipment and vehicles, increased by 2.5% despite the turnaround in interest rates and cost increases. By contrast, shrinking construction investment and the deterioration in net exports weighed heavily on GDP growth. According to Destatis, the German economy grew by a total of 1.8% in 2022.

As in the previous year, German industry suffered from disrupted supply chains, particularly in the first half of 2022. The massive increase in energy prices and input costs also had a negative impact, whereas the high order backlogs had a supporting effect. As a result, the significant decline in new orders at the end of the year and the cancellations were not yet reflected in production utilization. By contrast, industrial production remained at the level of the previous year despite the high volatility. Nevertheless, energy-intensive companies in particular cut their production levels against the backdrop of significantly higher energy costs. Overall, average capacity utilization in German industry deteriorated only slightly in 2022 according to Eurostat data. In the fourth quarter, it was 84.7% compared to 85.2% in the same period of the previous year, which means that it remained at a high level.

Exchange rate fluctuations

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

In fiscal year 2022, NORMA Group generated around 48% of its sales in US dollars. The development of the US dollar against the euro led to a positive effect on sales in fiscal year 2022. In addition, there were positive effects from the Chinese renminbi.

Industry-specific influencing factors

Significant slowdown in global mechanical engineering in 2022, high order backlog has stabilizing effect

Due to the increasingly weak global economy and the drastic rise in energy costs, the initially positive development of global industrial production (excluding construction) weakened slightly in 2022. The cumulative increase was 3.3% for the first eleven months. Here, however, China's industrial production actually slumped in April 2022 due to the strict lockdowns, and investment propensity in 2022 was low overall. In the US, equipment investment actually shrank. By comparison, investment in the UK and the euro zone again grew robustly. In this heterogeneous environment, global machinery sales rose in 2022 according to estimates by the German Engineering Federation (VDMA), although growth of 3% was lower than previously forecast. The original growth forecast of 5% was thus clearly missed. Strong growth was recorded in the mechanical engineering sector in Japan and Canada in 2022, at +9% in both countries. In the US and Mexico, the sector grew robustly at +3% each, while the market in South Korea (-2%) showed a negative trend. Among the most important emerging countries

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

for the sector outside China, real machinery sales grew in Turkey (+11%), the Middle East (+5%) and India (+3%). Industry sales were down 2% in Brazil, however.

By comparison, the export-oriented European mechanical engineering sector performed robustly, although the factors of material shortages, skills shortages, the explosion in energy costs and the gradual capping of Russian natural gas supplies weighed noticeably on the European industrial economy. Although the industry benefited from a continuing very good order situation, it should be noted that backlogs of orders had built up due to supply bottlenecks and pandemic-related catch-up effects took place in consumer-related end markets. At the same time, many manufacturers of energy-intensive goods, such as basic chemicals, were forced to cut their production volumes significantly as a result of high energy prices. In light of this development, mechanical engineering sales in 2022 increased by 6% in Switzerland, but slumped significantly in the UK (-10%). According to the VDMA, industry sales in the euro zone rose by 3% following double-digit growth the previous year. Very strong growth was again generated in the Netherlands (+26%), Poland (+13%) and Belgium (+10%). Spain grew by 5% and Italy achieved a moderate increase of 2%. In Germany, the sector recorded stagnating sales, although production increased slightly by 1% after adjustment for prices. In France, by contrast, the mechanical engineering sector contracted by 4% in 2022.

Engineering: Real change in industry sales

in %	2022	2021	2020
Germany	0.0	6.0	-15.0
Eurozone	3.0	11.0	-13.0
USA	3.0	12.0	-8.0
China	2.0	13.0	5.0
World (excl. China)	3.0	13.0	-6.0

Source: VDMA

Automotive production up despite weak demand, catch-up effects had a compensating effect

In 2022, the global automotive industry showed opposing dynamics in the respective regions. While demand in the established industrialized countries was subdued, passenger car sales in China recovered strongly thanks to stimulating tax breaks. The market in India also grew, while Brazil recorded negative growth. However, in global terms, sales of light vehicles (LV, up to 6 t) declined by 1.0% compared to the previous year to 80.6 million units in 2022, according to LMC Automotive. Despite this, however, global production increased by 6.4% to 81.8 million units. In terms of drive types, pure combustion engines continued to dominate by a wide margin, although their production volumes tended to decline. In contrast, electric drives in the form of plug-in hybrids (PHEV) or pure battery electric vehicles (BEV) continued to gain market share. Their production volume increased by 62.3% worldwide in 2022 to 10.5 million units (PHEV + BEV). The global market for commercial vehicles (commercial vehicles, trucks + buses) showed a different trend by comparison. Commercial vehicle production in China dropped by nearly half, while manufacturers in other Asian countries (Japan, South Korea and India) achieved growth. Commercial vehicle production also increased in North America (+8.5%).

According to the ACEA (Association des Constructeurs Européens d'Automobiles), demand for passenger cars in Europe (EU + EFTA + UK) fell by 4.1% to 11.3 million units in 2022, following an already weak prior year. The decline in Western Europe was also 4.1%. Among the volume markets, only Germany (+1.1%) recorded a slight increase thanks to a strong performance at the end of the year. By contrast, demand slumped sharply in France

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

(-7.8%) and Italy (-9.7%). Sales in Spain (-5.4%) and the United Kingdom (-2.0%) also fell below the level of the previous year. In addition, demand declined in Poland, Belgium, the Netherlands, Switzerland and Scandinavia. Overall, developments were characterized by shortages of starting products and raw materials, massive increases in energy prices, and the uncertainties triggered by the war in Ukraine. In this environment, Europe's automotive industry produced 15.8 million passenger cars, down 1.4% year-on-year according to LMC Automotive. By contrast, passenger car production in Germany increased by 11%. However, it should be noted that the previous year's base was very low due to the lack of microchips and temporary production stoppages. At this point, it should be mentioned that, despite the recovery, the production volume in 2022 was still about a quarter lower than before the pandemic in 2019. In the European commercial vehicle market, on the other hand, sales in 2022 slumped significantly (-15.1%), according to ACEA. LMC Automotive nevertheless estimates that European commercial vehicle production increased by 4.6%, contrary to this development. In particular, commercial vehicle manufacturers in Germany achieved a strong increase of 14.5%.

Automotive Industry: Global production and development of sales

in %	2022	2021 ¹	2020 ¹
Production of light vehicles	6.4	2.2	-15.9
Classic combustion engine	-1.6	-5.1	-19.5
PHEV	43.9	74.3	64.9
BEV	69.8	105.9	29.4
Sales of light vehicles	-1.0	4.7	-13.7
Production of commercial vehicles	-15.5	1.2	-5.3
Sales of commercial vehicles	-20.5	4.0	-3.6

Source: LMC Automotive
 1_Revised date according to LMC

International construction industry increasingly under pressure in key markets in 2022

In 2022, construction activity and the construction sector in Asia were given a structural boost by population growth, advancing urbanization and infrastructure expansion. Now that the burdens resulting from the corona pandemic have been overcome, the construction industry has increasingly recovered. Accordingly, India's construction industry grew, whereas China's construction industry was exposed to a few stress factors due to the government's zero-COVID policy and unresolved financing problems in the real estate sector. Nevertheless, national construction investment in China increased by 5.2%, according to the National Bureau of Statistics (NBS). Investments in the water industry rose by 13.6%. By contrast, investment in building construction, which is important for the economy, slumped by 10.0% in nominal terms, with a 9.5% decline in housing. By comparison, following the outbreak of the war in Ukraine, the European construction industry performed relatively robustly, caught between a high order backlog on the one hand and growing uncertainties – due to material bottlenecks, cost explosions and rising interest rates – on the other. While an optimistic outlook prevailed at the beginning of the year, the adverse effects emerged in the course of the year. According to estimates by the Euroconstruct industry network (including the ifo Institute), construction output in Europe increased by 3.0%, whereas it had grown twice as fast the previous year. A look at the regions reveals a strong development of construction activity in Italy and Ireland, while growth in France and the UK flattened out noticeably. In Portugal and Switzerland, construction output actually declined.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

In Germany, construction activity also deteriorated noticeably over the year as a whole, bringing the multi-year boom in the sector to a standstill. In economic terms, real construction investment contracted by 1.6%. The main reasons for this were high inflation and the related loss of purchasing power, shortages of materials and skilled labor, the energy crisis and the weak economy. According to the DIW (German Institute for Economic Research), these factors led to skyrocketing construction prices and a slump in new orders. While construction volume increased significantly in nominal terms, it declined by 2.1% when adjusted for the double-digit increase in construction prices (+15.8%). Declines were recorded in both residential construction (-2.2%) and commercial construction (-2.3%), as well as in public sector construction (-1.0%). In residential construction, which is one of the most important pillars of the construction industry, the volume of new construction fell particularly sharply by 4.5%. However, the volumes of additions and conversions, modernization and maintenance, which accounted for the dominant structural measures on existing buildings with a share of 69% of the total volume, also fell by 1.6% in 2022.

Construction Industry: Development of European construction output

T026

in %	2022	2021 ¹	2020 ¹
Western Europe	3.0	6.0	-4.5
Eastern Europe	2.9	3.0	-3.8
Europe	3.0	5.8	-4.4

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

US construction industry impacted by interest rate turnaround and a weak US economy, construction spending in water management remains high

The US construction industry experienced an ambivalent development in 2022. While a positive trend with high growth rates was still recorded at the beginning of the year, a significant change set in during the further course of the year, which made the view from a full-year perspective more restrained. In addition to the high level of inflation, this was mainly due to the significant turnaround in interest rates by the US Federal Reserve, which significantly restricted financing options in the construction sector. As a result, following two strong previous years (2020: +7.2%, 2021: +10.7%) and a good start to the year, real housing investment lost considerable momentum and even declined by a double-digit percentage in the second half. According to official figures, the losses in residential investment totaled -10.7% in 2022. Likewise, investment in the commercial sector (IfW estimate for 2022: -8.1% in real terms) fell sharply due to the economic situation and the sharp rise in interest rates. A similar trend was seen in building permits, which fell by 13% year-on-year, as well as in housing starts for single-family homes, which fell by 11%. Sales of existing homes in 2022 were down by as much as 17% year-on-year. Notwithstanding this, however, construction spending rose significantly by a nominal 10.2% in 2022, due to massive price increases in the construction and real estate sectors. While spending in private residential construction increased by 13.3%, spending in the US water sector increased by 18% to USD 23 billion in 2022. Spending on repair and renovation work, which is another key driver of NDS product sales, increased by 3% in 2022, according to industry experts at JBREC (John Burns Real Estate Consulting). By contrast, construction activity in the commercial sector, which includes office, retail and lodging buildings, increased by 10%. This positive development was mainly supported by steady infrastructure investment. Although the commercial sector accounts for a smaller share of NDS revenues, it is an important growth market which still lags behind the residential market in terms of its current size, however.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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](#)

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 events and developments in fiscal year 2022

Dr. Michael Schneider steps down from the Management Board; Miguel Ángel López Borrego takes over as interim Chairman of the Management Board

Dr. Michael Schneider, a long-standing member of the Management Board and Chairman of the Management Board of NORMA Group SE since 2019, left the Management Board on December 31, 2022. The decision not to extend his service contract, which still has a term until June 30, 2023, was made by mutual agreement with the Supervisory Board. Mr. Miguel Ángel López Borrego, who has been a member of the Supervisory Board and a member of the Audit Committee of NORMA Group since 2021, took over the position of Chairman of the Management Board on an interim basis as of January 1, 2023. His function as a member of the Supervisory Board will be suspended during this period. At the same time, the Supervisory Board is looking for a long-term appointment to the position of Chairman of the Management Board as part of an orderly process. Mr. López Borrego has extensive experience in the general industrial equipment and automotive industries. He also has in-depth knowledge of NORMA Group's business model. He most recently headed Siemens' Spanish operations as CEO of Siemens S.A. in Madrid from 2018 until November 2022.

Forecast adjustment in July 2022 due to unstable demand, geopolitical uncertainties and inflation

NORMA Group adjusted its full-year forecast for 2022 with regard to the expected developments of the adjusted EBIT margin and net operating cash flow in line with market conditions on July 21, 2022. Due to the Ukraine crisis and the resulting gas shortage, gas and energy prices have risen massively. This has had a significant impact on NORMA Group's cost of materials. In the wake of the developing inflation, all other operating costs, such as expenses for logistics services, have also increased considerably. These additional burdens could not be fully compensated for by higher selling prices, especially in the first half of 2022. IT implementation costs also had a negative impact on NORMA Group's operating result. In addition, there was the risk of further lockdowns, especially in China, and a very volatile order behavior in the EMEA region.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Fifth plant opened in China

NORMA Group successfully commissioned its fifth production plant in China in the spring of 2022 as part of its localization strategy. The plant in Guangzhou is strategically located close to the largest automotive manufacturer in southern China as well as many other automotive suppliers and enables cost-efficient manufacturing directly at the point of demand. With its new site, NORMA Group further improves its market position in the world's largest market for vehicles powered by alternative drive systems. The company will manufacture thermal management systems for battery-powered electric vehicles (BEV) and plug-in hybrids (PHEV) for the Chinese market in Guangzhou.

Good ratings in ESG, information technology and Investor Relations

NORMA Group's activities were recognized with various awards in the course of fiscal year 2022: In the area of ESG (Environmental, Social, Governance), the company ranked 10th out of 561 German industrial companies assessed by the sustainability rating agency Sustainalytics and thus performed even slightly better than last year. NORMA Group was certified as having above-average sustainability risk management and thus a low probability that a lack of corporate responsibility could have a negative impact on the company's value. [SUSTAINABILITY RATINGS](#)

In the field of information technology, NORMA Group already achieved a top ten ranking in its first application for the most important IT management award in the German-speaking world, "CIO of the Year." The prize is awarded annually by the IT trade publications CIO-Magazin and Computerwoche. NORMA Group competed in the "Large Companies" category and was able to measure its current forward-looking digitalization projects against the IT innovations of large corporations.

In addition, NORMA Group received the FOX FINANCE Award in "GOLD" for an exemplary annual report and in "SILVER" for the design efficiency of its reporting documents as one of three companies in the segment "Industry, Technology, Production" for its 2021 Annual Report and its first Full HTML 2021 Online Annual Report. NORMA Group also came in second out of 70 companies in the SDAX in the capital market competition "Investors' Darling," in which the capital market communication of DAX companies is judged according to several hundred criteria. [IR-WORK](#)

Electricity from renewable energy sources at all Group production sites

NORMA Group began purchasing electricity from renewable energy sources for all of its production facilities in January 2022. The company purchased EAC certificates (Energy Attribute Certificate) for this purpose. For each megawatt hour consumed, proof that the electricity was generated from renewable energy sources is now available. These certificates meet all the requirements of the [GHG PROTOCOL](#). Scope 1 and 2 emissions (method: market-based) were thus reduced by nearly 89% in 2022. [CLIMATE PROTECTION](#)

Significant events after the balance sheet date

Dr. Daniel Heymann new COO of NORMA Group as of May 2023, contract with CFO Annette Stieve prolonged

On March 6, 2023 NORMA Group announced that Dr. Daniel Heymann had been appointed as Chief Operating Officer (COO) with effect from May, 1, 2023. Heymann succeeds Dr. Friedrich Klein, who will step down from the Management Board on April 30, 2023. The Supervisory Board of NORMA Group and Dr. Friedrich Klein have mutually agreed in February 2023 that, in accordance with his own wishes, Dr. Klein will step down from his position on the Management Board and as COO early.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Along with this news it was announced that the Supervisory Board had extended the contract of CFO Annette Stieve by three years until the end of September 2026.

Comparison of target and actual values

NORMA Group issued a forecast on the development of the Group's key performance indicators in fiscal year 2022 when it published its Annual Report 2021 on March 23, 2022. [ANNUAL REPORT 2021](#)

Since then, the development of NORMA Group's operating earnings figures in the course of fiscal year 2022 was affected by the occurrence of a number of obstacles. The main reason for this was the unexpected further increase in the cost of materials due to the sharp rise in gas and energy prices, which could not be fully compensated for by increasing selling prices. Other negative factors included a further rise in inflation, the continuing effects of the war in Ukraine, the risk of further lockdowns in China, and higher logistics and other operating costs. The latter also included IT implementation costs. The Management Board did not expect the challenging situation to ease significantly in the second half of 2022. Management therefore felt compelled to reassess the situation due to the significantly changed environment and the challenges referred to above and adjusted the forecast for the adjusted EBIT margin and net operating cash flow on July 21, 2022.

Taking the aforementioned macroeconomic factors into account and on the basis of the then current figures for the second quarter of 2022 and the expected sales development for the remainder of fiscal year 2022, management has since then forecasted an adjusted EBIT margin of around 8% (previous forecast: "around 11%"). For net operating cash flow, the expectations for fiscal year 2022 have since been a target of around EUR 60 million (previous forecast: "around EUR 100 million").

With regard to the development of organic Group sales, the Management Board maintained the forecast that was published in the Annual Report 2021 and confirmed in the interim statement for the first quarter of 2022 ("mid to high single-digit organic Group sales growth").

When the interim report for the second quarter of 2022 was published, management specified its expectations for the development of the sales channels on August 10, 2022. This was merely a specification in the direction of the lower or upper end, respectively, of the ranges already stated in the forecast: Thus, the Management Board expected mid-single-digit organic sales growth for the EJT business in the full year 2022 (previous forecast: "mid to high single-digit organic sales growth"), while management had since assumed high single-digit organic sales growth for the SJT business (previously: "mid to high single-digit organic sales growth").

Taking the reasons and factors outlined above and the associated ongoing profound change in the environment into account, the development of the cost of materials ratio was also defined more precisely for fiscal year 2022 when the interim report 2022 for the second quarter was published. The Management Board anticipated a higher cost of materials ratio than in the previous year (previously: "stable cost of materials ratio"). By contrast, the Management Board anticipated an improvement in the personnel cost ratio compared to the previous year (previously: "stable personnel cost ratio"), assuming that sales would continue to develop positively.

With regard to NORMA Value Added (NOVA), the Management Board expected it to reach a value in the corridor between EUR -20 million and EUR 10 million in the full year 2022 (previously: "between EUR 20 million and EUR 40 million") based on the information available at that time.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

TABLE T027 "COMPARISON OF TARGET AND ACTUAL VALUES" 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 7.1% in NORMA Group's sales is in line with the assumption of mid to high single-digit organic Group sales growth published in March 2022 and confirmed in July 2022. In the Americas and EMEA regions, the development of organic sales growth was realized as forecasted, whereas organic sales in Asia-Pacific declined due to a subdued EJT business. This can mainly be attributed to the corona restrictions set in China in 2022 and an associated lower industrial production.

The cost ratios also developed as most recently assumed in the forecast for 2022: The Group achieved a significant improvement in the personnel cost ratio compared to the previous year (2022: 24.9%; 2021: 26.1%). By contrast, the cost of materials ratio was higher than expected at 48.0% (2021: 45.8% due to the persistently high prices on the global procurement markets).

The adjusted EBIT margin was 8.0% in fiscal year 2022 and thus developed in line with the in July 2022 adjusted and expected target of "around 8%".

Net operating cash flow reached EUR 65.3 million, exceeding the target of around EUR 60 million expected for fiscal year 2022. This was achieved despite a stronger change in working capital and higher investments from operating activities compared to the previous year.

NORMA Value Added (NOVA) was negative at EUR -27.1 million in fiscal year 2022 and fell short of the forecast range of "between EUR -20 million and EUR 10 million." The reason for this development was the significantly lower adjusted EBIT compared to the previous year as well as the noticeable increase in the weighted average cost of capital (WACC).

The financial result in fiscal year 2022 was burdened by the increase in interest expenses compared to the previous year and therefore, at EUR -12.6 million, exceeded the forecast target value of "up to EUR -10 million." Due to the decline in adjusted EBIT, the adjusted tax rate in fiscal year 2022 was 35.2% and considerably higher than assumed in the forecast for fiscal year 2022 ("between 27% and 29%"). The reasons for the increase include non-creditable withholding taxes and non-deductible expenses as well as unrecognized deferred tax assets on losses in fiscal year 2022.

The investment ratio in fiscal year 2022 was 4.3% and, as in the previous year, below the forecast range of between 5% and 6% of Group sales. Although investments made in the past fiscal year increased once again, investment activity from operating activities was impacted by high input costs, global material availability and logistical challenges in fiscal year 2022.

The number of defective parts per million parts (PPM) was at 2.9 pleasingly below the specified value of 5.5.

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Comparison of target and actual values					T027
	Results 2021 ¹	March 2022	July 2022	August 2022 (Q2)	Results 2022 ¹
Group sales	EUR 1,091.9 million	n / a	n / a	n / a	EUR 1,243.0 million
Organic Group sales growth	16.2%	Mid to high single-digit organic Group sales growth	No adjustments	No adjustments	7.1%
Organic sales growth EMEA	12.6%	Mid-single digit organic sales growth	No adjustments	No adjustments	6.1%
Organic sales growth Americas	22.9%	Mid to high single-digit organic sales growth	No adjustments	No adjustments	11.9%
Organic sales growth Asia-Pacific	9.1%	Mid to high single-digit organic sales growth	No adjustments	No adjustments	-2.6%
Organic sales growth EJT	13.2%	Mid to high single-digit organic sales growth	No adjustments	Mid-single digit organic sales growth	7.5%
Organic sales growth SJT	19.9%	Mid to high single-digit organic sales growth	No adjustments	High-single digit organic sales growth	6.4%
Cost of materials ratio	45.8%	Stable cost of materials ratio	No adjustments	Higher cost of material ratio compared to previous year	48.0%
Personnel cost ratio	26.1%	Stable personnel cost ratio	No adjustments	Improvement of personnel cost ratio compared to previous year	24.9%
Adjusted EBIT margin	10.4%	Around 11%	Around 8%	No adjustments	8.0%
NORMA Value Added (NOVA)	EUR 16.0 million	Between EUR 20 million and EUR 40 million	No adjustments	Between EUR - 20 million and EUR 10 million	EUR -27.1 million
Financial result	EUR -12.4 million	Up to EUR – 10 million	No adjustments	No adjustments	EUR -12.6 million
Adjusted tax rate	28.6%	Between 27% and 29%	No adjustments	No adjustments	35.2%
Earnings per share	EUR 2.27 (adjusted) EUR 1.76 (reported)	Significant increase in adjusted earnings per share	No adjustments	Significant decrease in adjusted earnings per share	EUR 1.75 (adjusted) EUR 1.23 (reported)
Net operating cash flow	EUR 99.8 million	Around EUR 100 million	Around EUR 60 million	No adjustments	EUR 65.3 million
R&D investment ratio ²	3.5%	Around 3% of sales	No adjustments	No adjustments	3.3%

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

(continued) Comparison of target and actual values

Investment ratio (excluding acquisitions)	4.3%	Investment ratio between 5% and 6% of Group sales	No adjustments	No adjustments	4.3%
Payout ratio for the dividend	EUR 0.75 33.0%	Approx. 30% to 35% of adjusted Group net income for the year ³	No adjustments	No adjustments	EUR 0.55 ⁴ 31.3% ⁴
CO ₂ emissions	43,449 tons of CO ₂ -equivalents ⁵	Less than 10,000 tons of CO ₂ -equivalents	No adjustments	No adjustments	4,879 tons of CO ₂ -equivalents ⁵
Invention applications	25	More than 20	No adjustments	No adjustments	21
Number of defective parts per million	4.9	5.5	No adjustments	No adjustments	2.9

1_The adjustments in the fiscal years 2021 and 2022 relate exclusively to adjustments of depreciation and amortization of property, plant and equipment and intangible assets from purchase price allocations. The expenses incurred within the "Get on track" program are not adjusted.

2_Due to the increasing strategic relevance of the area of Water Management, NORMA Group includes the 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)

3_As 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_In accordance with the proposal for the appropriation of net income, subject to approval by the Annual General Meeting on May 11, 2023.

5_This corresponds to a reduction of around 89% compared to 2021. Since January 2022, NORMA Group has been purchasing electricity from renewable energies at all of the Group's production sites. In this context, NORMA Group acquires so-called EAC certificates (EAC – Energy Attribute Certificate).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Earnings, asset and financial position

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

Fiscal year 2022 was again characterized by massive uncertainties and major imponderables resulting from the overall geopolitical situation and the continuing impact of the corona pandemic in 2022, in particular with concerns over further lockdowns in China. The cost of gas and electricity and, as a result, the prices for the energy-intensive raw materials and input materials required by NORMA Group rose to unprecedented levels following the outbreak of the war in Ukraine. In addition, this resulted in renewed disruptions to the supply chains in Europe. Demand in the Asia-Pacific region was also rather subdued for large parts of the year. However, NORMA Group's business continued to develop well in the Americas region. At the same time, sales were supported throughout 2022 by positive currency effects from the strong US dollar.

In this turbulent environment characterized by diverse and complex challenges, NORMA Group nevertheless managed to grow further. Organic sales growth amounted to 7.1% and was mainly due to an inflation-driven increase in sales prices. Overall, Group sales in fiscal year 2022 reached EUR 1,243.0 million (2021: EUR 1,091.9 million), an increase of 13.8%.

At EUR 99.0 million, the adjusted operating result – adjusted EBIT – was significantly lower than in the previous year (2021: EUR 113.8 million). The adjusted EBIT margin was 8.0% after 10.4% in the previous year. This is in line with the adjusted expectations of the Management Board. The decline in profitability compared to the previous year is primarily attributable to the significant increase in raw material and energy costs in connection with supply chain issues and additional burdens from logistics expenses in 2022. Costs for the implementation of a new Group-wide ERP solution and additional costs in connection with the closure of an East German site and the related relocation of production capacities within Europe also had a negative impact.

The Management Board of NORMA Group looks forward to the year 2023 with caution and respect. The current fiscal year will also bring challenges. Taking the overall economic situation into account and based on the analyses and evaluations of renowned economic institutes currently available, the Management Board expects organic Group sales growth in a medium sized single-digit percentage range in fiscal year 2023 compared to the previous year. With regard to the development of the EBIT margin adjusted for acquisition effects, the Management Board assumes that this will develop similarly to how it did in fiscal year 2022 and therefore forecasts a target value of around 8% for the full year 2023. [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 reflect the management's view.

In fiscal year 2022, as in 2021, 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 1.3 million in fiscal year 2022 (2021: EUR 1.5 million). In addition, amortization of intangible assets from purchase price allocations in the amount of EUR 21.2 million (2021: EUR 20.2 million) was adjusted within EBIT.

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Table T028 shows the adjusted figures in fiscal year 2022. More detailed information on the unadjusted figures can be found in the [NOTES](#).

		Adjustments ¹			T028
		2022 adjusted	Adjustments	2022 reported	
Group sales	EUR million	1,243.0	–	1,243.0	
EBITDA	EUR million	157.2	–	157.2	
EBITDA margin	%	12.6	–	12.6	
EBITA	EUR million	106.9	1.3	105.6	
EBITA margin	%	8.6	–	8.5	
EBIT	EUR million	99.0	22.4	76.5	
EBIT margin	%	8.0	–	6.2	
Financial result	EUR million	-12.6	–	-12.6	
Profit for the period	EUR million	56.0	16.8	39.2	
EPS	EUR	1.75	0,52	1.23	

¹ Deviations may occur due to commercial rounding.

Earnings position

Development of sales

Group sales

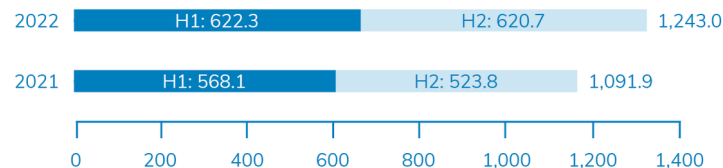
In fiscal year 2022, NORMA Group generated Group sales of EUR 1,243.0 million, which represents a 13.8% increase compared to the previous year (2021: EUR 1,091.9 million). This includes organic sales growth of 7.1%. The largest share of the positive development in the past fiscal year was attributable to price increases implemented vis-à-vis customers due to the higher costs of raw materials and energy. In addition, positive currency effects of 6.7% boosted sales. These are mainly attributable to the strength of the US dollar throughout 2022.

Overall, NORMA Group's business in the reporting year 2022 was strongly indirectly influenced by Russia's war in Ukraine, which started in February 2022. The resulting inflation as well as ongoing restrictions in connection with the corona pandemic and fears of further lockdowns in China also created numerous challenges in the market environment. The first few months of 2022 also saw highly volatile customer ordering behavior. Last but not least, the massive increase in the costs of energy, materials and logistics and the overall prevailing economic uncertainties also burdened NORMA Group's business.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Development of 2022 sales in EUR million

G026



Positive development in EJT business despite partly weak automotive demand in first half of the year

Sales in the EJT business totaled EUR 698.8 million in fiscal year 2022. Compared to the previous year (2021: EUR 620.7 million), this represents a 12.6% increase in sales (organic: 7.5%). Currency effects contributed 5.1% to this growth. In the first half of 2022, the Americas region was still the main driver of sales in the Engineered Joining Technology segment, benefiting from positive price effects. By contrast, the second half of the year saw an increase in sales in the automotive business in the EMEA and Asia-Pacific regions. In addition, higher input costs were increasingly passed on to customers in these regions.

With its Standardized Joining Technology (SJT) segment, NORMA Group generated sales of EUR 535.3 million in fiscal year 2022, thus also significantly exceeding the previous year's figure by 15.3% (2021: EUR 464.3 million). Organic sales growth amounted to 6.4%. Currency effects pushed up sales by an additional 8.9%. Significant additional sales were generated in the Americas region in particular in fiscal year 2022. This was attributable to organic growth (+12.4%) in the US water business and positive price effects. In the Asia-Pacific region as well, SJT business developed positively despite difficult conditions thanks to an increase in selling prices, whereas sales in the EMEA region in 2022 were down on the previous year.

Effects on Group sales¹

T029

	EUR million	Share in %
Group sales 2021	1,091.9	
Organic growth	78.0	7.1
Currency effects	73.1	6.7
Group sales 2022	1,243.0	13.8

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

Development of sales channels

T030

	Engineered Joining Technology (EJT)		Standardized Joining Technology (SJT)	
	2022	2021	2022	2021
Group sales (EUR million)	698.8	620.7	535.3	464.3
Change (in %)	12.6		15.3	
Share of sales (in %)	57	57	43	43

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Development of earnings

(Adjusted) EBIT, (adjusted) EBITA and adjusted ROCE

The operating result (earnings before interest and taxes, EBIT) amounting to EUR 76.5 million in fiscal year 2022 was below the previous year's figure (2021: EUR 92.1 million). The EBIT margin was 6.2% (2021: 8.4%). The decline in EBIT is mainly due to significantly higher purchase costs of materials and raw materials of importance to NORMA Group as well as higher production and logistics expenses for inbound and outbound freight. Besides the worldwide increase in freight costs, these higher logistics expenses are also attributable to interim delivery backlogs and the need for more expensive special freight. Furthermore, additional expenses for temporary workers, increased costs in connection with the introduction of a globally standardized ERP system, higher costs for warranty expenses and contractual penalties, and higher travel costs contributed to the decline in EBIT.

EBIT adjusted exclusively for depreciation and amortization from purchase price allocations totaled EUR 99.0 million. This compares to EUR 113.8 million in the previous year and represents a 13.0% decrease. The adjusted EBIT margin reached 8.0% in the current reporting period (2021: 10.4%).

Earnings before interest, taxes and amortization of intangible assets (EBITA) were also below the previous year's level at EUR 105.6 million (2021: EUR 121.0 million). The EBITA margin was 8.5% (2021: 11.1%). Adjusted EBITA of EUR 106.9 million in fiscal year 2022 was 12.8% lower than in the previous year (2021: EUR 122.5 million). The adjusted EBITA margin reached 8.6% (2021: 11.2%).

Return on capital employed (ROCE) as a ratio of adjusted EBIT to average capital employed was 9.7% in fiscal year 2022 (2021: 11.9%). The year-on-year decline in ROCE was mainly due to lower adjusted EBIT. The slight increase in average capital employed also had a negative impact on ROCE.

Return on capital employed (ROCE)			T031
		2022	2021
Adjusted EBIT	EUR million	99.0	113.8
Average capital employed	EUR million	1,021.1	958.0
ROCE	%	9.7	11.9

Key factors influencing the development of earnings

Cost of materials ratio and gross margin

The global general conditions deteriorated significantly in 2022, mainly due to disrupted supply chains in Europe as a result of the war against Ukraine and the pandemic-related restrictions in China which lasted throughout the year. In Europe, the cessation of gas supplies from Russia caused a significant increase in energy costs and consequently massive disruptions on the international energy and raw material markets. The continued shortage of raw materials and the resulting significant increase in prices for energy, raw materials and intermediate products put pressure on NORMA Group's margins. Moreover, the supply bottlenecks drove up the logistics costs on the input side. This development was partially offset in the second half of 2022 by passing on the higher initial costs to customers.

In total, cost of materials amounted to EUR 597.0 million in the current reporting year, which corresponds to an increase of 19.4% compared to the previous year (2021: EUR 500.0 million). Due to the disproportionately higher cost of materials compared to sales growth in combination with likewise increased expenses for inbound transport

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

and logistics services, the cost of materials ratio (cost of materials as a percentage of sales) amounted to 48.0% in fiscal year 2022 (2021: 45.8%). The cost of materials ratio in relation to the total operating performance (sales plus changes in inventories and other own work capitalized) also rose considerably to 47.3% (2021: 44.9%).

Gross profit in fiscal year 2022 amounted to EUR 664.4 million, an increase of 8.5% compared to the previous year (2021: EUR 612.4 million), due to higher sales. The significant increase in cost of materials had a negative impact on gross profit. By contrast, the build-up of inventories had an increasing effect on gross profit in fiscal year 2022, although this was EUR 1.8 million lower than in the previous year (2022: EUR 15.6 million; 2021: EUR 17.5 million). At 53.5%, the gross margin was 2.6 basis points lower than in the previous year (2021: 56.1%).

Personnel cost ratio

At EUR 309.4 million, personnel expenses in fiscal year 2022 exceeded the level of the previous year (2021: EUR 284.9 million) by 8.6%. This was mainly due to the currency-related increase in personnel expenses for employees in the Americas. In addition, the increase in personnel costs in the Asia-Pacific region as a result of a year-on-year increase in the workforce also had an increasing effect on expenses. Due to the significantly higher volume of sales compared to the previous year, which was also driven by inflation-related price increases in particular, the personnel cost ratio improved to 24.9% (2021: 26.1%).

Other operating income and expenses

The balance of other operating income and expenses in fiscal year 2022 amounted to EUR -197.8 million (2021: EUR -159.9 million). Compared to the previous year, this represents an increase of 23.7%. As a percentage of sales, the balance of other operating income and expenses was 15.9% (2021: 14.6%).

The year-on-year increase in other operating expenses was mainly due to additional costs. These included expenses for temporary staff and other personnel-related expenses. They were caused by the strong fluctuation in customer demand and the resulting need for flexibility in personnel planning. In addition, the situation on the job market in the US was difficult and made it necessary to resort to hiring temporary workers. Higher logistics costs were also incurred, particularly for cost-intensive special freight. In addition, other operating expenses in 2022 included further costs in connection with the implementation of a new Group-wide ERP system, which increased expenses for IT and telecommunications. Warranty expenses and contractual penalties also increased compared to the previous year due to delays in deliveries and as a result of production relocations.

Other operating income in fiscal year 2022 mainly related to foreign exchange gains from operating activities resulting from currency fluctuations in the European region. It also included income from the reversal of liabilities – primarily in connection with the reversal of personnel-related obligations – and of unused provisions, as well as income from the disposal of non-current assets. The latter resulted mainly from the sale of a plot of land in the US.

[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, amounted to EUR -27.1 million in fiscal year 2022 and thus decreased quite significantly compared to the previous year (2021: EUR 16.0 million). The reason for this significant decline was significantly lower adjusted EBIT coupled with increased costs of capital.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Financial result

The financial result amounted to EUR -12.6 million in fiscal year 2022 and thus deviated only slightly from the financial result of the previous year (2021: EUR -12.4 million). The financial result was mainly burdened by the increase in interest expenses compared to the previous year. This resulted primarily from the effects of interest rate increases in the US dollar and euro zone and a negative result from the valuation of derivatives. By contrast, the clearly positive foreign exchange result from financing activities had an increasing effect on the financial result.

[NOTES.](#)

Income taxes

The tax expense at Group level amounted to EUR 24.7 million (2021: tax expense EUR 23.6 million) in fiscal year 2022. Based on a pre-tax result of EUR 63.9 million (2021: EUR 79.7 million), this resulted in a tax rate of 38.7% (2021: 29.6%). The adjusted tax rate in fiscal year 2022 was 35.2% (2021: 28.6%). The reasons for the increase include non-creditable withholding taxes and non-deductible expenses as well as unrecognized deferred tax assets on losses in fiscal year 2022.

Profit for the period and appropriation of profit

Net profit for the period amounted to EUR 39.2 million in fiscal year 2022 and thus fell below the figure for the prior-year period (2021: EUR 56.1 million). Based on an unchanged number of shares compared to the previous year of 31,862,400, this results in earnings per share of EUR 1.23 (2021: EUR 1.76) after deduction of the profit for the period attributable to non-controlling interests.

Adjusted profit for the period amounted to EUR 56.0 million in fiscal year 2022 (2021: EUR 72.3 million). This results in adjusted earnings per share of EUR 1.75 after deduction of the profit for the period attributable to non-controlling interests (2021: EUR 2.27).

The Management Board and Supervisory Board will propose to the Annual General Meeting on May 11, 2023, that a dividend totaling EUR 17.5 million be distributed from the commercial net profit of NORMA Group SE of EUR 36.8 million. This is equivalent to a dividend of EUR 0.55 per no-par value share entitled to a dividend. The proposed payout ratio amounts to 31.3% of the adjusted net profit and is thus in the corridor between 30% and 35% according to NORMA Group's sustainable dividend strategy.

Development of sales and earnings in the segments

EMEA

External sales in the EMEA region increased by 5.8% to EUR 489.2 million in fiscal year 2022 (2021: EUR 462.4 million). Organic sales growth amounted to 6.1%. This development is mainly attributable to the renewed increase in demand for automotive joining technology in the second half of 2022. The resulting increase in sales more than compensated for the downward trend from the first half of 2022. As a result, the EJT segment in the EMEA region showed a significant year-on-year recovery in 2022 as a whole, posting growth of 9,5% (organic: 9,7%) to EUR 363.5 million (2021: EUR 332.0 million). In addition to the slight recovery of the automotive industry in the second half of 2022, price increases successfully passed on to customers were also a key driver of the positive development in the EJT business. By contrast, sales in the Standardized Joining Technology (SJT) business in the EMEA region declined by 4,3% (organic: -3,7%) to EUR 121.2 million (2021: EUR 126.6 million) due to continued subdued business. The decline in sales could not be fully compensated for by inflation-related price increases vis-à-vis customers.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Overall, the EMEA region accounted for around 40% of total sales in fiscal year 2022, down on last year's figure (2021: 42%).

Adjusted EBIT in the EMEA region declined significantly in fiscal year 2022 to EUR 13.8 million (2021: EUR 43.9 million). The adjusted EBIT margin was 2.6% (2021: 8.8%). This significant decline in profitability was primarily due to high expenses for energy and materials, but also to additional transfer costs incurred in connection with the relocation of an East German production site to the Czech Republic and to NORMA Group's main site in Maintal, Germany. In order to process customer orders as promptly as possible despite these conditions, additional temporary workers were deployed at the European sites. As part of the additional costs, special trips were also necessary to reduce delays in shipments. In addition, IT costs incurred in connection with the introduction of a new ERP system had a negative impact on the margin.

Americas

In the Americas region, external sales in the reporting year 2022 amounted to EUR 574.2 million, thus exceeding the previous year's figure (2021: EUR 456.8 million) by 25.7%. This significant increase is divided into an increase in organic sales of 11.9% and positive currency translation effects due to the strong US dollar (+13.9%). The sales growth in the region was based on a very good business performance in the SJT segment: at EUR 355.2 million (2021: EUR 282.4 million), a 25.8% (organic: 12.0%) higher sales level was achieved there compared to the same period of the previous year. The US water business alone was able to realize organic growth of 12.4% over the year as a whole (2021: 20.9%). The positive development was driven by a general economic recovery as well as effects from passing on higher cost prices to customers.

The EJT business also contributed to the positive development of sales in the Americas region as a result of the significant recovery in production figures for light and heavy vehicles and higher selling prices. Overall, sales of the automotive business in the Americas region reached EUR 215.4 million in 2022 (2021: EUR 171.7 million), which equates to a 25.4% increase in sales (organic: 11.4%).

The Americas region's share of Group sales accordingly increased significantly to 46% (2021: 42%) in fiscal year 2022.

At EUR 74.4 million, adjusted EBIT in the Americas region significantly exceeded the previous year's figure (2021: EUR 52.7 million). The adjusted EBIT margin for the Americas region was thus 12.7% (2021: 11.3%). The main factor behind its positive development was the increase in sales caused by higher selling prices. In addition, the sale of a property in the US had an increasing effect on adjusted EBIT, whereas the higher price level for raw materials, an increase in freight costs, and higher personnel costs due to fluctuating customer demand weighed on adjusted EBIT in the Americas region.

Asia-Pacific

External sales in the Asia-Pacific region rose by 3.9% to EUR 179.6 million in fiscal year 2022 and thus exceeded the previous year's figure (2021: EUR 172.8 million). In organic terms, business in the region developed negatively, declining by -2.6%, while currency effects had a positive impact of 6.5%. The subdued development in the Asia-Pacific region was mainly due to an organically weak EJT business (-4.4%) as a result of the ongoing restrictions related to corona, in China in particular, and the resulting lower industrial production. Overall, EJT sales for the full year 2022 amounted to EUR 119.9 million (2021: EUR 116.9 million).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

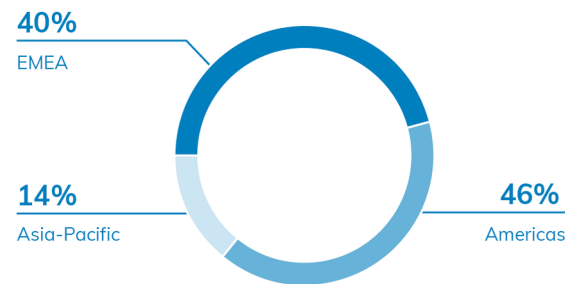
By comparison, SJT sales amounted to EUR 58.9 million (2021: EUR 55.3 million), resulting in a 6,6% increase, or 1,2% organically, compared to 2021. The positive sales trend in the first half of the year weakened significantly again in the further course of the year, resulting in a strong downward development.

The Asia-Pacific region accounted for 14% of Group sales (2021: 16%) in fiscal year 2022.

Adjusted EBIT in the Asia-Pacific region of EUR 20.0 million was below the comparative figure for the previous year (2021: EUR 25.0 million). The adjusted EBIT margin amounted to 10.6% (2021: 14.0%). This development is attributable, among other factors, to higher costs of materials and logistics and additional expenses in connection with the restrictions related to corona.

Sales by segment

G027



Development of segments

T032

		EMEA			Americas			Asia-Pacific		
		2022	2021	Δ in %	2022	2021	Δ in %	2022	2021	Δ in %
Total segment sales	EUR million	522.4	500.1	4.5	585.6	465.2	25.9	188.8	179.4	5.2
External sales	EUR million	489.2	462.4	5.8	574.2	456.8	25.7	179.6	172.8	3.9
Contribution to consolidated sales	%	40	42	n/a	46	42	n/a	14	16	n/a
Adjusted EBITA ¹	EUR million	15.8	47.4	-66.6	77.7	55.6	39.7	20.5	25.7	-20.1
Adjusted EBITA margin ^{1,2}	%	3.0	9.5	n/a	13.3	12.0	n/a	10.9	14.3	n/a
Adjusted EBIT ¹	EUR million	13.8	43.9	-68.7	74.4	52.7	41.2	20.0	25.0	-20.3
Adjusted EBIT margin ^{1,2}	%	2.6	8.8	n/a	12.7	11.3	n/a	10.6	14.0	n/a

¹ Adjusted for expenses in connection with acquisitions. [ADJUSTMENTS](#)
² In relation to segment sales.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - > ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Asset position

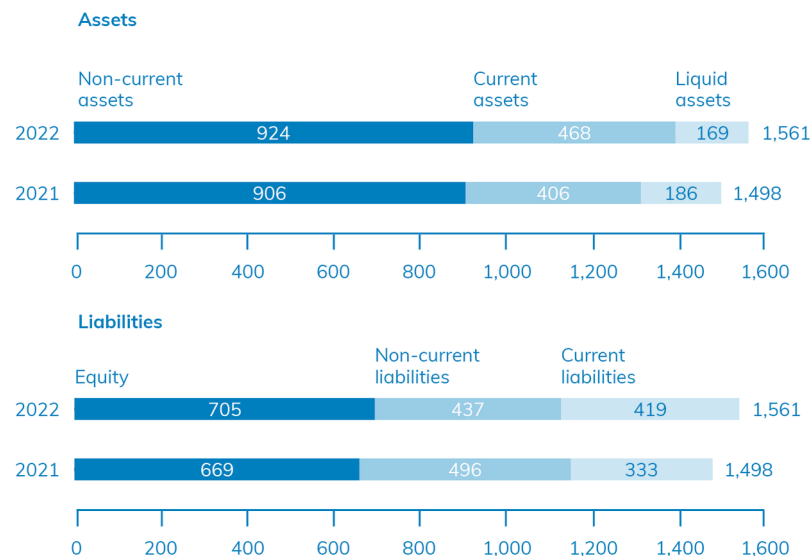
Assets

Total Assets

Total assets amounted to EUR 1,560.7 million as of December 31, 2022, an increase of 4.2% compared to the previous year (Dec 31, 2021: EUR 1,498.2 million).

Asset and capital structure in EUR million

G028



Non-current assets

Non-current assets amounted to EUR 924.5 million as of December 31, 2022, an increase of 2.1% compared to the previous year's reporting date (Dec 31, 2021: EUR 905.6 million). While the goodwill included in this figure increased by 2.4% to EUR 402.3 million (Dec 31, 2021: EUR 392.7 million) due to currency effects, other intangible assets declined by 7.9% to EUR 195.9 million (Dec 31, 2021: EUR 212.8 million) whereby currency effects had an offsetting increasing effect on other intangible assets. Property, plant and equipment increased by 6.5% to EUR 295.8 million (Dec 31, 2021: EUR 277.7 million). A total of EUR 53.2 million was invested in fixed assets (property, plant and equipment and intangible assets, excluding leasing) in fiscal year 2022 (2021: EUR 47.4 million). Thus, NORMA Group's investment activities in fiscal year 2022 resulted in a constant investment ratio of 4.3% compared to the previous year (2021: 4.3%). [PRODUCTION AND LOGISTICS](#) The investments mainly related to the expansion of the sites in Changzhou and Qingdao, China, the construction of a new water management plant in the US and the expansion and further development of production sites in Europe, in particular in the UK, Eastern Europe and Germany.

Non-current assets accounted for 59.2% of total assets as of the reporting date in 2022 (Dec 31, 2021: 60.4%).

[NOTES](#)

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Current assets

Current assets amounted to EUR 636.2 million as of the balance sheet date in 2022 and were thus 7.4% above the level of the previous year's reporting date (Dec 31, 2021: EUR 592.6 million). This was primarily due to the significant 20.6% increase in inventories to a value of EUR 250.8 million (2021: EUR 208.0 million). The increase also resulted from rapid price increases on the procurement market; in addition, inventories of raw materials and intermediate products were built up in anticipation of the price increases to be announced.

Trade and other receivables increased by 15.0% to EUR 186.3 million as of December 31, 2022 (Dec 31, 2021: EUR 162.0 million). This is mainly due to higher selling prices and higher receivables as of the reporting date.

At EUR 168.7 million, cash and cash equivalents on the reporting date December 31, 2022, were below the level of the previous year (Dec 31, 2021: EUR 185.7 million).

At 40.8%, current assets as a percentage of total assets increased slightly compared to the previous year's reporting date (Dec 31, 2021: 39.6 %).

(Trade) working capital

(Trade) working capital (inventories plus receivables less payables, in each case mainly trade payables) amounted to EUR 230.4 million as of December 31, 2022, and thus increased by 21.6% compared to the previous year's reporting date (Dec 31, 2021: EUR 189.5 million). The increase can be attributed in particular to the disproportionate increase in inventories already mentioned. Inventories of work in progress and finished goods were also increased in fiscal year 2022 to ensure the best possible delivery capability. By contrast, the balance of trade payables and receivables remained virtually unchanged compared to the previous year's reporting date. The value of trade working capital also increased, driven by currency effects. The working capital ratio (trade working capital in relation to sales) was 18.5% as of December 31, 2022 (Dec 31, 2021: 17.4%).

Liabilities

Equity ratio

Group equity amounted to EUR 705.4 million as of December 31, 2022, an increase of 5.5% compared to the previous year (Dec 31, 2021: EUR 668.6 million). The consolidated equity ratio rose to a level of 45.2% as of the reporting date of fiscal year 2022 (Dec 31, 2021: 44.6%). The increase in equity mainly resulted from the net profit for the period of EUR 39.2 million. This was offset by the dividend payment made in 2022 (dividend of EUR 0.75 per share) totaling EUR 23.9 million (2021: EUR 22.3 million). In addition, positive currency effects from the translation of foreign operations, positive effects from the remeasurement of the net defined benefit liability and positive effects on cash flow hedge reserves had an increasing effect on equity.

Net debt

Net debt (financial liabilities, including derivative hedging instruments of EUR 1.6 million, less cash and cash equivalents) amounted to EUR 349.8 million at the end of December 2022. The increase of 9.8% or EUR 31.3 million compared to the previous year (Dec 31, 2021: EUR 318.5 million) was mainly due to current interest expenses for loans in fiscal year 2022, the increase in lease liabilities due to additions in the area of rights of use, and the valuation-related increase in liabilities from derivatives. This was offset by net cash outflows from total cash inflows from operating activities, net cash outflows from the procurement and disposal of non-current assets, and from the dividend payment. In addition, cash-neutral negative net currency effects on foreign currency loans, cash and cash equivalents had an increasing impact on net debt.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Financial liabilities

NORMA Group's financial liabilities increased by 2.8% to EUR 518.4 million as of the reporting date in 2022 (Dec 31, 2021: EUR 504.2 million). The main reason for this was the increase in loans payable due to currency effects in connection with the US dollar. This was offset by the net repayment of loans in fiscal year 2022. In addition to the repayment of the promissory note loans in the amount of EUR 8.5 million, there was also a repayment of liabilities from the commercial paper program in the amount of EUR 40.0 million.

There was a year-on-year increase in lease liabilities due to a net increase resulting from repayments (payment of lease installments), additions in the area of rights of use, reassessments of renewal options and amendments to contracts, and interest effects. There was also an increasing effect from exchange rate effects, resulting in particular from liabilities denominated in US dollars of subsidiaries based in the US.

The increase in other financial liabilities resulted mainly from higher liabilities from ABS and factoring. [NOTES](#)

Gearing (net debt in relation to equity) was unchanged at 0.5 as of the reporting date in 2022 (2021: 0.5).

Leverage (net debt excluding hedging derivatives in relation to adjusted EBITDA for the past twelve months) increased to 2.2 compared to the previous year (Dec 31, 2021: 1.9). The increase in the ratio is based on the increase in net debt with a simultaneous decrease in EBITDA in the current reporting year. The leverage relevant for the financing agreements was also 2.2 as of the reporting date December 31, 2022 (December 31, 2021: 1.9).

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.

Financial position

Financing measures

NORMA Group constantly monitors risks from changes in exchange and interest rate changes and limits them, among other ways, by using derivative hedging instruments. Furthermore, NORMA Group generally strives to achieve a diversification of its financing instruments in order to reduce risks. This also includes the prolongation of repayment obligations and an even distribution of the maturity profile. Most of the supply and service relationships between individual currencies are hedged at matching maturities over the course of the year.

NORMA Group had 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 2022, as in the previous year, NORMA Group was able to achieve an improvement in its sustainability scoring, which enabled

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

further savings with regard to the credit margin to be realized. After exercising the 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 commercial paper program that has been in place since 2019 and is used for short-term liquidity management, had been utilized in the amount of EUR 25 million as of December 31, 2022 (Dec 31, 2021: EUR 65 million). EUR 43 million (Dec 31, 2021: EUR 0) had been drawn from the revolving credit facilities as of December 31, 2022. Likewise, a promissory note loan tranche in the amount of EUR 3.5 million was repaid as scheduled and another one in the amount of EUR 5 million was repaid unscheduled. NORMA Group's gross debt (liabilities to banks) increased slightly from EUR 463 million as of December 31, 2021, to EUR 465 million as of the end of 2022.

NORMA Group uses interest rate hedges to hedge interest rate risks that could arise from the external financing components. As of December 31, 2022, the average interest rate of the gross debt (excluding derivatives) was 3.49%. NORMA Group's maturity profile, based on the utilization of the short-term CP program, the revolving credit facilities, the promissory note loans I (2013), II (2014) and III (2016) as well as the syndicated bank loan (2019), as of December 31, 2022, was as shown in [GRAPHICS G029: "MATURITY PROFILE BY FINANCIAL INSTRUMENT"](#) and [G030: "MATURITY PROFILE BY CURRENCY"](#).

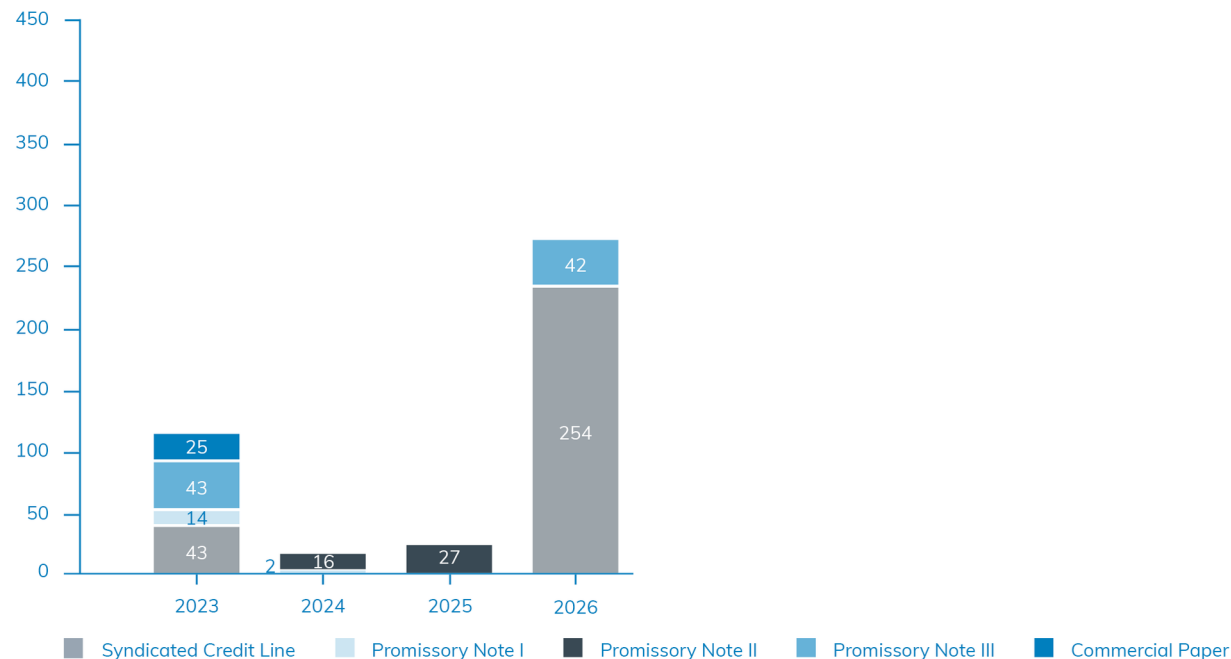
As of the balance sheet date in 2022, NORMA Group complied with all key figures contained in the credit agreements (financial covenants: net debt in relation to adjusted Group EBITDA).

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

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 101 PRINCIPLES OF THE GROUP
- > ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Maturity profile by financial instrument
in EUR million

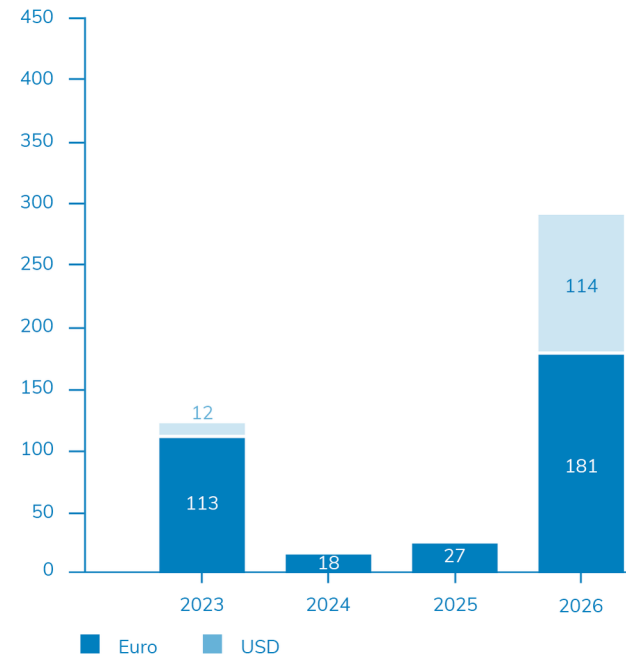
G029



- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - > ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Maturity profile by currency in EUR million

G030



Cash flow

Net operating cash flow

In fiscal year 2022, NORMA Group generated net operating cash flow (adjusted EBITDA less changes in working capital and investments from operations) of EUR 65.3 million (2021: EUR 99.8 million). The change resulted from the weaker EBITDA compared to the previous year, the change in working capital and the increased investments from the operating business.

Cash flow from operating activities

Cash flow from operating activities decreased significantly to EUR 76.6 million in fiscal year 2022 (2021: EUR 108.4 million). This was mainly due to the lower net profit for the period in combination with the changes in trade working capital. [NOTES](#)

Cash flow from investing activities

At EUR 44.5 million, the cash outflow from investing activities in fiscal year 2022 remained at a similar level as in the previous year (2021: EUR 45.2 million). It includes inflows mainly from the sale of a plot of land in the US and outflows for the acquisition of intangible assets and property, plant and equipment, including the expansion and modernization of production sites.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Investments in the EMEA region included the expansion of production capacities for electromobility applications in Poland, capacity expansions in the area of fluid systems in Serbia, and investments in a new mold concept in the UK. Investments were also made in the modernization of a fully automated production line at the Maintal site in Germany.

Investments in the Americas region included the construction and expansion of a new site for water management products on the East Coast of the US, as well as further capacity expansions in the areas of water management and e-mobility and plant modernizations.

In the Asia-Pacific region, intensive investments were made in the strategic expansion and extension of the Changzhou site for local production of clamps. Localization projects were also implemented in other regions in China and India and investments were made in preparing individual sites for the implementation of customer-specific projects.

Cash flow from financing activities

Net cash used in financing activities decreased by 23.3% to EUR 54.5 million in fiscal year 2022 (2021: EUR 71.1 million). This was primarily due to the significantly lower net payments for loans compared to the previous year. In contrast, the cash outflow from financing activities in fiscal year 2022 includes increased payments for lease liabilities and repayments of hedging derivatives. Dividends amounting to EUR 23.9 million (2021: EUR 22.3 million) were also paid to the shareholders of NORMA Group SE.

Production and logistics

NORMA Group manufactures and markets more than 40,000 products and operates 27 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.

Production and capacity utilization

The degree of capacity 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 2022, NORMA Group's production activities at individual sites worldwide continued to be impacted by the interruption of supply chains due to the corona pandemic and the difficult international supply situation. In addition, the Ukraine crisis led to the interruption of supplies to Russia and Belarus as a result of the foreign trade laws enacted.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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

In fiscal year 2022, NORMA Group continued to implement the “Get on track” change program initiated back in November 2019 to increase its efficiency and competitiveness.

In connection with the closure of the Gerbershausen, Germany, site by the end of 2022, which was announced in June 2020, additional product groups were relocated from Gerbershausen, Germany, to Hustopeče, Czech Republic, and to Maintal, Germany, in the reporting year. Manufacturing of the relocated product groups has already started.

NORMA Group expands production capacities in China

NORMA Group commissioned its fifth production plant in China in 2022. The plant is strategically located near the Guangzhou Automobile Group (GAC) and other automotive suppliers (OEMs) for electric vehicles. NORMA manufactures and assembles thermal management systems for battery-powered vehicles (BEV) and plug-in hybrid cars (PHEV) at the new site.

By opening the new facility in Guangzhou, NORMA Group is expanding its market position by making another targeted investment as part of its localization strategy. By offering its products and services where they are in demand, logistics processes can be designed to be more efficient, freight costs can be reduced and engineering services can be implemented in close exchange with customers.

The plant on the site of Datang Auto Technology Park has a total area of 2,500 m² and currently a capacity of 4 million parts per year. 80 people were employed there at the end of 2022.

Investments in capacity expansion

NORMA Group invested in the expansion of its capacities in fiscal year 2022. 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Strategic investment highlights 2022

T033

Region	Country	City	Investment	
EMEA	Serbia	Subotica	Further expansion of new production capacities in the area of thermofixing in the fluid systems sector for a leading European automotive manufacturer	
			Setup of two innovative assembly lines to expand capacity in the fluid systems sector for a renowned European OEM	
	United Kingdom	Newbury	Modernization and further development of production facilities and tooling concepts in addition to expansion of capacity in the area of clamp production	
	Germany	Maintal	Modernization of a fully automated production line in the area of clamp manufacturing	
Americas	USA	Poland	Pilica	Establishment of production capacities and tooling for a new product development as part of a global order from a leading automotive manufacturer
		St. Clair, Michigan	Establishment of production capacities and tooling in the area of e-mobility for an electric vehicle manufacturer as well as modernization of the respective production capacities	
		Lithia Springs, Georgia	Establishment of the infrastructure at the new site for water management products on the east coast	
			Lindsay, California	Establishment of production capacities at the new site for water management
			Saltsburg, Pennsylvania	Expansion of production capacities in the area of water management
				Expansion of capacity and modernization to enable in-house production of an innovative new worm drive clamp
	Asia-Pacific	India	Pune	Localization of production capacities for the Indian market in the area of connectors
	China	Changzhou	Increase of capacity to enable localization in the area of clamp production for the Chinese market	
			Strategic expansion and extension of the site	
			Qingdao	Establishment of production capacities and tooling for a new product development as part of a global order from a leading automotive manufacturer
			Guangzhou	Significant build-up of production capacities and tooling in the area of quick connectors for a leading automotive manufacturer in China and from Germany
	Malaysia	Ipoh	Establishment of a new manufacturing site in South China, including production capacities in thermofixing and assembly of fluid systems in the area of e-mobility	
			Expansion of the production capacities for a new product in the area of water management	

Continuous optimization of the entire value chain

At NORMA Group, all internal process steps in the value chain are constantly examined for optimization potential. The Global Operational Excellence Management System is an important tool for meeting this objective. This system is used 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 at the plants and to identify and realize further cost savings. NORMA Group uses a “toolbox” of lean

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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.

Customer proximity and a secure supply chain

In order to keep its supply chain costs as low as possible, NORMA Group strives to keep the geographical routes 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 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, the war in Ukraine and the related short-term fluctuations in availability and demand once again underscored the importance of short and direct supply routes in fiscal year 2022. 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 company strives to be able to react flexibly to fluctuating customer demand at all times despite longer transit times.

Despite the demand for short logistics routes, cross-border deliveries are often unavoidable for NORMA Group in order to meet customers' needs and requirements at all times. Optimized and secure customs processes are therefore indispensable. 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 conducting regular audits of all its business partners, the company 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 often "mission-critical" in its customers' end products. For this reason, 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. Thus, ensuring that products meet all customer expectations and quality requirements is 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 Mobility and New Energy, Industry Applications and Water Management production sites are certified according to ISO 9001, EN 9100 or IATF 16949. The exception is the new site in Guangzhou, China, which opened in 2022, whose certification process is currently underway. 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 and all relevant specialist departments at Group level comply with high quality standards. The extensive requirements of the quality standards also ensure the safety of the end products through numerous measures. These include for example risk assessments, training, incident assessments and appropriate corrective actions.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- > ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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. They report to the respective regional quality managers and global quality management.

NORMA Group operates globally. A key challenge is thus 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) substantially decreased in 2022 to 2.9 PPM (2021: 4.9 PPM). This improvement resulted from further investment in trainings, the implementation of system platforms and the continuous evolution of quality management systems. Moreover, product realization continued to mature at plant level and management set a very strong focus on quality. [NON-FINANCIAL KEY PERFORMANCE INDICATORS](#)

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 efficiently and selecting the proper suppliers, Purchasing can make a significant contribution to the success of the Group. The main task here is to optimize the services purchased 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 (Europe, Middle East and Africa), APAC (East Asia, Southeast Asia, Australia and Oceania) and the 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. Digital procurement solutions support the global organization in its work and thereby enable efficient reporting.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Development of material prices

Cost of materials amounted to EUR 597.0 million (2021: EUR 500.0 million) or 48.0% (2021: 45.8%) of sales in fiscal year 2022. 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 EUR 538.9 million (2021: EUR 481.5 million). Of this amount, EUR 417.8 million, or 78%, was attributable to sales of production materials.

Steel and metal components

In purchasing and supplier management, the top priority in the first half of 2022 in particular was to secure supplies to the global production sites and fend off price increase demands on a scale that had never been seen before. Geopolitical crises – in particular the war in Ukraine – partially disrupted existing supply chains. The resulting shortage of materials in various product groups (e.g. wire) and the resulting massive rise in energy costs led to sharp price increases. In many cases, these could only be mitigated by conducting intensive negotiations. Despite established multi-sourcing strategies (purchasing from several different suppliers), substantial price increases had to be accepted during the year, particularly when supply contracts expired. Various training sessions and information events were held during the year to prepare the sales staff for customer negotiations and to inform them about the ongoing procurement and price risks as well as possible.

For the stainless-steel product group, the most important product group for NORMA Group, demand for stainless steel slit strip in the EMEA and Americas regions at the turn of the year 2021/2022 and during the first quarter of 2022 was significantly higher than the quantities available. The significant increase in spot market prices also led to a massive rise in contract prices for calendar year 2022 (base purchase price for stainless steel excluding alloy surcharges). In particular, the bright annealed products NORMA Group makes use of in Europe were virtually sold out due to the high demand from other industries (e.g. white goods). The necessary quantities could only be secured by holding intensive talks and based on many years of cooperation with our suppliers in a spirit of partnership. As the economy weakened in the second half of 2022, materials became more readily available and prices on the spot markets began to fall.

Important supply contracts in the Americas region expired in the fourth quarter of 2021 and significant price increases had to be accepted in the negotiations for 2022. Further price increases for the special goods used by NORMA Group were demanded by the local suppliers during the year, so that even higher material prices had to be accepted in some cases for the second half of 2022. In addition, the manufacturers issued strict delivery quotas for special products. A slight improvement in material availability at unchanged price levels was not seen in the Americas until the fourth quarter.

By contrast, the procurement market in Asia-Pacific, and there above all in China, was characterized by significantly better availability of materials. Here, too, higher purchase prices for stainless steel had to be accepted initially. This was due to the fact that alloy surcharges are already included in the price agreements there and not charged separately at the end. Since the main components and the cost drivers nickel (the highest price was reached at the end of the first quarter of 2022) and ferrochrome were trading at extremely high prices, input costs initially increased in the first half of 2022 before leveling off at a high level.

The prices of the new monthly fixed alloy surcharges (price components include nickel, scrap and ferrochrome prices) rose rapidly in the course of the fiscal year – as illustrated by the example of the material 1.4301 – to

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- > ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

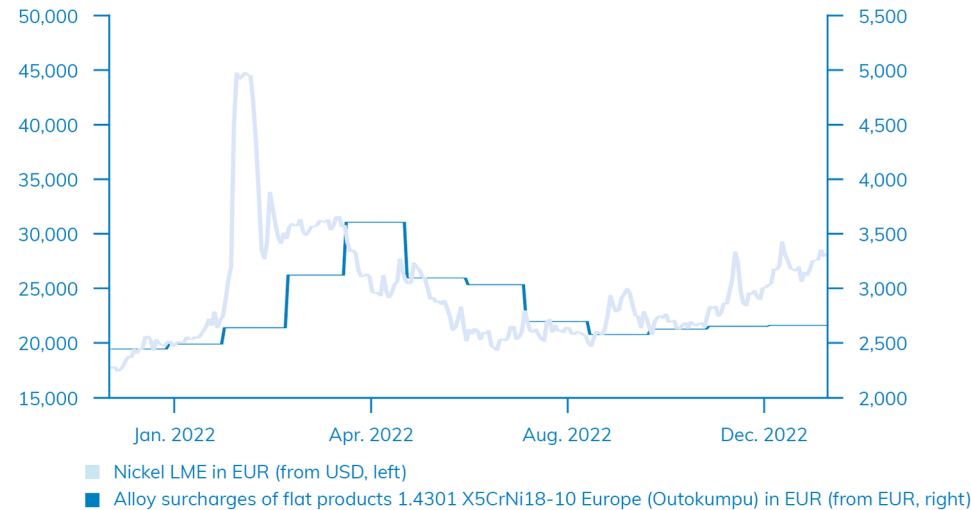
- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

unprecedented levels of over EUR 3,800 per ton. Prices dropped again slightly from September 2022. Overall, however, alloy surcharges in 2022 were significantly higher than the year before.

Development of nickel prices and the alloy surcharge 1.4301

G031



With regard to the metal components used, NORMA Group was able to keep the purchase prices stable in fiscal year 2022 only in a few cases. When contracts expired, double-digit percentage price increases often had to be accepted in the EMEA region and the US despite intensive negotiations in order to lower the risk of experiencing a supply stoppage. By contrast, price negotiations were more successful, in China in particular, where slight price reductions were negotiated in many product groups at the beginning of the year.

In the product group of surface-refined non-stainless steel and cold-rolled strip, the purchase costs also increased in the first nine months. The high energy costs and limited availability due to the Ukraine crisis (particularly for long products / wires) supported the pricing policy of the manufacturers. Prices for standard materials remained stable or even decreased slightly in the fourth quarter, accompanied by a decline in prices on the spot markets. Over the year as a whole, procurement prices were significantly higher than a year earlier.

Technical granulates, plastic and rubber products

In the product group technical granulates, plastics and rubber products, fiscal year 2022 was characterized by considerable volatility, uncertainty and volume shortages. As early as the third quarter of 2021, there were clear signs of a shortage of important input raw materials, such as glass fiber for plastic granulates. This, coupled with a sharp rise in freight costs due to reduced transport capacities, resulted in a significant price increase for granulates and plastic components in the first quarter of 2022.

The extremely sharp rise in energy and gas prices caused by the Ukraine conflict, coupled with continued high demand, resulted in a further price increase for technical granulates from the second quarter of 2022 on, that continued until the fourth quarter of 2022. The commodity group of rubber products was also negatively impacted

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- > ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

by the Ukraine crisis. For example, the conflict led to a massive shortage of volumes and consequently to high price pressure, as important primary raw materials for rubber are largely produced in the two countries involved in the conflict. As a result, several major suppliers of primary raw materials, granulates and components issued force majeure declarations. Despite these circumstances, NORMA Group was able to ensure sufficient volume supplies through targeted supplier management, but at significantly higher input costs.

The improved situation of transport capacities from the third quarter of 2022 on resulted in only a slight easing on the cost side. This was more than offset by high energy costs in the third and fourth quarters, particularly in the EMEA region, as European manufacturers of engineering plastics in particular demanded significant energy surcharges. This also had a negative impact on the other regions. As energy price levels are expected to remain very high for the duration of the Ukraine conflict, particularly in the winter months, the situation is not expected to improve until the second or third quarter of 2023. [FORECAST REPORT](#)

Standard plastics, components and commodities

Although the economy was originally expected to stabilize starting in the first quarter of 2022, Russia's unexpected attack on Ukraine led to disruptions in supply and logistics chains and pervasive uncertainty. As a result, raw material prices remained at a higher level in the first half of the year than had been forecast for 2022 by the major market research institutes. The key factor here was an imbalance in supply and demand combined with a spike in commodity prices. With the weakening of the global economy at the end of the second quarter of 2022, raw material prices finally weakened as well. This trend started in Asia and spread to all other continents. Despite relatively high natural gas and crude oil prices, which are influential to plastics commodity costs, rates of major commodity materials began to decline in the middle of the third quarter of 2022.

The decline in global demand led to an enormous build-up of inventories. This forced many manufacturers to cut back their production. A more moderate pricing structure for sea freight compared to 2021 also had a relieving effect. Sea freight charges had risen sharply in 2021 due to a number of special factors (a typhoon in China, the blockade of the Suez Canal, the effects of the COVID-19 pandemic).

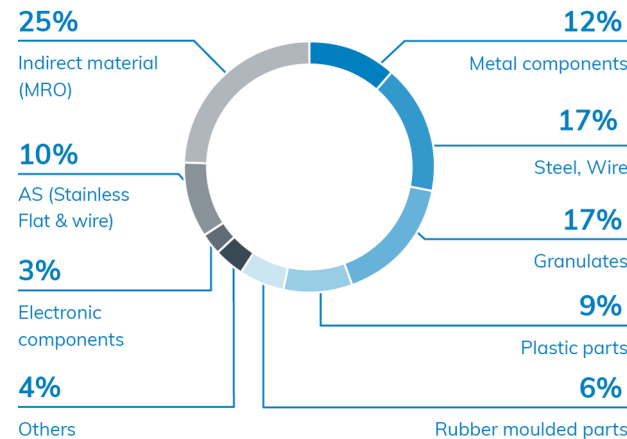
In the second half of 2022, NORMA Group managed to negotiate purchase prices for synthetic resins, which in nearly all cases returned to pre-pandemic levels. Domestic prices for PVC in the US alone remained 30% until 40% above pre-2020 levels at the end of the reporting year, mainly due to the high material costs for the ingredients used to manufacture specialty PVC, but also to the higher market power of certain manufacturers in the highly consolidated US market.

The market for standard plastics, components and merchandise is expected to stabilize in 2023, particularly in light of the weakening economic situation forecast for the current year. However, this assumes that no more major disruptions to the global economy take place.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - > ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Purchasing turnover in 2022 by material groups

G032



High energy and freight costs in 2022

Rising energy costs were the dominant topic in fiscal year 2022. In Europe in particular, geopolitical tensions, sanctions against Russia and a corresponding shortage of supply resulted in significantly higher energy prices compared to last year. Replacement purchases covered the need for energy, but at a significantly higher price compared to the previous year.

Global supply chains continued to pose a challenge for both industry and transport companies in fiscal year 2022. In the sea freight sector, the situation remained tense in the first half of 2022 as well. High demand for transport capacity continued from 2021 and resulted in significant price increases on transpacific and transatlantic routes. Besides capacity bottlenecks, the price increase for marine diesel also played a key role in the significant rise in transport costs.

Port congestion due to disrupted goods traffic in 2021 continued to cause delays in ship handling at all major ports in Asia, Europe and the US in 2022. Lock-downs in Asia in connection with COVID-19 and strikes at ports in Europe and the United States noticeably exacerbated what was already a tense situation at the ports. The first signs of relief on the transpacific routes were not discernible until the end of the third quarter of 2022.

These capacity constraints and additional increases in bunker prices resulted in an increase in ocean freight costs of up to 300% in the first half of 2022 compared to the same period of the previous year.

The transport of goods by land was also affected by the rising price trend in 2022. Diesel prices of over EUR 2 per liter, or USD 5 per gallon, contributed significantly to the increase in transport costs of up to 30%.

In addition to the continuing shortage of truck drivers in the US, the Ukraine conflict also exacerbated the transport situation in Europe. In the first half of the year in particular, the massive shortage of personnel in the transport sector meant that the required capacity in Eastern Europe could not be made available to the extent necessary to fully maintain the supply chains at all times.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- > ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

Supplier management and structure

The purchasing organization continuously monitors the performance of suppliers. Annual evaluations of suppliers are a key instrument in this respect. 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. Besides the annual supplier performance evaluation, supplier risks are monitored continuously using automated risk management software. This helps the purchasing organization to maintain a constant overview of resilience in the supply chain and to initiate the necessary measures early on. [RESPONSIBLE PROCUREMENT](#)

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 36.5% of the total purchasing volume in fiscal year 2022. The top 50 suppliers accounted for around 65.9% (EUR 275.3 million) of the total purchasing volume of production material, amounting to EUR 417.8 million.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 **CONDENSED MANAGEMENT REPORT**
 - 101 PRINCIPLES OF THE GROUP
 - > **ECONOMIC REPORT**
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

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 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 goal here is also to recruit as many specialized employees that the company needs 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.

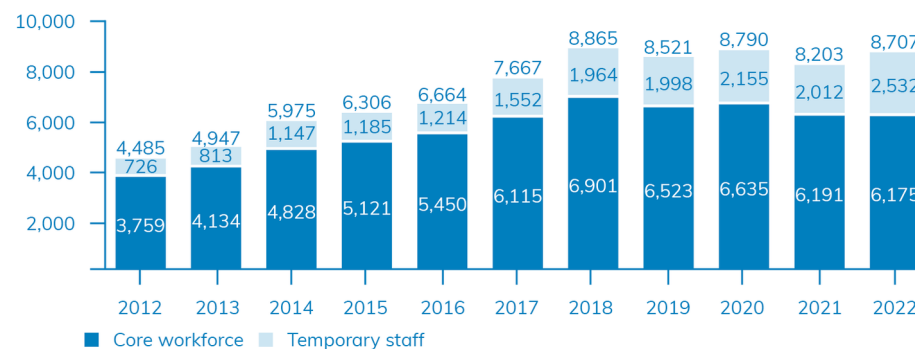
To promote a uniform company culture, NORMA Group has formulated central guiding principles and standardized company values that reflect the fundamental convictions of the company. These guiding principles are communicated and lived at all sites.

Development of the workforce figures

As of December 31, 2022, NORMA Group employed 8,707 people across the Group (core workforce including temporary workers). Compared to the previous year’s reporting date (December 31, 2021: 8,203), this represents a 6.1% increase. 6,175 employees were attributable to the core workforce (Dec. 31, 2021: 6,191). 2,532 temporary workers were employed at the end of December 2022 (December 31, 2021: 2,012) and thus accounted for around 29% of the total workforce (2021: 25%).

Development of personnel figures at NORMA Group

G033



- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - > ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - 194 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Core workforce by segment

T034

	2022	Share in %	2021	Share in %
EMEA	3,432	56	3,467	56
Americas	1,499	24	1,385	22
Asia-Pacific	1,244	20	1,339	22
Total	6,175		6,191	

The lower number of employees in the core workforce compared to the previous year is mainly due to the restrictions still in effect in the reporting year as a result of the COVID pandemic in the Asia-Pacific region and the resulting impact on production capacities. Declines in demand due to the pandemic also had an effect. In light of this, the number of employees in the Asia-Pacific region decreased by 7.1% compared to the previous year. This was offset by an increase in the workforce in the Americas region, which related in particular to the expansion of production and sales capacities in the water business. The core workforce in the EMEA region remained virtually unchanged.

The total number of employees (core workforce and temporary workers) in the current reporting year comprises 4,985 direct employees (2021: 4,572), 1,524 indirect employees (2021: 1,449) and 2,198 salaried employees (2021: 2,182). 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



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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
>	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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. For this reason, NORMA Group has implemented a Group-wide environmental management system and certifies its production sites in accordance with ISO 14001.

The company's goal is to increase the efficiency of its production processes and continuously lower its energy consumption. In order to further reduce CO₂ emissions, some sites at NORMA Group, such as NORMA Changzhou, China, installed solar panels in fiscal year 2022. More sites will have solar panels installed in fiscal year 2023. At the same time, NORMA began purchasing renewable energy in the form of Energy Attribute Certificates (EACs) for electricity for all its manufacturing plants in January 2022. All these certificates fulfill the demands of the [GHG PROTOCOL](#). In addition, waste is to be reduced wherever possible. Furthermore, water sub-meters have been installed to monitor the water consumption and water leakage as well as water recycling. Projects aimed at reusing and saving water have already been implemented. The resulting 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 use 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; method: market-based) are considered an important non-financial performance indicator in the area of the environment. Within NORMA Group, these could be massively reduced to 4,879 tons of CO₂ equivalents (2021: 43,449 tons) in the fiscal year 2022 through the use of renewable electricity. NORMA Group's target of reducing CO₂ emissions from its production processes by around 19.5% by 2024 compared to the reference year 2017 was thus significantly exceeded in 2022. [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 digital marketing strategy
- 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- > ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

The regional marketing units are responsible for executing the various activities and synchronizing them with NORMA Group's operational objectives.

Marketing focus in 2022

The main marketing activities in fiscal year 2022 included the following:

- Development of a target picture of the future brand strategy and brand architecture
- Further development of the Digital Commerce Strategy 2025 focused on NORMA Group's presence on marketplaces. This contains product and application information for customers on the NORMA websites as well as measures to support and facilitate customers in expanding their digital activities
- Preparatory work on the implementation of NORMA Group's new global digital ecosystem
- Global alignment and optimization of marketing tools and suppliers
- Further expansion, standardization, and enrichment of the Product Information Management (PIM) platform and Digital Assets Management (DAM) platform as a basis for further digitalization activities
- Expansion of the digital communication channels with relevant tailor-made content to customers and launch of awareness and lead generation campaigns
- Optimization of the product portfolio and new product launches to offer a complete portfolio to cover its customers' needs
- Development of specific marketing initiatives targeted to new business areas and high-potential markets
- Participation in events, trade shows, and TechDays to reinforce the Company's relationships with its current customers and create new business opportunities

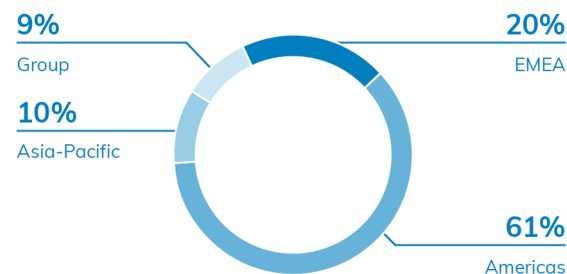
After two years with a low level of activity with regard to trade fairs, exhibitions, TechDays and events with customers due to the pandemic restrictions in most of the countries, NORMA Group was able to participate in events again around the world in 2022, as part of our traditional marketing activities to promote NORMA Group's product solutions to their target markets.

Marketing expenses in 2022

Marketing expenses amounted to a total of EUR 4.8 million in fiscal year 2022 and were thus above the level of the previous year (2021: EUR 4.1 million). Marketing expenses as a percentage of sales amounted to 0.4% in fiscal year 2022 and remained stable compared to the previous year (2021: 0.4%).

Marketing expenses in 2022 by segment

G035



Condensed Management Report of NORMA Group SE (HGB)

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 the 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 Group 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 17,503 thousand in the reporting year (2021: EUR 29,065 thousand). Earnings before taxes developed significantly weaker than forecast, mainly due to the lower income from profit and loss transfer agreements.

Earnings

NORMA Group SE reports earnings after taxes of EUR 13,763 thousand in 2022 (2021: EUR 28,228 thousand).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
>	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
>	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

At EUR 5,690 thousand, the company generated EUR 604 thousand more in sales from license fees for the NORMA Group brand (2021: EUR 5,086 thousand).

Sales by Region		T035	
in EUR thousand	Dec 31, 2022	Dec 31, 2021	
Americas	1,772	1,423	
Asia-Pacific	998	934	
EMEA	2,920	2,729	
Total Sales	5,690	5,086	

Other operating income amounted to EUR 20,156 thousand in 2022 (2021: EUR 15,432 thousand). This included higher income from currency translation of EUR 4,259 thousand (2021: EUR 2,839 thousand) and income relating to other periods of EUR 376 thousand (2021: EUR 386 thousand), mainly resulting from the reversal of provisions. Furthermore, this item included income of EUR 14,132 thousand (2021: EUR 12,047 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 increased by EUR -860 thousand from EUR -6,605 thousand to EUR -7,465 thousand. The change resulted mainly from the severance payment to a former member of the Management Board. The average number of employees in the reporting year was 26 (2021: 25 employees). 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 -31,028 thousand (2021: EUR -23,513 thousand) included in particular expenses for license fees in the amount of EUR -14,132 thousand (2021: EUR -12,047 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 the increased expenses from currency translation compared to the previous year in the amount of EUR -5,736 thousand (2021: EUR -3,126 thousand).

In the reporting year income from investments resulting from a dividend distribution of NORMA Pennsylvania, Inc. amounted to USD 10,000 thousand (EUR 9,502 thousand; 2021: EUR 0 thousand). Due to the current profit and loss transfer agreement with the subsidiary NORMA Group Holding GmbH, corresponding income in the amount of EUR 22,377 thousand (2021: EUR 41,587 thousand) was received. This amount was lower in particular due to the weaker earnings situation of NORMA Germany GmbH. For more details, please refer to the earnings development in the Group Management Report. [SEGMENT DEVELOPMENT EMEA](#)

In the reporting year 2022, income from loans of financial assets amounted to EUR 1,416 thousand (2021: EUR 2,168 thousand). Other interest and similar income increased by EUR 809 thousand to EUR 822 thousand (2021: EUR 13 thousand). Interest and similar expenses decreased by EUR -1,124 thousand from EUR -5,036 thousand to EUR -3,912 thousand.

Earnings before taxes decreased by EUR 11,562 thousand to EUR 17,503 thousand (2021: EUR 29,065 thousand). Income taxes for NORMA Group SE amounted to EUR -3,740 thousand (2021: EUR -836 thousand). and mainly

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
>	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

relate to tax expenses for previous years, in particular due to transfer pricing adjustments in the Group. The result after taxes amounted to EUR 13,763 thousand in the reporting year (2021: EUR 28,228 thousand).

The Annual Financial Statements as of December 31, 2022, show retained earnings of EUR 36,768 thousand (2021: EUR 46,901 thousand). The proposal to distribute EUR 17,524 thousand for fiscal year 2022 and to carry forward EUR 19,244 thousand forward to new account will be made to the Annual General Meeting on May 11, 2023. This would mean that a cash dividend of EUR 0.55 per share will be paid.

Profit and loss account

Income statement for the period from January 1 to December 31, 2022		T036
in EUR thousand	Dec 31, 2022	Dec 31, 2021
1. Sales revenue	5,690	5,086
2. Other operating income	20,156	15,432
3. Personnel expenses	-7,465	-6,605
4. Amortization of intangible assets and depreciation of property, plant and equipment	-55	-68
5. Other operating expenses	-31,028	-23,513
6. Income from investments	9,502	0
7. Income from profit and loss transfer agreements	22,377	41,587
8. Income from loans held as financial assets	1,416	2,168
9. Other interest and similar income	822	13
10. Interest and similar expenses	-3,912	-5,036
11. Income taxes	-3,740	-836
12. Earnings after taxes / net income for the year	13,763	28,228
13. Profit carried forward from the previous year	23,005	18,673
14. Retained earnings	36,768	46,901

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 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 obligations at all times during the fiscal year.

Of the assets side of the balance sheet, 86.3% or EUR 458,292 thousand (2021: 85.0% or EUR 484,311 thousand) consists of financial assets, i.e. 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 26,019 thousand to EUR 32,805 thousand (2021: decrease of EUR 18,568 thousand to EUR 58,824 thousand).

On the assets side, at 13.0% or EUR 69,194 thousand, receivables from affiliated companies are lower than in the previous year (2021: 14.2% or EUR 80,853 thousand) as of December 31, 2022. These include in particular receivables in the amount of EUR 22,377 thousand (2021: EUR 41,587 thousand) from NORMA Group Holding

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
>	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

GmbH from the profit and loss transfer agreement. In addition, the company has receivables of EUR 31,248 thousand (2021: EUR 25,162 thousand) from the cash pool agreement with NORMA Group Holding GmbH.

In addition to cash and cash equivalents in the amount of EUR 596 thousand (2021: EUR 566 thousand), NORMA Group SE holds the cash pool balances mentioned above with the subsidiary NORMA Group Holding GmbH in the amount of EUR 31,248 thousand (2021: EUR 25,162 thousand).

Compared to the previous year, total assets declined by EUR 38,896 thousand to EUR 530,863 thousand (2021: EUR 569,759 thousand). Liabilities to banks fell by EUR 33,575 thousand to EUR 183,406 thousand (2021: EUR 216,981 thousand), in particular due to the repayment of the commercial papers (EUR -40,000 thousand) and the two external loans (EUR -8,500 thousand; 2021: EUR -70,281 thousand) and, in contrast, the first-time inclusion of the revolving credit facility (EUR +15,000 thousand).

Liabilities to affiliated companies increased by EUR 1,971 thousand to EUR 5,822 thousand in the reporting year (2021: EUR 3,851 thousand), mainly due to the increase in trade payables.

Equity fell from EUR 340,364 thousand to EUR 330,231 thousand in the reporting year. The decrease of EUR 10,133 thousand is due to the net income of EUR 13,763 thousand generated in fiscal year 2022 and, in the opposite direction, the dividend distribution of EUR -23,897 thousand. At 62.2%, the equity ratio is above the level of the previous year (2021: 59.74%), mainly due to the changes in liabilities to banks and the associated lower total assets. Retained earnings remained unchanged from the previous year at EUR 45,000 thousand.

Pension provisions decreased to EUR 4,320 thousand in the reporting year (2021: EUR 5,755 thousand) due to the first-time funding of the reinsurance policy and the updated actuarial assumptions. At EUR 3,546 thousand, other provisions are EUR 1,015 thousand higher than in the previous year (2021: EUR 2,531 thousand).

Total assets as of December 31, 2022

Assets	T037	
in EUR thousand	Dec 31, 2022	Dec 31, 2021
A. Fixed assets		
I. intangible assets	4	9
II. property, plant and equipment	145	181
III. financial assets		
1. shares in affiliated companies	425,487	425,487
2. loans to affiliated companies	32,805	58,824
Total fixed assets	458,441	484,501
B. Current assets		
I. receivables and other assets	71,715	84,524
II. credit balances with banks	596	566
Total current assets	72,311	85,090
C. Prepaid expenses	111	168
Total assets	530,863	569,759

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
>	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Equity and liabilities

T038

in EUR thousand	Dec 31, 2022	Dec 31, 2021
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 profit	36,768	46,901
Total shareholders' equity	330,231	340,364
B. Provisions		
1. provisions for pensions and similar obligations	4,320	5,755
2. provisions for taxes	3,018	0
3. other provisions	3,546	2,531
Total provisions	10,884	8,286
C. Liabilities		
1. liabilities to banks	183,406	216,981
2. trade payables	415	162
3. liabilities to affiliated companies	5,822	3,851
4. other liabilities	105	115
Total liabilities	189,748	221,109
Total liabilities and shareholders' equity	530,863	569,759

Conditional capital EUR 3,186 thousand (2021: EUR 3,186 thousand)

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, revolving credit lines and commercial papers, 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 via NORMA Group Holding GmbH as well as other foreign Group companies.

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 made an unscheduled repayment in the amount of EUR 5,000 thousand in fiscal year 2022. As of the reporting date in 2022, 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
>	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

bank credit lines in fiscal year 2019, thereby creating further financial security and even greater flexibility for the future. The credit agreement has a total volume of initially EUR 300,000 thousand, including a revolving facility of EUR 50,000 thousand and a flexible accordion facility.

In October 2021, an additional revolving facility of EUR 50,000 thousand was agreed under the existing credit agreement. The additional credit facility of up to EUR 80,000 thousand, 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 the summer of 2021.

As of December 31, 2022, the committed credit line of NORMA Group SE had been drawn in the amount of EUR 15,000 thousand (2021: EUR 0 thousand).

The commercial paper program introduced in 2019 is used for short-term liquidity management and was utilized to the tune of EUR 25,000 thousand as of December 31, 2022 (2021: 65,000 thousand).

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 amounted to EUR 596 thousand at the end of 2022 (2021: EUR 566 thousand). In addition, NORMA Group SE has assets from the cash pool with the subsidiary NORMA Group Holding GmbH in the amount of EUR 31,248 thousand (2021: EUR 25,162 thousand). 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 all times during the fiscal year.

Overall statement of the Management Board

In the year under review, NORMA Group SE achieved net profit of EUR 36,768 thousand (2021: EUR 46,901 thousand), taking the net profit of EUR 13,763 thousand (2021: EUR 28,228 thousand) into account. As expected, it was thus possible to ensure the ability to distribute the profit.

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

Opportunities and risks

NORMA Group SE acts as the holding company that manages 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 the German Commercial Code (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 royalty income as a result of lower sales of the NORMA Group companies. In case of increasing profits or higher sales revenues of the subsidiaries, NORMA Group SE will receive higher investment income or higher license income.

In the coming fiscal year as well, military activities as well as economic sanction measures in connection with the Russia-Ukraine crisis could continue to have a negative impact on the global economy and – directly or indirectly –

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
>	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

on NORMA Group's business activities. This could have a major impact on global supply chains, which could lead to a reduction in sales in the affected markets and to increased energy and raw material prices.

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 2023, NORMA Group SE expects a moderate increase in license income for the subsidiaries' brands and the NORMA Group brand compared to 2022. The expenses from licenses for the Group subsidiaries as license holders are also expected to be slightly higher accordingly. The Management Board of NORMA Group assumes that personnel expenses and other cost factors will also increase moderately compared to previous years.

However, this forecast is made under the assumption that no significant negative effects will occur in connection with the Russia-Ukraine crisis or other influencing factors in 2023 that could lead to a strong weakening of the global economy and to significant pressure on the business development of NORMA Group. The 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 from NORMA Group Holding GmbH as well as the interest result for the year 2023, earnings before taxes are expected to be slightly higher than in 2022. In this context, it is assumed that the retained earnings and the company's ability to pay dividends will continue to be secured.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Forecast Report

Macroeconomic and industry-specific conditions

The global economy in 2023: continuation of weak conditions with high risks

In an environment characterized by continuing uncertainties and challenges, the economic momentum is expected to weaken further in 2023. Although the economy may already have bottomed out in the winter half-year 2022/23, a strong recovery during the year in 2023 cannot currently be expected due to a lack of positive stimulus. Firstly, there are currently no signs of de-escalation in the war in Ukraine, therefore the related uncertainties remain high. Secondly, various stabilizing factors which had recently supported economic development are losing importance. These include the corona-related catch-up effects – including investment by the private and public sectors and by companies. In addition, global supply bottlenecks are easing only slowly. Although the industry will still be drawing on high order backlogs in the first few months of 2023, these will be gradually reduced as demand weakens. In addition, high energy costs and the sharp rise in interest rates are likely to have a noticeable impact on production.

It will also be detrimental to economic development if the central banks stick to their current restrictive monetary policy. At present, a rather slower pace than recently seems to be emerging, as long as further progress is being made in containing inflation. Nevertheless, most countries are attempting to provide stabilizing impetus via fiscal policy. One example of this is the relief packages already implemented or infrastructure investments. In light of these conditions, the International Monetary Fund (IMF) raised its forecast for global economic growth in 2023 in January by 20 basis points compared with the fall forecast for 2022 to +2.9%. The IMF expects growth of 3.1% for 2024. Nevertheless, the economic risks remain very high due to the many geopolitical tensions and the disruptions to the energy and raw materials markets, coupled with the growing challenges posed by climate change.

After a radical change in the handling of the pandemic was implemented in China at the end of 2022 from the strict zero-COVID policy to stronger easing, the infection figures increased significantly nationwide in the first weeks of 2023. The further progress of the pandemic as well as the reactions of the authorities cannot be validly assessed at present. In the event of a renewed high incidence of infection, this could lead not only to a burden on consumption, but also to further production stoppages and disruptions in logistics. Nevertheless, the discontinuation of the strict zero-COVID policy is also associated with hopes of a gradual recovery of the economy in the course of 2023, although China's economic momentum is likely to remain low. For the Southeast Asia region (ASEAN-5), which is closely linked to China's value creation and whose exports depend to a large extent on the needs of the industrialized countries, the IMF expects growth to flatten to +4.3%. According to the IMF, India's economy will also move along a more moderate growth path than previously expected, at +6.1%. For Brazil, the IMF expects only a slight improvement in economic development. By contrast, the experts believe that the Russian economy will remain largely cut off from major economic regions of the world due to the war and will therefore be under considerable pressure. According to the IMF's forecasts, economic output in the developing and emerging countries will again grow only relatively moderately in 2023 by 4.0%.

Similarly, the established industrialized nations should also develop cautiously against the backdrop of current developments at the beginning of 2023. On the one hand, long-term investments in infrastructure, digitalization and projects to accelerate the energy transition are likely to continue. In addition, many industrial companies are currently working through their high order backlogs. These had built up due to both bottlenecks in materials and a lack of personnel. On the other hand, the slowdown in orders is already reflecting a drop in demand, therefore there are only very few positive signs for industrial production. In addition, the rapid rise in interest rates, which in

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

combination with high energy costs is dampening investment activity and private consumption, is having a negative impact. The IMF therefore expects the industrialized countries to grow by 1.2% in 2023, weaker than in the previous year. A similar development is also assumed for the United States. Its growth is currently estimated to be low at 1.4%. The IfW in Kiel even expects a recession in the US. In addition, according to the IMF, the economies of both Canada (+1.5%) and Japan (+1.8%) are expected to grow only marginally.

In Europe, high inflation, the sharp rise in interest rates and the weak global economic situation continue to have a negative impact. Although many European governments have adopted extensive packages to curb energy costs, cost pressures on industry and private households are likely to continue, further fueling inflation. In addition, the rise in interest rates and the expectation of further interest rate increases and the already lower purchasing power as a result of inflation will impact not only private consumption but also capital spending in the construction sector and on plants and equipment. Contrary to these negative signs, the leading economic institutes expect a deep recession in Europe to be averted in the winter half-year 2022/2023. In this context, the IMF has set its forecast for economic growth in the Eurozone for 2023 at +0.7%. The IfW (Kiel) assumes that the economies in Ireland, Spain and Greece will perform better than average, while only slight growth is expected for France and Switzerland and a recession (-0.6%) for the UK. According to expert opinions, the German economy is expected to stagnate. For example, the IMF currently expects Germany's gross domestic product to grow by 0.1%. By comparison, the forecasts of domestic economists for Germany range from marginal growth (IMF: +0.3%) to negative growth (Deutsche Bundesbank: -0.7%, Ifo: -0.1%).

This macroeconomic outlook forms the basis of NORMA Group's forecast and outlook for 2023.

Forecast for GDP growth

in %	2022	2023e	T039 2024e
World	3.4	2.9	3.1
USA	2.0	1.4	1.0
China	3.0	5.2	4.5
Euro zone	3.5	0.7	1.6
Germany	1.9	0.1	1.4

Source: IMF

Continued challenging environment for important customer industries of NORMA

Assuming that a further escalation of the war in Ukraine and an outbreak of additional geopolitical conflicts can be averted, the COVID-19 pandemic is contained or overcome, there is no recession in the global economy, and the economy stabilizes with a gradual easing of inflation and energy costs despite more difficult financing conditions, it can be assumed that the outlook for important customer industries of NORMA Group will continue to improve in the course of 2023. Nevertheless, the environment remains predominantly challenging, with the construction industry in particular facing major challenges.

Mechanical engineering

In the mechanical engineering sector, little impetus is expected in 2023 as the full order books are worked off and demand for industrial goods is currently quite subdued. Furthermore, the current supply chain problems continue to have a restraining effect, although the restrictions in this area are gradually being reduced. Additional burdens are

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

likely to result from the continuing rise in interest rates and the high production costs for energy-intensive industrial companies. These factors underscore the assumption that an increase in investment activity on the part of companies is unlikely in the course of the year. By contrast, efforts to digitalize and decarbonize industrial production processes and the additional acceleration in the restructuring of the energy industry caused by the Ukraine war in Europe are promoting strategic investments. Likewise, high investments in the development of regional value chains are in demand. In particular, experiences from the disrupted supply chains and the collapse of established processes based on the division of labor as a result of the geopolitical conflicts and challenges of recent years have reinforced the desire for stable value chains as well as affordable and available resources.

In the wake of these challenges, the outlook is subdued. As the short-term burdens currently outweigh the long-term opportunities, the VDMA (German Engineering Association) expects real global machinery sales to grow by only 1% in 2023. While sales in Asia and the Middle East are projected to grow moderately, the US, Canada, Latin America and Europe are forecast to suffer losses, in some cases significant ones. A sharp drop of 8% is expected in the UK, in particular, whereas Switzerland is expected to be able to maintain an estimated growth rate of 3%. Positive growth is also expected in Spain (+4%), Belgium (+4%) and the Netherlands (+1%). By contrast, sales in Italy (-3%) and France (-3%) are projected to decline. For the German mechanical engineering sector, the VDMA expects production to decline by 2% in real terms in 2023.

Engineering: real change in industry sales

in %	2021	2022	T040 2023e
China	13.0	2.0	5.0
USA	12.0	3.0	-5.0
Euro zone	11.0	3.0	-1.0
World	13.0	3.0	1.0

Source: VDMA

Automotive industry

Based on current knowledge, the automotive industry is expected to recover slightly in 2023, despite the difficult economic situation and high interest rates. The industry experts at LMC Automotive (LMCA) expect global sales of light vehicles (LV) to increase by 6.3%, while the industry specialists at S&P Global Mobility (formerly IHS Markit) also expect similar growth (+5.6%). The German industry association VDA expects the more narrowly defined global passenger car market to grow by 4%. In addition, according to LMC Automotive, global demand for commercial vehicles (CVs) is expected to recover from the recent slump and pick up again in 2023. Likewise, production of commercial vehicles is expected to increase, although S&P Global Mobility expects the supply situation for semiconductors for the automotive industry to ease only slightly in 2023 and a structural capacity deficit to persist. Against this backdrop, LMC Automotive expects a solid but not very dynamic increase in global LV production of 4.8% in 2023. In the Asian region, LV production is expected to increase by 3.9% in China and by 3.1% in Japan, whereas a decline of 1.3% is anticipated for South Korea. The outlook is more positive in North America (USMCA region), with a forecast increase in LV production of 7.1%. The experts expect an increase of 5.8% for the US. Europe is also showing good development with growth of 7.1%, with Western Europe in particular growing significantly at 10.6%. According to current forecasts, the UK, Italy and Spain should develop positively and show double-digit growth, whereas France (+7.6%) is expected to show a slightly weaker trend. The experts are currently forecasting very strong growth of 14.1% for LV production in Germany. By contrast, the VDA expects German domestic production of passenger cars to increase by 6%.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

The acceptance of electric vehicles has grown steadily in recent years and has gained additional momentum with the energy transition in Europe pushed by politicians – also as a result of the energy crisis caused by the Ukraine war. Similarly, stricter environmental regulations have accelerated the transformation. It can therefore be assumed that the technology transformation in the automotive sector will continue to gain momentum and thus require a faster expansion of the charging infrastructure in order to be able to meet demand as required. The industry experts at LMC Automotive therefore expect global production of purely battery-powered vehicles (BEV) as well as plug-in hybrids (PHEV) to increase by 38.7% to 15.0 million units in 2023. While the BEV segment is expected to grow disproportionately by 42.5%, PHEVs could grow by 27.6% according to current estimates. Other alternative drive systems such as fuel cells, on the other hand, remain insignificant to date.

Automotive industry: global production and development of sales		T041	
in %	2022	2023e	2024e
Production of light vehicles	6.4	4.8	4.9
Classic combustion engine	-1.6	-5.1	-3.8
PHEV	43.9	27.6	15.1
BEV	69.8	42.5	27.6
Sales of light vehicles	-1.0	6.3	5.8
Production of commercial vehicles	-15.5	5.6	7.0
Sales of commercial vehicles	-20.5	6.7	7.3

Source: LMC Automotive
 1_Revised date according to LMC

Construction industry

As a result of dynamic population and economic growth and increasing urbanization in the emerging countries of Asia, there is a huge need for construction investment in the medium and long term, which will provide major structural impetus for the construction industry in the region. The countries there are investing large sums in infrastructure, water management, environmental protection and housing construction to cope with high population growth. Accordingly, the construction industry is structurally a major pillar of the economy there. In 2023, however, the outlook is likely to become gloomier as a result of the slowdown in economic momentum and interest rate rises, as with a parallel high level of debt the public sector's financing scope and thus investment opportunities are limited. Nevertheless, further growth in the construction sector is expected in 2023 in India, Vietnam and the Philippines, among other countries. By contrast, the ongoing crisis in the real estate sector is impacting the construction industry in China. Not only have housing prices been under enormous pressure there recently, but there were also around 40% fewer housing starts in 2022 in terms of area. In this respect, no recovery of the construction industry in China is currently in sight.

By comparison, the situation in the European construction industry paints an even bleaker picture. According to the Euroconstruct industry network (including the Ifo Institute), no growth is expected up to and including 2024. This is mainly due to the far-reaching negative consequences caused by the war in Ukraine, the bottlenecks and enormous cost increases for materials, and the interest rates, which are expected to continue to rise. These are placing a heavy burden on construction demand. In addition, the general economic and investment weakness and shrinking real incomes are having a negative impact on the sector. As a result of these factors, residential construction in particular is being severely impacted, not least because companies are shying away from additional construction investment, and the lack of new buildings is therefore having a negative impact on supply

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

on the market. This is illustrated by the recently gloomy framework data and declining housing permits (November 2022: -16.3%; 11 months of 2022: -5.7%). They suggest a continuing weak phase for the German construction industry in 2023. According to the Bundesbank, no recovery is expected until after a significant setback. The ifo Institute therefore forecasts that construction investment in 2023 will decline by 3.3% year-on-year in real terms, with residential construction falling even more sharply by 3.9%. In terms of construction volume, the Institute for Economic Research (DIW) is currently forecasting a decline of 1.8% (+4.2% in nominal terms). The downturn in residential construction (-2.2% in real terms) is continuing on a broad basis, with losses both in new construction (-3.4% in real terms) and in construction work on existing buildings (-1.9% in real terms). The DIW also expects declining figures for commercial construction (-0.6% in real terms) and public sector construction (-2.5% in real terms) in 2023.

Although price increases for construction materials and the speed of interest rate hikes by the Fed eased in 2022, the US construction industry is expected to slip into recession in 2023. The economic weakness and the rapid rise in interest rates is expected to have a huge impact on the US construction sector. As a result, the negative trend from the previous year will not only continue but also intensify. In private residential construction, the key data at the turn of the year 2022/23 signals a decline in demand. The number of building permits in the residential sector fell by 5.0% and the number of housing starts by 3.0% within the space of a year. In addition, both indicators fell below the level of completions, indicating a further weakening of construction activity. Against the backdrop of this mixed situation, there are signs of a double-digit decline in building permits and thus a continuation of the negative trend already set in 2022 in most regions of the US. In conjunction with the decline in construction starts for single-family homes, spending on new buildings and building materials is consequently expected to fall overall. According to current forecasts, housing starts in 2023 will decline by 15% compared to the level of the previous year. The Kiel-based IfW also forecasts a decline and expects real construction spending in US residential construction to fall by 11.8% and in commercial construction by 4.9% in 2023. At the same time, spending on renovations and repairs, a key driver of NDS business, is also expected to decline. Based on this outlook, industry experts at JBREC (John Burns Real Estate Consulting) expect the market to decline 8% year-over-year in 2023. For the following year, 2024, they anticipate a milder decline of 1%. By contrast, the industry experts at FMI expect investments in the US water sector to increase by 14% in nominal terms in 2023.

Construction industry: development of European construction output			T042	
in %	2022	2023e	2024e	
Western Europe	3.0	0.3	0.0	
Eastern Europe	2.9	-1.3	1.0	
Europe	3.0	0.2	0.0	

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 GOALS](#)

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

General statement by the Management Board on probable development

Development of sales growth in 2023

Based on the current assessments of relevant economic research institutes and industry associations, the Management Board expects the macroeconomic situation to be burdened by geopolitical tension and the disruptions in the markets for energy and raw materials. In particular, the potential aftermath of the corona pandemic in China and the further development of the Russia-Ukraine war on global value and transport chains continue to be seen as major factors of uncertainty. The currently high level of inflation worldwide, the interest rate turnaround initiated by the central banks and a possibly resulting further decline in demand on selected global markets are also seen as significant negative factors. The management therefore looks to the fiscal year 2023 with caution and respect, but nevertheless with good confidence in the future, supported by the forecast development in the key customer industries for NORMA Group.

According to the latest forecasts by renowned industry experts and automotive associations, in the automotive industry a significant recovery in the commercial vehicle market and an increase in global passenger car production volumes can be expected in 2023 - despite the difficult economic situation and high interest rates. In addition, the technology shift is expected to gain even greater momentum, driven by the current developments. With reference to this and additionally supported by NORMA Group's solid order situation, the Management Board anticipates medium single-digit organic sales growth for the EJT (Mobility and New Energies) division.

For the SJT business and the associated strategic business units Water Management and Industrial Applications, management also expects organic sales growth in the medium single-digit range in the fiscal year 2023. In particular, good development in the industrial applications area and continued stable US water business are expected to be the growth drivers here.

The trend forecasts are expected to be reflected in the development of the regional segments in fiscal 2023 as follows:

For the development in the EMEA region, the Management Board forecasts medium single-digit organic sales growth. The forecast is based on the assumption that the recovery trend from the second half of 2022 will continue to be reflected in a positive demand development from the European automotive industry in fiscal 2023. Additional growth impetus is also expected to result from business with general industrial applications in the SJT area.

In the Americas region, the Management Board expects low single-digit organic sales growth. The forecast is based on the assumption of continued good growth in the US water business. However, following previous periods showing disproportionately strong increase, the development is expected to be somewhat more moderate in 2023. In addition, the Management Board expects good development in the automotive sector (light and heavy vehicles) in the Americas region.

For the Asia-Pacific region, the Management Board forecasts an increasing demand in fiscal year 2023, which is based on the presented trend forecasts and supported in particular by the further localization of production in the EJT area in China, implemented in 2022. In addition, the SJT business is also expected to generate additional revenue. Based on this, the Management Board expects organic sales growth in the Asia-Pacific region to be in the low double-digit range. It should be noted, however, that this forecast does not take a further - or renewed - worsening of the pandemic situation into account.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Against this background, the Management Board of NORMA Group expects a medium single-digit organic growth in Group sales for the fiscal year 2023. However, this forecast is made under the assumption that in the course of 2023 there will neither be further significant negative effects in connection with the Corona pandemic - especially in China - and the Ukraine war nor will other influencing factors worldwide occur, which could lead to significant pressure on NORMA Group's business development.

Development of the cost of materials ratio

NORMA Group was confronted with numerous challenging environmental developments in fiscal year 2022. In addition to disrupted supply chains within Europe as a result of the war of assault against Ukraine, the pandemic-related restrictions in China that continued throughout the entire year also had a negative impact. Overall, there were global distortions on the international energy and raw material markets. The continuing shortage of raw materials and the resulting sharp rise in prices for energy, raw materials and intermediate products, coupled with the sharp rise in inflation had a significant negative impact. In addition, supply bottlenecks drove up logistics costs on the input side.

The Management Board expects the situation on the international raw material markets to remain tight in fiscal year 2023, as in 2022, and that energy price levels and therefore cost pressure on the industry side will remain high. By contrast, the market for standard plastics, components and merchandise is expected to stabilize in 2023, albeit for the time being at a high level. By applying the multisourcing strategy of its purchasing organization, which aims to constantly minimize negative effects, and by continuously passing on the higher cost prices to customers, NORMA Group should be able to partially compensate for the negative factors. For this reason, the Management Board expects the materials usage ratio to remain stable in 2023 compared to the previous year. However, this assumes that there are no further major disruptions to the global economy.

Development of the personnel cost ratio

Assuming a good sales development in all major customer industries and regions of NORMA Group, the Management Board expects a stable personnel cost ratio in the financial year 2023 compared to the previous year.

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 the fiscal year 2023, 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 to this. In this context, the profitability of the Group is to be sustainably increased, among other things, through appropriate efficiency measures. In addition to optimizing operating processes and site capacities in all regions, these also include the systematically revising structures and focusing as well as aligning the product portfolio. The measures implemented are intended to contribute to further improving NORMA Group's competitiveness and maintaining it in the long term.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Assuming that there are no market disruptions as in the past years, which could lead to significant additional costs or restrictions in the implementation of the efficiency measures, the Management Board expects an EBIT margin adjusted for acquisition effects of around 8% for the fiscal year 2023.

Financial result of up to EUR – 12 million expected

The Management Board expects a financial result of up to EUR –12 million for fiscal year 2023. This includes interest charges on the Group's gross debt, which bears interest at an average rate of approximately 3.1%, as well as further expenses for currency hedges and transaction costs.

Adjusted tax rate between 28% and 30%

The Management Board expects an adjusted tax rate of between 28% and 30% for fiscal year 2023.

Moderate increase in adjusted earnings per share

Based on the assumptions described above, the Management Board expects a moderate increase in adjusted earnings per share in fiscal year 2023, compared to the previous year.

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 up to EUR 22 million in total, depending on the development of exchange rates. In the event that new acquisitions are made in fiscal year 2023, however, the Management Board reserves the right to make further adjustments in this regard.

NORMA Value Added (NOVA)

For fiscal year 2023, the Management Board expects NOVA of between EUR -10 million and EUR 10 million.

Investment ratio of between 5% and 6% targeted

The Management Board expects the investment activity (excluding M&A activities) in fiscal year 2023 to be at 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 70 million in fiscal year 2023.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 reach a level of below 9,800 tons of CO₂ equivalents in fiscal year 2023.

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 below 5.5 is targeted for the PPM performance indicator in fiscal year 2023.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
>	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Forecast for fiscal year 2023

T043

Organic group sales growth	Medium single-digit organic Group sales growth
	EJT: Medium single-digit organic sales growth
	SJT: Medium single-digit organic sales growth
	EMEA: Medium single-digit organic sales growth
	Americas: Low single-digit organic sales growth
	APAC: Organic sales growth in the low double-digit range
Cost of materials ratio	Stable cost of materials ratio compared to the previous year
Personnel cost ratio	Stable personnel cost ratio compared to the previous year
R&D investment ratio ¹	Around 3% of sales
Adjusted EBIT margin	Around 8%
NORMA Value Added (NOVA)	Between EUR -10 million and EUR 10 million
Financial result	Up to EUR – 12 million
Adjusted Tax rate	Between 28% and 30%
Adjusted earnings per share	Moderate increase compared to the previous year
Investment rate (without acquisitions)	Investment ratio between 5% and 6% of Group sales
Net operating cash flow	Around EUR 70 million
Dividend / pay-out ratio	Approx. 30% to 35% of adjusted Group net income for the year
CO ₂ emissions	Below 9,800 tons of CO ₂ equivalents
Number of invention applications	More than 20
Number of defective parts (parts per million / PPM)	Below 5.5

¹ Due 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).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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. NORMA Group's risk management system is based on the regulatory requirements of the new version of "Auditing Standard 340" issued by the Institute of Public Auditors in Germany (IDW PS 340, new version). Opportunities are 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. The Management Board is not aware of any circumstances from dealing with the risk management system that speak against the appropriateness and effectiveness of the implemented risk management system.⁴

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.

⁴ The Executive Board's assessment of the appropriateness and effectiveness of the internal control and risk management system is made in accordance with the German Corporate Governance Code ("GCGC") and goes beyond the legal requirements for the management report. In this respect, the disclosure is excluded from the auditor's examination of the content of the management report.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- > RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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. 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

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- > **RISK AND OPPORTUNITY REPORT**
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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.

Risk management system of NORMA Group

G036



Internal control system of NORMA Group

The internal control system as the totality of all systematically defined controls and monitoring activities aims to ensure the security and efficiency of business processes, the reliability of financial reporting and the compliance of all activities with laws and guidelines. An effective and efficient internal control system is crucial to successfully manage risks in our business processes. In its design, NORMA Group’s internal control system therefore fundamentally considers all material business processes of Group-wide activities, whereby the design of the internal control system falls under the responsibility of the Management Board.

As part of their regular audits and monitoring activities in the course of the year, the operating companies and the regional management of NORMA Group confirm the status of implementation of the internal control system for the respective areas of responsibility in a structured process at the end of each quarter. In addition, to ensure the effectiveness of the internal control system, regular reviews of relevant processes and the implementation of controls by Internal Audit are carried out. The Management Board is not aware of any circumstances in dealing

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

with the internal control system – based, among other things, on regular reporting by the individual companies and regions – that militate against its appropriateness and effectiveness.⁵

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 also 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. As part of the audit, the auditor also performs procedures in the area of accounting-related internal control system in accordance with the risk-oriented audit approach

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

⁵ The Management Board's assessment of the appropriateness and effectiveness of the internal control and risk management system is made in accordance with the German Corporate Governance Code ("GCGC") and exceeds the legal requirement for the management report. In this respect, the disclosure is excluded from the substantive examination of the management report by the auditor.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 for the preparation of the Consolidated Financial Statements as well as the disclosures in the Condensed Management Report are verified by the external auditor, taking into account the associated risks, as part of the risk-oriented audit of the Consolidated Financial Statements and the Management Report.

The financial accounting systems used by the NORMA Group companies will continue to be successively standardized 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 based on the effect on the Group's earnings or liquidity. The following four categories are used to determine the potential maximum average annual impact in the period under review of the risk management system.

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

The probability of individual risks and opportunities occurring is quantified based on the following four categories:

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

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, 2022. The financial effects and probabilities of occurrence are presented as net effects, i. e. taking countermeasures already 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 above-mentioned measures, the probability of occurrence of default risks is estimated to be probable, especially since it is still not possible to fully assess the future effects of economic and economic developments on potential insolvencies of individual customers. [ECONOMIC AND ECONOMIC RISKS](#) However, the potential financial effects of default risks is classified as low, as in the previous year, in view of the relevant factors, such as bad debt losses experienced in the past, and due to the countermeasures taken.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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, 2022, cash and cash equivalents amounted to EUR 168.7 million (2021: EUR 185.7 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. As of December 31, 2022, the committed credit line was drawn with EUR 43 million (previous year: EUR 0 million). 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, 2022, the commercial paper program was used as a source of refinancing in a volume of EUR 25 million (2021: EUR 65 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. In 2022, as in the previous year, NORMA Group achieved a corresponding sustainability scoring, which enabled savings in the external credit margin to be realized. Despite the currently uncertain global economic and cyclical situation (cf. [ECONOMIC AND CYCLICAL RISKS AND OPPORTUNITIES](#)), the liquidity-related opportunities are assessed as likely, in particular due to the stable business relationship with banking partners and the resulting reputation on the capital markets. In the course of the global interest rate turnaround, which was completed by most central banks in 2022, NORMA Group will also experience an increase in borrowing costs. The chances of this interest rate reversal through optimized use of liquid funds are considered likely, although the financial impact is assessed as 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 2020, non-compliance with the financial covenants would have a low financial impact as in the previous year. 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 fully utilized bank credit lines. The risk that financial covenants will not be met is still considered unlikely due to the company's current profitability and the 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 market, for example, are considered to be good (previous year: "very good").

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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.

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.

As in the previous year, the potential financial effects of opportunities and risks related to exchange rate changes are considered to be low based on the sensitivity analyses that have been performed. Unchanged to the previous year, the probability of the incidence of these opportunities and risks is assessed as very likely 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. [FINANCIAL AND LIQUIDITY MANAGEMENT GOALS AND STRATEGIES](#)

Loans that initially had variable interest rates were partly synthetically converted into fixed interest rate positions using derivative instruments. NORMA Group has hedged around 60% of its variable interest rate loans in USD valued at USD 119 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

As a more restrictive monetary policy currently prevails in the eurozone, NORMA Group views the risk of interest rate increases as very likely in the short term and likely in the medium term. In view of the current 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 continues to assess the opportunities arising from changes in interest rates as unlikely, whereas as in the previous year risks from changes in interest rates are assessed to be very likely. The possible effects are classified as moderate (previous year: “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.

In the past fiscal year, the economic development was significantly impacted by the Russia-Ukraine war and, to some extent, by the Corona pandemic, which resulted in far-reaching lockdowns in China due to the zero-Covid-policy implemented there until shortly before the end of 2022. In particular, the associated global distortions drove prices for energy, raw materials and food. The resulting sharp rise in inflation in turn led to interest rate increases by the central banks and thus to a weakening of the economy at the end of 2022 and weak global growth of 3.4% for the year as a whole.

The further macroeconomic development - in particular the potential impact of the Corona pandemic in China and the further development of the Russia-Ukraine war on the global value and transport chains - is still considered to be a significant risk factor for the current financial year. Further significant risk factors for NORMA Group's business activities in the fiscal year 2023 are potentially the current high level of inflation, the interest rate turnaround initiated by the central banks and a possible further decline in demand on the global markets as a result. Although renowned economic research institutes do not expect a recession, they still expect weak global economic growth of 2.9% with declining but still high inflation.

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 could 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 also considered moderate, as in the previous year.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 as well as 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 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, which has resulted in a large number of further research and follow-up projects to date. [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 need to handle the important resource of water responsibly in this context are creating 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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. [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 continuously addressing the reduction of complexity and streamlining of its current product portfolio.

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. This concerns, for example, additional costs due to operational delays in the implementation of relocations or efficiency improvements or cost reductions that have not been fully realized. 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 and taken into account when taking decisions to optimize site capacities.

In fiscal year 2022, risks have arisen from the closure of the Gerberhausen site and the associated relocation of production capacities to the sites in Maintal, Germany, and Hustopeče, Czech Republic. In particular, additional costs for special trips to reduce delivery delays as well as unplanned project costs, such as additional personnel costs, were incurred. Due to the operational problems, NORMA Group set up a dedicated task force for

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

stabilization in the past fiscal year and initiated and implemented extensive countermeasures. These are aimed at minimizing further additional costs as well as further optimizing productivity and efficiency increases. Despite the established activities, a residual risk remains, but this is continuously addressed by further measures.

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, depending on the market situation, whereby material supply risks are minimized and price fluctuations can be calculated more accurately.

NORMA Group was confronted with various and in some cases far-reaching effects of the ongoing Corona pandemic and unexpected geopolitical conflicts and crises in fiscal year 2022. In addition to rising energy prices worldwide, high freight costs and port congestion, raw material prices reached a very high level in the course of the first half of 2022, again due to increased crude oil and natural gas prices and the associated shortages of materials. This affected steel and metal components in particular, but also technical granules, plastics and rubber products. 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 likely overall (previous year: "very 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 background of the complete procurement spectrum and taking into account the prevailing volatility on the raw material markets, price reductions are considered possible overall (in the previous year: "unlikely").

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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. This is based on artificial intelligence, which provides continuous information about external events and risks relating to suppliers, NORMA Group locations and the associated supply chains and enables immediate action to be taken. In particular, as a result of the ongoing Corona pandemic, especially in the Asian region, and the global increase in unpredictable external events (e.g. geopolitical conflicts), risks from supplier dependencies are still considered likely. However, taking the measures implemented into account, the potential financial extent is considered to be low.

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. Resulting positive effects compared to the planning are estimated as possible, with low financial effects

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 low 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 estimated as low. 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- > RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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 direct sales in fiscal year 2022. Therefore, it is considered possible that customer risks could have a negative impact on NORMA Group's business, however the financial effects – particularly in light of the volatile demand in the markets – are still assessed as moderate.

Based on the strategy and the objective to further expand the relevant markets as well as through an attractive product range and innovative solutions, new business could be won for NORMA Group products in all regions. Therefore, the opportunities for positive deviations from the plan resulting from this new business are assessed as possible overall, but with a low effect on the result.

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 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 low.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- > RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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.

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 2022, 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.

Legal risks and opportunities

Risks related to standards and contracts

Future changes to legislation and requirements, especially liability law, environmental law, tax law and labor law, as well as all changes in related standards, could have a negative impact on NORMA Group's development.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 101 PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- > RISK AND OPPORTUNITY REPORT
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

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, most of the legal disputes related to labor law issues. However, the number of such disputes decreased significantly, particularly in Germany, and is now roughly on a par with the other regions. Other key areas were patent disputes. Disputes with customers mainly related to purchase price claims, alleged product defects and delayed deliveries. In addition, NORMA Group conducted proceedings due to the infringement of its own or third-party IP rights as well as due to customs law issues.

The compliance and risk management systems in place are used to monitor adherence to the continuously changing laws and regulations. In addition, it is ensured that contractual obligations are complied with. In particular, compliance with sanctions in connection with the war in Ukraine is ensured through continuous training and information measures as well as ongoing monitoring. NORMA Group counters the risk of product defects with 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 initiatives), 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. [WORKFORCE](#)

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.

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 low impact on its planning.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
>	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 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. However, the potential impact of IP-related disputes and other possible infringements is considered to be low as in the previous year. 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.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 **CONDENSED MANAGEMENT REPORT**
- 101 PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- > **RISK AND OPPORTUNITY REPORT**
- 194 2022 REMUNERATION REPORT
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

Risk and opportunity profile of Norma Group¹

T044

		Probability of occurrence				Change comp. to 2021	Financial impact				Change comp. to 2021
		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	Risks		■			▶	■				▶
	Opportunities		■			▶	■				▶
Customers	Risks		■			▶		■			▶
	Opportunities		■			▶	■				▶
Risks and opportunities of personnel management											
	Risks		■			▶	■				▶
	Opportunities			■		▶	■				▶
IT-related risks and opportunities											
	Risks			■		▶		■			▶
	Opportunities			■		▶	■				▶
Legal risks and opportunities											
Risks related to standards and contracts	Risks		■			▶		■			▶
Social and environmental	Risks		■			▶	■				▶
	Opportunities		■			▶	■				▶
Property rights	Risks			■		▶	■				▶
	Opportunities		■			▶	■				▶

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

2022 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. It provides information on the remuneration granted and owed in fiscal year 2022 on an individualized basis and broken down into components. The report complies with the requirements of the German Stock Corporation Act (Section 162). In addition, the Remuneration Report contains an individualized breakdown by components of the remuneration of former members of the Management Board and Supervisory Board.

The Supervisory Board of NORMA Group SE clearly acknowledged that the approval of the Remuneration Report on the remuneration individually granted and owed to the members of the Management Board and the Supervisory Board of NORMA Group SE in fiscal year 2021 for fiscal year 2021 at the Annual General Meeting on May 17, 2022, turned out to be weak with 51.91% of the votes cast. The criticism expressed by shareholders and proxy advisors is to be addressed by this revised compensation report. In addition to an increased focus on improved transparency and comprehensibility of the information, it also contains a clarification of the extent to which the current remuneration system supports the company's success in the long term and sustainably. Furthermore, the criticism of the high company pension of the former Chairman of the Management Board, Dr. Michael Schneider, is explicitly addressed. Here, it is important to the Supervisory Board to emphasize, even after Dr. Schneider left the company as of December 31, 2022, that the regulations regarding his company pension no longer correspond to the current practice of NORMA Group SE in the new remuneration system. They stem from old contractual commitments that are no longer granted to newly appointed members of the Management Board in this form and are instead being replaced by contribution pension commitments based on reinsurance.

Review of fiscal year 2022

Fiscal year 2022 was characterized by a number of challenges, in particular unexpectedly strong increases in material and energy costs as well as strains in the supply chain from the Ukraine war and corona lockdowns in China. On the one hand, the last fiscal year brought NORMA Group significantly higher sales of EUR 1,243.0 million (an increase of 13.8%). On the other hand, adjusted EBIT suffered, declining by 13.0% to EUR 99.0 million, and the adjusted EBIT margin declined from 10.4% in 2021 to currently 8.0%.

The Chairman of the Management Board, Dr. Michael Schneider, left NORMA Group on December 31, 2022, by mutual agreement.

Remuneration system for Management Board members

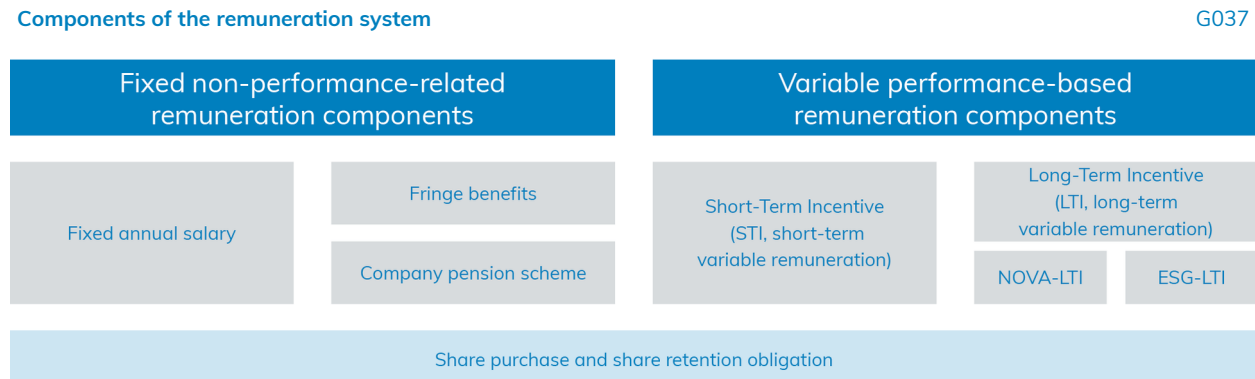
The Remuneration Report is based on the remuneration system approved at the virtual Annual General Meeting on June 30, 2020, with a majority of 99.80% of the votes in accordance with Section 120a (1) AktG. A more detailed description of the remuneration system for the members of the Management Board applicable to fiscal year 2022 is available on the website. [REMUNERATION SYSTEM](#)

In accordance with the recommendation of the German Corporate Governance Code (GCGC) in the version of December 16, 2019, the Supervisory Board has decided on a clear and understandable system for the remuneration of the members of the Management Board, on the basis of which the specific remuneration of the individual members of the Management Board is determined. The remuneration system is designed to promote sustainable, long-term value creation and the implementation of the business strategy.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - > 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

In view of the high level of approval for the application of the remuneration system in fiscal year 2021 and taking investor feedback into account, no changes to the remuneration system were deemed necessary in fiscal year 2022. According to Section 120a (1) sentence 1 AktG, the remuneration system for the members of the Management Board must be submitted to the 2024 Annual General Meeting for approval. In this context, it is planned to comprehensively review the current remuneration system in fiscal year 2023 and adjust it if necessary.

The remuneration system consists of fixed and variable remuneration components. The fixed non-performance-related remuneration consists of the fixed annual salary, the company pension scheme and fringe benefits. The variable, performance-based remuneration consists of the Short-Term Incentive (STI) and the Long-Term Incentive (LTI). The LTI consists of the NOVA-LTI and the ESG-LTI. Another key component of the remuneration system is the obligation to purchase and hold shares. This obliges the members of the Management Board to hold a significant number of shares in NORMA Group that is very high by market comparison. The goal of the share purchase and share retention obligation is to align the actions of the members of the Management Board more closely with the company's creation of added value. Figure G037 illustrates the components of the remuneration system.



The following key points of the remuneration system are to be emphasized in particular:

- The components of the variable remuneration (Short-Term Incentive and Long-Term Incentive) are based on the results that are actually achieved, transparently comprehensible and audited.
- On the one hand, the Short-Term Incentive (STI) is dependent on an absolute performance factor, EBIT (earnings before interest and taxes) adjusted for acquisitions of NORMA Group. On the other hand, the STI depends on a relative performance factor (relative Total Shareholder Return (TSR)). For the TSR of NORMA Group SE, a comparison is made with the TSR of a previously defined group of 15 listed companies that is explained below. Depending on NORMA Group SE's ranking within the comparison group, the payment amount from the STI increases or decreases by up to 20%. The minimum payment is EUR 0 while the maximum payment is limited to 180% of the fixed annual salary.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

- The Long-Term Incentive is broken down into two components.
 - The first incentivizes the entrepreneurial success of NORMA Group and corresponds to a share of the adjusted EBIT above the cost of capital after taxes (NORMA-Value-Added-LTI, NOVA-LTI for short). The minimum payment is EUR 0 and the maximum payment is limited to 200% of the fixed annual salary.
 - The second part of the LTI incentivizes the sustainable development of NORMA Group by meeting measurable sustainability goals, e.g. the reduction of CO₂ emissions (Environment, Social and Governance-LTI, ESG-LTI for short) with a maximum amount of 20% of the fixed annual salary). The minimum payment is EUR 0 while the maximum payment is limited to 20% of the fixed annual salary.
- With the comprehensive obligation to purchase and hold shares, NORMA Group SE follows the recommendation of the German Corporate Governance Code. The members of the Management Board must invest 75% of the payout amount from the NOVA-LTI and 100% of the payout amount from the ESG-LTI in shares of NORMA Group SE. The company is free to settle the payment amount in whole or in part in shares of NORMA Group SE. As a result, more than 50% of the payout target amount of the variable remuneration is either invested by the members of the Management Board in shares of NORMA Group SE or granted by NORMA Group SE on a share basis. The NOVA-LTI includes a four-year share ownership obligation. The ESG-LTI is four years forward and provides for a one-year retention period.
- The Supervisory Board sets the binding performance criteria for the STI and the LTI. The Supervisory Board sets the targets for the ESG-LTI before the start of the fiscal year. The respective payment amounts are calculated after the end of the fiscal year based on the achievement of targets. The Supervisory Board only has the opportunity to adjust the conditions of the STI and the LTI at its reasonable discretion in the event of extraordinary events. Otherwise, the Supervisory Board has no discretion when determining the payment amounts from the STI and the LTI.
- The change-of-control clause, according to which Management Board members can leave the company in the event of a change of control and receive a severance payment of up to three years' salary, was abolished for new Management Board members from fiscal year 2020.
- Likewise, from fiscal year 2020, new Management Board members receive a standard, defined contribution pension commitment on a reinsurance basis instead of the previous benefit commitments.
- The variable remuneration components are subject to the possibility of being reclaimed ("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 subsequently turn out to be objectively incorrect and therefore need to be corrected and the error has led to a miscalculation of the variable remuneration.

Compliance with the remuneration system

The remuneration system applicable to the members of the Management Board was implemented without any deviations in fiscal year 2022.

Basics of the remuneration system

In the opinion of the Supervisory Board and the Management Board, the remuneration system for the members of the Management Board is clear and easy to understand. 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 situation of the company. In accordance with NORMA Group's strategy, the remuneration of the members of the Management Board promotes the business strategy and the long-term interests of the company and thus contributes to the sustainable and long-term development of NORMA Group. The focus is on strengthening profitable growth – also by making selected acquisitions – in the business areas of

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

NORMA Group as well as taking the sustainability strategy into account, being the basis for the structure of the remuneration system for the members of the Management Board.

The remuneration system takes various targets based on profitability (through the adjusted EBIT), the return on investment (through the NOVA), the development of the company's value (through the share price and the relative return on shares) and sustainability into account. The parameters used have different, but always multi-year terms in order to support the strategic success of the company in the long term. The remuneration of the members of the Management Board is designed in such a way that an appropriate incentive system is created for the implementation of the company strategy and sustainable value creation and growth. Particular attention is paid to the greatest possible congruence between the interests and expectations of the shareholders and the remuneration of the Management Board.

The achievement of individual goals is taken into account by individual differentiation of the fixed remuneration of the members of the Management Board in accordance with the role and performance exercised. Due to the limited number of Management Board members, their performance is viewed as a collective 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, the remuneration consists of a fixed component (fixed remuneration) as well as short-term variable and long-term variable components.

The table below provides an overview of the components of the remuneration system for the members of the Management Board applicable to fiscal year 2022. The table also provides an overview of the structure of the individual remuneration components and explains their objectives, particularly with regard to how the remuneration promotes the long-term development of NORMA Group.

Fixed non-performance dependent remuneration components, design, reference to the strategy		T045
Remuneration component	Design	Reference to the strategy
Fixed annual salary	The Management Board members receive a fixed annual salary in twelve monthly installments that are paid at the end of each month. Its amount is based on the tasks and strategic and operational responsibility of the individual Management Board member.	The fixed remuneration components, consisting of the fixed annual salary, fringe benefits and the pension commitment, are intended, on the one hand, to attract globally available candidates for the development and implementation of the strategy, as well as for the management of NORMA Group and, on the other hand, to prevent them from taking inappropriate risks by offering them financial security.
Fringe benefits	The company provides each Management Board member with a company car also for private use. In addition, the members of the Management Board 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 that 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 Management Board members at its own expense.	
Company pension scheme	NORMA Group has changed the company pension scheme for the members of the Management Board to a defined contribution plan on a reinsurance basis. Currently, only the COO of NORMA Group, Dr. Klein, is covered by a defined benefit plan. The remaining and new members of the Management Board are covered by a defined contribution plan.	

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Variable performance dependent remuneration components, design, reference to the strategy

T046

Remuneration component	Design	Reference to the strategy
Short-Term Incentive (STI, short-term variable remuneration)	<p>The STI is a performance dependent bonus consisting of two components. In the first step, the Chairman of the Management Board is awarded 0.33% and the ordinary members of the Management Board 0.22% of average EBIT adjusted for acquisitions in fiscal years 2020, 2021 and 2022. In the next step, this amount is adjusted by the relative stock return compared with the peer companies of comparable size, structure and industry below in a range of 0.8-1.2. Here, a relative stock return (rTSR) below the 25th percentile results in an adjustment factor of 0.8 and a stock return above the 75th percentile results in an adjustment factor of 1.2. Linear interpolation is applied in between.</p> <p>In total, the amount of the STI is limited to 180% of the fixed annual salary. There is no guaranteed base amount in the STI and the minimum payout is EUR 0.</p> <p>Payment is made in cash in the month following the month in which the Consolidated Financial Statements for the respective fiscal year were approved.</p>	<p>The STI sets ambitious incentives for maximizing NORMA Group's financial success measured as NORMA Group EBIT adjusted for acquisitions. This key performance indicator measures profitability, which is the basis of the long-term company strategy and sustainable value creation. In order to adjust earnings for macroeconomic influences, the amount of the payout from adjusted EBIT is adjusted by the relative performance of the return on shares. The stock return acts as an external benchmark compared with selected peers.</p>
Long-Term Incentive (LTI, long-term variable remuneration)	<p>Multi-year variable remuneration is divided into two independent components and consists of an LTI based on NORMA Value Added (NOVA-LTI) and the ESG-LTI.</p> <p>The NOVA-LTI is a backward-looking performance cash plan supplemented by a forward-looking share purchase and share retention obligation. NOVA is calculated as the difference between adjusted EBIT for the fiscal year multiplied by 1 minus the average corporate tax rate minus WACC (Weighted Average Cost of Capital) multiplied by invested capital at the beginning of the fiscal year. For the NOVA-LTI 2022, the performance period represents the fiscal years 2020, 2021 and 2022.</p> <p>The payout amount of the NOVA-LTI is limited to a maximum of 200% of the fixed annual salary. Regardless of whether the company makes the payout from the NOVA-LTI in cash or in shares, 75% of the net payout amount from the NOVA-LTI must be invested in shares of the company and be held in ownership for at least four years.</p> <p>The ESG LTI is a forward-looking performance cash plan with a performance period of 4 years.</p> <p>The target amount for the ESG-LTI 2022 is 20% of the fixed annual salary for fiscal year 2022, and the payout is limited to a maximum of 100% of this target amount. Regardless of whether the company pays out the ESG-LTI in cash or shares, 100% of the net payout amount from the ESG-LTI must be invested in shares of the company and be held in ownership for at least one year.</p> <p>There are no guaranteed base amounts in the LTI, neither in the NOVA LTI, nor in the ESG LTI, and the minimum payout for all LTI components is EUR 0.</p>	<p>The LTI serves to promote the long-term and sustainable development of the company. For this purpose, the LTI includes on the one hand a value appreciation bonus based on the economic performance of NORMA Group (NOVA-LTI) and on the other hand an ESG-LTI, which acts as an incentive for the sustainable and responsible development of NORMA Group.</p>

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

(continued) Variable performance dependent remuneration components, design, reference to the strategy

Other remuneration arrangements

Clawback control	The variable compensation components are subject to a clawback.	The clawback rules are intended to counteract individual misconduct and the taking of disproportionate risks.
Maximum remuneration	The maximum remuneration for the Chairman of the Management Board is EUR 3,900,000 and for the other members of the Management Board EUR 2,500,000. Irrespective of the fixed maximum remuneration, the payout amounts of the individual variable remuneration components are also limited in each case relative to the fixed annual salary. For the Chairman of the Management Board as well as the other members of the Management Board, these caps are 180% for the STI, 200% for the NOVA-LTI, and 20% of the fixed annual salary for the ESG-LTI.	The maximum remuneration ensures that the remuneration of the members of the Management Board is not unreasonably high, even taking the comparative environment into account, so that disproportionate risks and costs for NORMA Group are avoided.
Share purchase and shareholding obligations	The payout from the LTI can be made in shares or cash. In total, 75% of the net payout amount of the NOVA LTI must be invested in shares of NORMA Group and held as property for at least four years. In addition, 100% of the payout amount of the ESG-LTI must be invested in shares of NORMA Group and held as property for at least one year.	The share acquisition and shareholding rules promote an alignment of interests between the Management Board and shareholders and provide additional incentives to promote the business strategy and long-term development of NORMA Group.

Overview of the remuneration components and their relative share in the remuneration

The share of long-term variable remuneration in total remuneration exceeds the share of short-term variable remuneration in the target remuneration. The Supervisory Board determines the target amounts for the variable remuneration components for each fiscal year. In doing so, it decides which goals the company and the Management Board should achieve in relation to the performance criteria on the basis of the result assessments of the previous fiscal years as part of the budget planning for the following fiscal years and the strategic planning for the next few years.

For fiscal year 2022, the CEO's fixed remuneration (fixed annual salary, pension costs and fringe benefits) accounted for approximately 47% of target total remuneration and variable remuneration for approximately 53% of the target total remuneration. For the ordinary members of the Management Board, the average share of fixed remuneration was approximately 42% of the total target remuneration target total remuneration and the share of variable remuneration was approximately 58% of the total target remuneration.

In the remuneration granted and owed for fiscal year 2022, the share of fixed remuneration (fixed annual salary, pension costs for the company pension scheme and fringe benefits) for the CEO was around 85% of the total remuneration and the share of variable remuneration was around 15% of the total remuneration. For the ordinary members of the Management Board, the fixed component accounted for approximately 79% and 85% of the total remuneration and the variable component for approximately 21% and 15% of the total remuneration.

For the CEO and the other members of the Management Board, the STI (target amount) made up around 35% of the variable target remuneration, while the NOVA-LTI (target amount) made up around 57% of the variable target remuneration and the ESG-LTI (target amount) was approximately 8% of target variable remuneration.

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - > 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

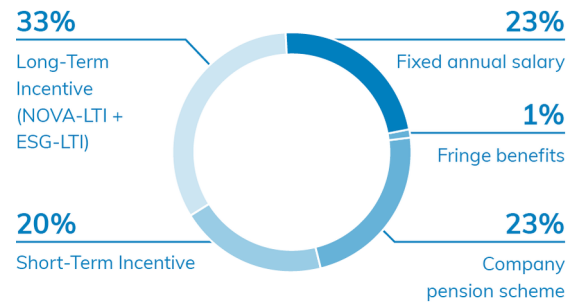
The percentages referred to can differ due to the different actuarial calculation of the service costs for each fiscal year and each Management Board member and the development of the costs of the contractually agreed fringe benefits.

Figure G038 illustrates the relative remuneration components for the CEO and the other Management Board members in relation to the target total remuneration for fiscal year 2022:

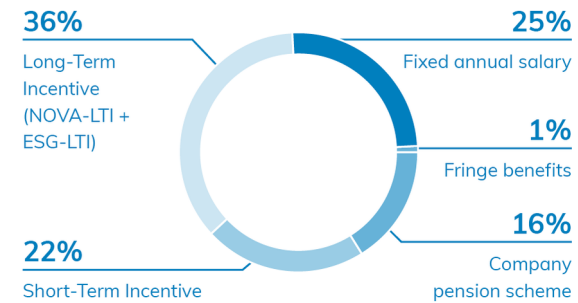
Percentages of remuneration components (target remuneration)

G038

Relative share of remuneration components of target remuneration (Chairman of the Management Board)



Relative share of remuneration components of target remuneration (other Management Board members)



Determination of the target total remuneration

The Supervisory Board determines a target total remuneration for the individual members of the Management Board. This is made up of the sum of all remuneration components relevant to total remuneration. For the STI, NOVA-LTI and ESG-LTI, the target amounts are based on a target achievement of 100% of the budget values. The Supervisory Board determines the target amounts for the variable remuneration components for each fiscal year. The Supervisory Board decides which goals the company should achieve on the basis of the results determined for the previous fiscal years as part of the budget planning for the current fiscal years.

Fixed Remuneration Components

Fixed annual salary

The members of the Management Board receive a fixed annual salary in twelve monthly instalments, which are paid 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 respective Management Board member.

Company pension scheme

NORMA Group grants the members of the Management Board a defined contribution company pension plan with reinsurance. The company is required to make contributions to an external provider each year under the defined contribution plan. The amount of the contributions corresponds to current market practice. Mrs. Stieve and all other future board members participate in this plan.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Following Dr. Schneider's departure as of December 31, 2022, only Dr. Klein is backed by a company benefit plan. The entitlement to a pension arises when the employment contract ends and the Management Board member has reached the age of 65 or the Management Board member is permanently unable to work. The pension level (retirement pension) of the pension agreements is 4% of the fixed annual salary for each completed year of service from appointment to the Management Board, up to a maximum of 55% of the last fixed annual salary. A pension for the surviving dependents is also provided. After retirement, adjustments are agreed in accordance with Section 16 (1) BetrAVG.

These agreements originate from contractual commitments before the current remuneration system came into force and will no longer be granted in this form in the future in accordance with the current market conditions.

Fringe benefits

The company provides each Management Board member with a company car for private use. In addition, the members of the Management Board are included in the company's D&O insurance and the company reimburses 50% of the expenses for health and nursing care insurance, up to a maximum of the expenses that the company would have to pay if they were employed under social security law. The company also takes out accident insurance (private and occupational accidents) 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 variable remuneration (Short-Term Incentive, STI)

The STI is a performance-related bonus which, on the one hand, reflects the absolute performance figure adjusted EBIT (earnings before interest and taxes, adjusted for acquisitions) of NORMA Group and, on the other hand, the relative return on shares (Total Shareholder Return, TSR for short) of NORMA Group SE in relation to a comparison group. The STI payout amount is calculated from a baseline amount and an adjustment to the target achievement of the TSR in the granting fiscal year. The calculation is based on the following formula:

$$\text{Payout amount} = \text{Baseline (= Average adjusted EBIT x STI percentage) x TSR adjustment}$$

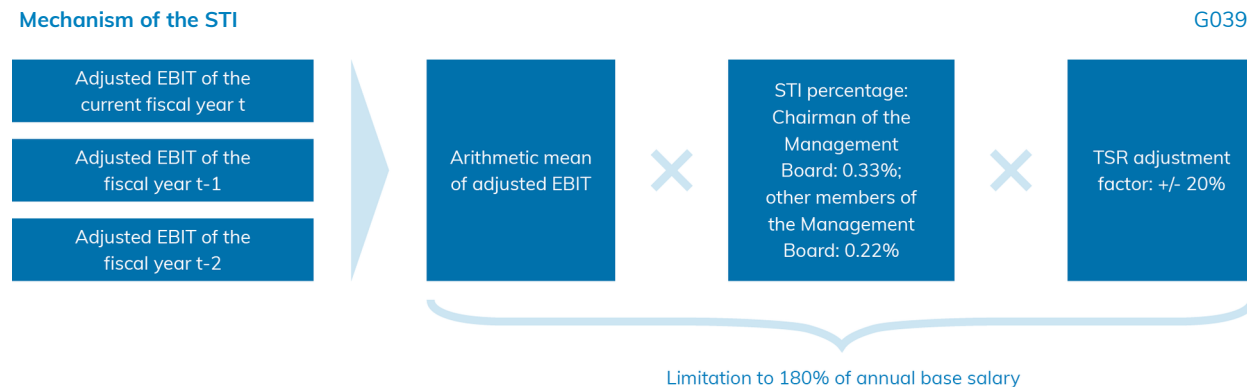
The baseline figure results from multiplying the average adjusted EBIT, i.e. adjusted for acquisitions, in the fiscal year for which the STI is granted and the two fiscal years preceding the fiscal year in which the STI is granted (arithmetic mean) by the STI percentage, which is 0.33% for the CEO and 0.22% for the other board members. In a second step, this initial amount is 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 fiscal year, including notional reinvested dividends and all capital measures. In other words, the TSR is a measure of how the value of an equity investment has performed over a period of time, taking both dividends accrued over the period and any appreciation in share prices that may have occurred into account. With the current remuneration system, the return on shares 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 peer group companies during the granting fiscal year. Depending on the results of the comparison, if a position in the comparison group is achieved above the 75th percentile, the baseline

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - > 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

STI is adjusted upward by 20% and below the 25th percentile, the baseline STI is adjusted downward by 20%; the TSR adjustment factor is thus limited to the range of 0.8 to 1.2. The comparison group currently consists of the following 15 listed companies of comparable size, structure and industry sector to NORMA Group and is shown in the following table. The Supervisory Board is entitled to adjust the comparison group for future assessment periods before the start of the respective assessment period.

TSR comparison group					T047
Bertrandt AG	Deutz AG	DMG Mori AG	EringKlinger AG	Gerresheimer AG	
Jungheinrich AG	König & Bauer AG	Leoni AG	SAF-Holland SE	Schaeffler AG	
SGL Carbon SE	Stabilus SE	Vossloh AG	Wacker Neuson SE	WashTec AG	

Figure G039 illustrates the calculation of the target remuneration of the STI.



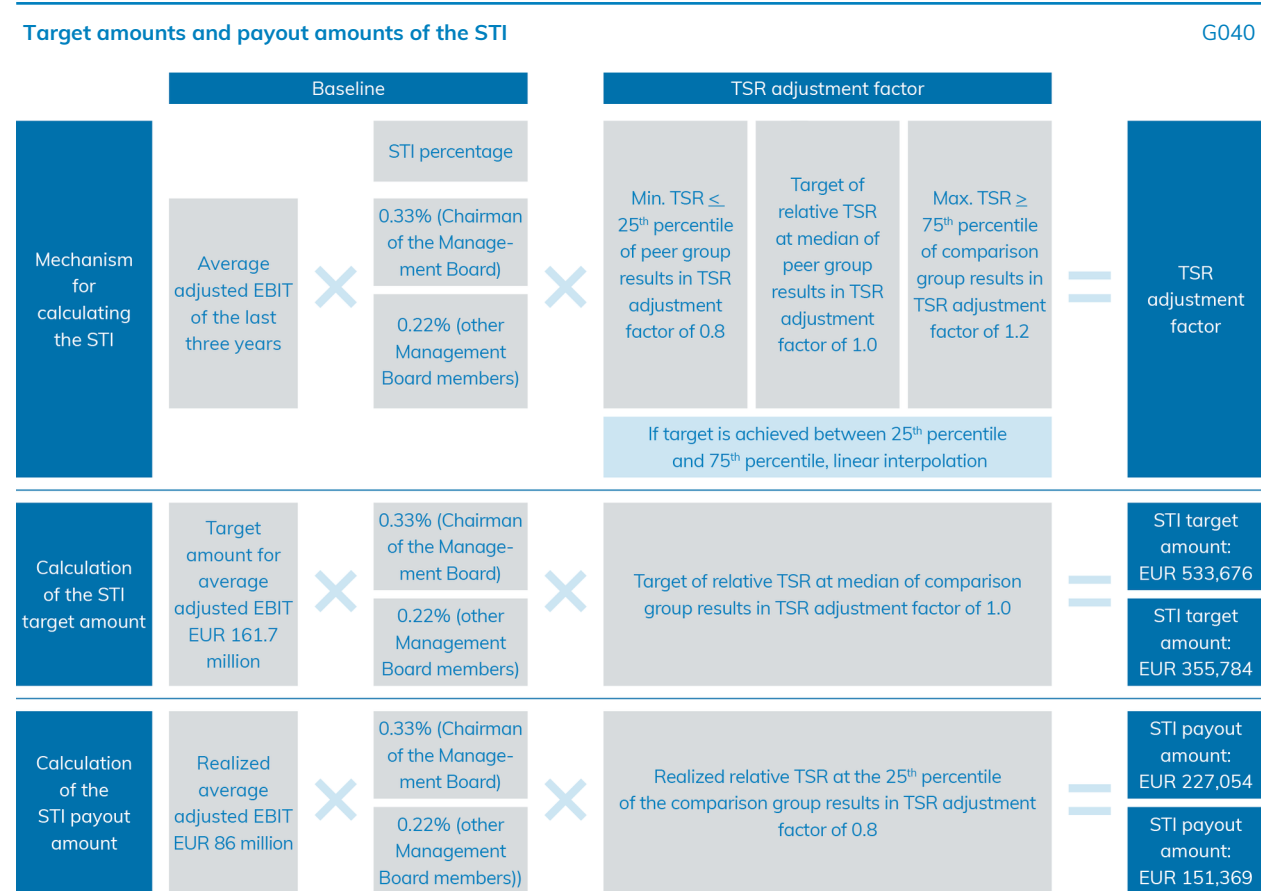
The payout amount (= initial value x TSR adjustment factor) is limited to a maximum of 180% of annual base salary; the initial value (= average adjusted EBIT x STI percentage) is limited to a maximum of 150% of the fixed annual salary. The short-term variable remuneration for the past fiscal year is paid out in the following year after the Consolidated Financial Statements have been approved by the Supervisory Board. If the Management Board member has not worked 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 expire without replacement or compensation if the employment contract of the Management Board member is terminated by the company for an important reason for which the Management Board member is responsible pursuant to Section 626 of the German Civil Code (BGB), the appointment of the Board member is revoked due to a gross breach of duty and / or the appointment of the Board member ends as a result of resignation without the resignation being caused by a breach of duty by the company or health impairments of the Board member or health impairments of a close family member ("bad leaver cases"). In the event of extraordinary events or developments, the acquisition or sale of a part of a company, for example, the Supervisory Board is entitled to temporarily and appropriately adjust the plan conditions of the STI at its

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - > 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

reasonable discretion. The same applies if changes in the accounting regulations applicable to the company have a significant 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).

Figure G040 provides a detailed overview of the calculation of the target amount of the STI for fiscal year 2022:



The TSR factor is 0.80 because the 25th percentile was reached in 2022.

In fiscal year 2022, NORMA Group generated an adjusted average EBIT of EUR 86.0 million. In combination with the achieved TSR factor of 0.8, this results in a payout amount for the STI 2022 of EUR 227 thousand for the CEO and a payout amount for the STI 2022 of EUR 151 thousand for the other members of the Management Board. The payout amounts comply with the payout cap of 180% of the fixed annual salary.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Long-term variable compensation (Long-Term Incentive, LTI)

The long-term variable remuneration consists of two components, the NORMA Value Added-LTI (NOVA-LTI for short) and the Environmental, Social and Governance-LTI (ESG-LTI for short).

• NOVA LTI

The NOVA-LTI is granted in the form of a backward-looking performance cash plan in annual tranches, which is supplemented by a forward-looking share purchase and share retention obligation. The members of the Management Board 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 considers the granting fiscal year and the two fiscal years preceding the granting fiscal year ("performance period"). The main success criterion for the LTI is the average NORMA Value Added ("NOVA") during the three-year performance period. The payout amount from the LTI is calculated by multiplying the LTI percentage by the average adjusted NOVA during the performance period. The LTI percentage for the CEO is 1.5% and for full Board members 1.0%.

The annual increase in value is calculated using to the following formula:

$$\text{NORMA Value Added} = (\text{adjusted EBIT} \times (1 - s)) - (\text{WACC} \times \text{invested capital})$$

The calculation of the first component is based on the adjusted Group earnings before interest and taxes (adjusted NORMA Group EBIT) for the fiscal year and the average corporate tax rate. The second component is calculated from NORMA Group's cost of capital (WACC) multiplied by the capital employed. The assumptions for the Group's cost of capital (WACC) are shown in the table below.

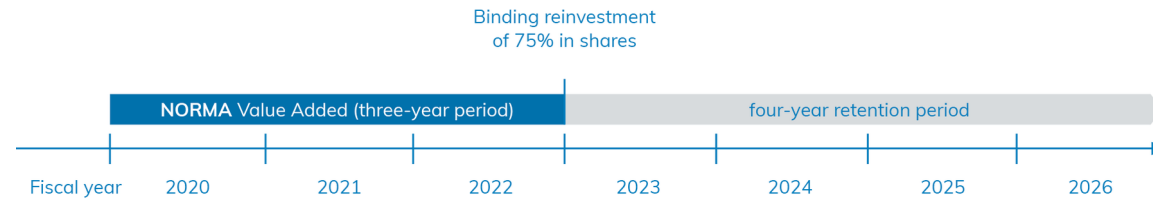
Assumptions for the calculation of the weighted average cost of capital		T048
in %	2022	2021
Risk-free interest rate	2.00	0.1
Market risk premium	7.50	7.5
Beta factor of NORMA Group	1.65	0.89
Cost of equity	15.41	9.62
Borrowing cost rate after taxes	2.80	1.46
Weighted average cost of capital after taxes	9.25	7.03

The base interest rate is derived from the interest structure data of the Deutsche Bundesbank (three-month average: October 1 to December 31, 2022). The market risk premium represents the difference between the expected return on a risky market portfolio and the risk-free interest rate. NORMA Group uses 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 first determined as the average value of the unlevered beta factors of the comparable companies (peer group) and then 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 leveraged beta factor of the peer group. The credit spread used to calculate the cost of debt was determined on the basis of the conditions of NORMA Group's current external financing. The invested capital is calculated from Group equity plus the net financial liabilities as of

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
 - 101 PRINCIPLES OF THE GROUP
 - 119 ECONOMIC REPORT
 - 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
 - 166 FORECAST REPORT
 - 176 RISK AND OPPORTUNITY REPORT
 - > 2022 REMUNERATION REPORT
 - 217 OTHER LEGALLY REQUIRED DISCLOSURES
 - 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

January 1 of the fiscal year. Figure G041 clarifies the timing of the NOVA-LTI, in particular the performance period and the obligation to purchase and retain shares of four years.

Temporal sequence of the NOVA-LTI G041



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 payout amount in cash or in shares of the company. In the case of a cash payment, the members of the Management Board are obliged to purchase shares of the company for an amount equal to 75% of the net amount paid out and to retain ownership of these for a period of four years (obligation to purchase and retain shares). The company's Supervisory Board can decide at its reasonable discretion to issue shares in the company in whole or in part instead of a cash payment. If the company issues shares in the company in lieu of a cash payment, the members of the Management Board are also required to retain ownership of 75% of the shares issued for a period of four years. Independently of, whether the company makes the payout amount in cash or in shares, 75% of the net payout amount from the NOVA-LTI must be invested in shares of the company and be held for a period of four years. Irrespective of the type of payment (cash or in shares in the company), the NOVA-LTI is paid out in the following year after approval of the Consolidated Financial Statements by the Supervisory Board. After the end of the employment contract, the retention obligation generally lasts for a period of twelve months after the legal end of the employment contract, unless the four-year retention period has expired earlier.

The cases described with regard to the STI for a resignation during an ongoing performance period apply accordingly. In the event of extraordinary events or developments, the acquisition or sale of a part of a company, for example, the Supervisory Board is entitled to temporarily and appropriately adjust the plan conditions of the LTI at its reasonable discretion. The same applies if changes in the accounting regulations applicable to the company have a significant impact on the parameters used to calculate the LTI and in the event that a fiscal year is less than twelve months long (short fiscal year).

Figure G042 provides an overview of the target amounts and payout amounts of the NOVA-LTI for fiscal year 2022:

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Target amounts and payout amounts of the NOVA-LTI

G042

		NOVA-LTI percentage			
Mechanism for calculating the NOVA-LTI	Average NOVA of the last three years	×	1.50% (Chairman of the Management Board) 1.00% (other Management Board members)	=	NOVA-LTI target amount or NOVA-LTI payout amount
Calculation of the NOVA-LTI target amount	Target amount for average NOVA: EUR 57.49 million	×	1.50% (Chairman of the Management Board) 1.00% (other Management Board members)	=	NOVA-LTI target amount: EUR 862,360 NOVA-LTI target amount: EUR 574,907
Calculation of the NOVA-LTI payout amount	Realisierter durchschnittlicher NOVA: EUR 0.0	×	1.50% (Chairman of the Management Board) 1.00% (other Management Board members)	=	NOVA-LTI payout amount: EUR 0.0 NOVA-LTI payout amount: EUR 0.0

The calculation of the NOVA figure is explained in the following table:

Calculation of the NOVA figure

T049

Year	Adjusted EBIT	Tax rate	WACC	Invested capital	NOVA
2020	45,290	20.3%	7.85%	1,050,272	-46,393
2021	113,760	28.6%	7.03%	927,868	15,696
2022	98,964	35.2%	9.25%	987,069	-27,175
∅					-17,484

The amount paid out for the NOVA-LTI 2022 for the CEO and other members of the Management Board is EUR 0.00. The payout amounts maintain the payout cap of 200% of the fixed annual salary.

• ESG-LTI

In addition to the NOVA-LTI, the ESG-LTI represents 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, which is supplemented by an obligation of Board members to purchase and hold shares. Each tranche of the ESG-LTI has a term of four years. A tranche begins on January 1 of the granting fiscal year and ends at the end of December 31 of the third year following the granting fiscal year ("ESG performance period"). The amount paid out from the ESG-LTI depends on the achievement of environmental, social and prudent corporate governance goals, so-called "ESG goals." ESG goals can be, for example: Reducing greenhouse gas emissions, increasing workforce satisfaction, increasing customer satisfaction, reducing workplace accidents, and increasing sustainability.

The target amount of the ESG-LTI is 20% of the fixed annual salary. The payout amount is limited to a maximum of 100% of the target amount. The payout amount from the ESG-LTI is due for payment at the end of the month following the month in which the Supervisory Board approved the company's Consolidated Financial Statements

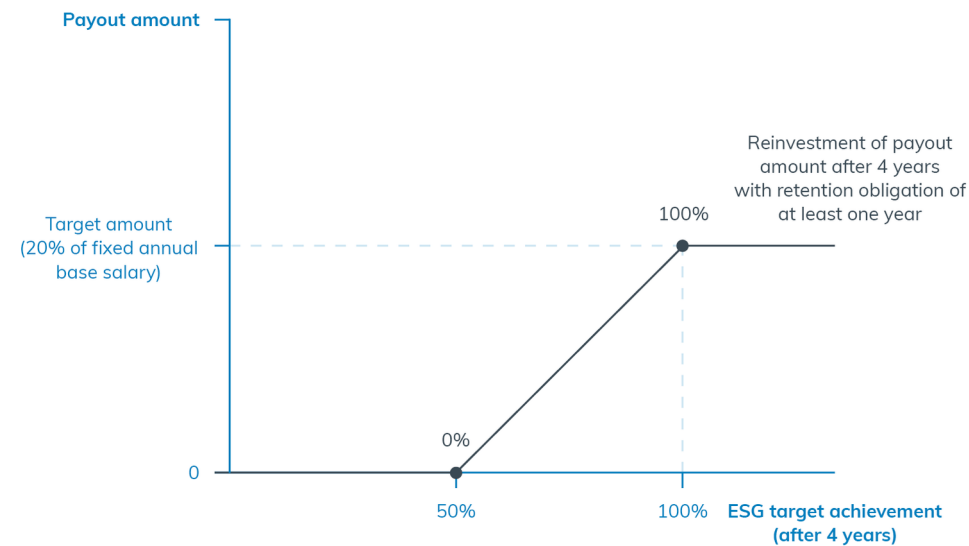
- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 **CONDENSED MANAGEMENT REPORT**
- 101 PRINCIPLES OF THE GROUP
- 119 ECONOMIC REPORT
- 159 CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
- 166 FORECAST REPORT
- 176 RISK AND OPPORTUNITY REPORT
- > **2022 REMUNERATION REPORT**
- 217 OTHER LEGALLY REQUIRED DISCLOSURES
- 219 REPORT ON TRANSACTIONS WITH RELATED PARTIES
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION

for the granting fiscal year. The company can pay out the payout amount from the ESG-LTI in cash or in shares in the company. In the case of a 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 retain ownership of these for a period of one year (“obligation to purchase and retain shares”). The company’s Supervisory Board can decide at its reasonable discretion to issue shares in the company in whole or in part instead of a cash payment. In this case, too, the members of the Management Board are obliged to retain 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 shares of the company and be held for a period of one year.

Figure G043 clarifies the mechanism of the ESG-LTI.

Mechanism of the ESG-LTI

G043



The cases described with regard to the STI for a resignation during an ongoing performance period apply accordingly. In the event of extraordinary events or developments, the acquisition or sale of a part of a company, for example, the Supervisory Board is entitled to temporarily and appropriately adjust the plan conditions of the ESG-LTI at its reasonable discretion. The same applies if changes in the accounting regulations applicable to the company have a significant impact on the parameters relevant for the calculation of the ESG-LTI and in the event that a fiscal year is less than twelve months long (short fiscal year).

Information on the shares and stock options granted or promised within the meaning of Section 162 (1) No. 3 AktG as part of the Long-Term Incentives (LTI)

The following table provides an overview of the shares granted:

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

NOVA-Bonus / LTI

T050

		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	Duration of the existing holding period until
Dr. Michael Schneider	NOVA-LTI 2015 – 2017 (Payout in 2018)	792	–	792	0	–
	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
	NOVA-LTI 2019 – 2021 (Payout in 2022)	–	–	–	–	–
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
	NOVA-LTI 2019 – 2021 (Payout in 2022)	–	–	–	–	–
Annette Stieve	NOVA-LTI 2018 – 2020 (Payout in 2021)	153	–	–	153	July 2025
	NOVA-LTI 2019 – 2021 (Payout in 2022)	–	–	–	–	–

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.

Maximum Remuneration and Compliance with 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 – regardless 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 pursuant to Section 87a (1) 1 sentence 2 No. 1 AktG is EUR 3,900,000 for the Chairman of the Management Board and EUR 2,500,000 for each of the other Management Board members. If the total remuneration calculated for a fiscal year exceeds the maximum remuneration, the payout amount from the LTI is reduced so that the maximum remuneration is observed. If necessary, the Supervisory Board is permitted, at its due discretion, to reduce other remuneration components or demand reimbursement of remuneration already paid. Irrespective of the specified maximum remuneration, the payment amounts of the individual variable remuneration components are also limited in relation to the fixed annual salary.

The remuneration granted for fiscal year 2022 remained within the target and the maximum payout is below the maximum remuneration.

Severance Payments and Change of Control Clause

In the event of premature termination of the service contract without good cause, a possible severance payment is limited to a maximum of two annual salaries in accordance with the recommendations of the German Corporate Governance Code (GCGC) and may not exceed the contractual remuneration for the remaining term (severance payment cap). The calculation of the severance payment cap is generally based on the total remuneration for the past fiscal year and, if applicable, also on the expected total remuneration for the current fiscal year.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Since 2020, NORMA Group has not granted Management Board members any special remuneration in the event of a change of control. After the departure of Dr. Schneider as of December 31, 2022, a change of control clause has only been agreed to with Dr. Klein. If a special right of termination is exercised in the event of a change of control or due to conversions, Dr. Klein is to receive a severance payment equal to three years' salary, but no more than one-and-a-half times the severance cap or the value of the remuneration for the remainder of his service contract. In accordance with the recommendations of the GCGC, the employment contract of Mrs. Stieve and future members of the Management Board no longer contains a change of control clause. Accordingly, no severance payment is due for these Management Board members if they exercise a special right of termination in the event of a change of control or due to conversions. The annual remuneration is the current fixed annual salary at the time of notice of termination as well as the variable remuneration components granted for the past fiscal year.

Opportunities for the company to reclaim variable remuneration components

The company is entitled to adjust and reclaim the payment amounts from the variable remuneration at its due discretion if the audited Consolidated Financial Statements and/or the basis for determining other targets on which the calculation of the variable remuneration is based need to be corrected retrospectively because they prove to be objectively incorrect, and the error has led to an incorrect calculation of the variable remuneration. The claim for repayment consists of the difference between the payment amounts actually paid by the company and the payment amounts that should have been paid out according to the regulations on variable remuneration based on the corrected calculation bases. In the event of a grossly negligent or intentional breach by a member of the Management Board of one of his material duties of care within the meaning of Section 93 of the German Stock Corporation Act (AktG) or a material principle of action of an internal guideline issued by the company and a resulting risk to the business success or reputation of NORMA Group or one of its companies, the Supervisory Board may reduce the variable remuneration components in part or in full (down to zero).

If the correction of the basis for calculating variable remuneration affects several variable remuneration components that have been paid out, payment amounts for all variable remuneration components can be reclaimed. The entitlement to repayment exists for a period of three years after payment of the respective variable remuneration component.

In fiscal year 2022, the Supervisory Board did not make use of the option to withhold or reclaim variable remuneration components.

Remuneration of the Management Board in fiscal year 2022

Management Board remuneration for fiscal year 2022 is reported in accordance with Section 162 AktG and, for reasons of continuity and transparency, in accordance with the recommendations of the German Corporate Governance Code (GCGC).

Management Board remuneration for fiscal year 2022 in accordance with Section 162 AktG

The variable remuneration (STI, NOVA-LTI and ESG-LTI) is shown as remuneration granted and owed in accordance with Section 162 (1) sentence 2 No. 1 AktG in the fiscal year in which the activity on which the remuneration is based was performed in full. For example, the NOVA-LTI for the 2020-2022 performance period is reported as granted and owed in fiscal year 2022 (however, due to a negative NOVA value, no NOVA-LTI was granted in fiscal year 2021).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

The remuneration granted and owed to the members of the Management Board is made up as follows:

Management Board remuneration granted and owed pursuant to Sec. 162 (1) sentence 2 no. 1 German Stock Corporation Act (AktG)

T051

Type of remuneration	Dr. Michael Schneider				Dr. Friedrich Klein				Annette Stieve				Total	
	2022		2021		2022		2021		2022		2021		2022	2021
	in EUR thousa nds	in %	in EUR thousa nds	in %	in EUR thousa nds	in %	in EUR thousa nds	in %	in EUR thousa nds	in %	in EUR thousa nds	in %	in EUR thousa nds	in EUR thousa nds
Fixed remuneration	600		600		396		396		396		396		1,392	1,392
Fringe benefits	30		30		11		11		14		16		55	57
Total	630	73.4	630	71.8	407	72.8	407	71.2	410	73.0	412	71.4	1,447	1,449
One-year variable remuneration (STI)	227		248		151		165		151		165		532	578
Multi-year variable remuneration:														
NOVA-LTI	0		0		0		0		0		0		0	0
ESG-LTI	-		-		-		-		-		-		-	-
Total	227	26.6	248	28.2	151	27.2	165	28.8	151	27.0	165	28.6	532	578
Total remuneration	858	100.0	878	100.0	559	100.0	572	100.0	562	100.0	577	100.0	1,979	2,027

Departure of the Chairman of the Management Board

Dr. Michael Schneider, Chairman of the Management Board of NORMA Group SE, stepped down from the Management Board effective December 31, 2022 ("departure date"). The settlement agreement concluded provides for the remuneration after the date of departure to be paid during the release phase in accordance with the provisions in the employment contract up until June 30, 2023 (termination date). There are no further severance payment claims. Pension entitlements remain unchanged (pension agreement). In accordance with the agreement, Dr. Schneider will not acquire any further pension entitlements after the termination date.

Remuneration for the period up until December 31, 2022, is shown in the following tables. The benefits promised or granted for the period after December 31, 2022, amount to EUR 800 thousand in total and are composed as follows: non-performance-dependent component: EUR 324 thousand, performance-dependent component: EUR 261 thousand, long-term incentive component: EUR 0 thousand and pension expense: EUR 215 thousand.

The benefits that have been promised to the members of the Management Board in the event of the regular termination of their activity (cf. Section 162 (2) No. 3 AktG) are distributed among the individual Management Board members as shown in the following table.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Overview of the promised pensions of the Board members

T052

in EUR thousands	Dr. Michael Schneider		Dr. Friedrich Klein		Annette Stieve		Total	
	2022	2021	2022	2021	2022	2021	2022	2021
Present value of pension	4,621	3,721	1,561	1,111	–	–	6,182	4,832
Expended amount	901	846	450	407	165	165	1,516	1,418

The present value of all pension commitments to former members of the Management Board and their surviving dependents as of December 31, 2022, is EUR 1,014 thousand (2021: EUR 923 thousand).

Management Board remuneration for fiscal year 2022 in accordance with the German Corporate Governance Code

For reasons of a continuous presentation and to ensure the best possible transparency, this Remuneration Report is based on the model tables of the German Corporate Governance Code in the version dated February 7, 2017 (in short: GCGC 2017), even if 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 for the reporting year or received in or for the reporting year and is as follows:

GCGC: Remuneration granted

T053

	Dr. Michael Schneider				Dr. Friedrich Klein				Annette Stieve				Total			
	2022	2022 (Min.)	2022 (Max.)	2021	2022	2022 (Min.)	2022 (Max.)	2021	2022	2022 (Min.)	2022 (Max.)	2021	2022	2022 (Min.)	2022 (Max.)	2021
Grants awarded (in EUR thousand)																
Fixed remuneration	600	600	600	600	396	396	396	396	396	396	396	396	1,392	1,392	1,392	1,392
Fringe benefits	30	30	30	30	11	11	11	11	14	14	14	16	55	55	55	57
Total	630	630	630	630	407	407	407	407	410	410	410	412	1,447	1,447	1,447	1,449
One-year variable remuneration	534	0	1,080	534	356	0	713	356	356	0	713	356	1,246	0	2,506	1,246
Multi-year variable remuneration	862	0	1,200	862	575	0	792	575	575	0	792	575	2,012	0	2,784	2,012
Total	1,396	0	2,280	1,396	931	0	1,505	931	931	0	1,505	931	3,258	0	5,290	3,258
Pension expenses	619	619	619	657	369	369	369	392	165	165	165	165	1,153	1,153	1,153	1,214
Total remuneration	2,645	1,249	3,529	2,683	1,707	776	2,281	1,730	1,506	575	2,080	1,508	5,858	2,600	7,890	5,921

The award table does not reflect actual remuneration paid. It specifies the target values of the respective remuneration components as well as their theoretically possible minimum and maximum values for the year 2022. The defined expected or target values give the indication required by the GCGC as to what would be paid out if the target values (EBIT, NOVA and ESG) were planned or typically expected to be achieved. If the target figures are not actually achieved, the payout is correspondingly lower. This is shown in the table below.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

GCGC - Inflow

T054

	Dr. Michael Schneider		Dr. Friedrich Klein		Annette Stieve		Total	
in EUR thousand	2022	2021	2022	2021	2022	2021	2022	2021
Fixed remuneration	600	600	396	396	396	396	1,392	1,392
Fringe benefits	30	30	11	11	14	16	57	57
Total	630	630	407	407	410	412	1,447	1,449
One-year variable remuneration	227	248	151	165	151	165	532	578
Multi-year variable remuneration								
NOVA-LTI	0	0	0	0	0	0	0	0
Total	227	248	151	165	151	165	529	578
Pension expenses	619	657	369	392	165	165	1,153	1,214
Total remuneration	1,477	1,535	928	964	727	742	3,132	3,241

Verification of the appropriateness of Management Board remuneration

In fiscal year 2022, the Supervisory Board carried out a review of the Management Board remuneration and came to the conclusion that the amount of Management Board remuneration is appropriate from a legal point of view within the meaning of Section 87 (1) AktG. The Supervisory Board also regularly seeks external advice to assess the appropriateness of Management Board remuneration and pensions. From a company-external perspective, the relationship between the amount and structure of Management Board remuneration and the remuneration of senior management and the workforce as a whole is evaluated (vertical comparison). In addition to a status quo consideration, the vertical comparison also takes the development of remuneration ratios over time into account. On the other hand, the amount and structure of remuneration are evaluated based on the positioning of NORMA Group in a peer group (horizontal comparison). In addition to the fixed remuneration, the horizontal comparison also includes the short and long-term remuneration components as well as the amount of the fringe benefits and company pension scheme. The peer group was carefully chosen by the Supervisory Board to avoid an automatic upward trend in remuneration.

The review of the appropriateness of the remuneration of the Management Board in fiscal year 2022 showed that the Management Board remuneration is appropriate.

Management Board contracts

The Management Board contracts are concluded upon commencement of service for a period of three years. The Board contract of Dr. Michael Schneider ended on amicable terms on December 31, 2022.

Remuneration of the Supervisory Board

Remuneration system for the members of the Supervisory Board

The remuneration system for the members of the Supervisory Board was approved by the Annual General Meeting on May 20, 2021 in accordance with Section 113 (2) sentences 1 and 2 AktG by receiving 100.00% of the votes. The remuneration system is intended to contribute to promoting the business strategy and the long-term development of NORMA Group. The remuneration of the Supervisory Board takes both the structure and the

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

amount of the requirements for the office of a member of the Supervisory Board of NORMA Group SE into account, in particular the associated time expenditure and the associated responsibility.

The remuneration is appropriate in relation to the tasks of the members of the Supervisory Board and the situation of NORMA Group and is comparable in terms of the amount to the remuneration of the members of the Supervisory Board of comparable listed companies. The remuneration makes it possible to find suitable and qualified candidates for the position as a member of the Supervisory Board. The remuneration of the Supervisory Board thus contributes to the Supervisory Board being able to carry out its duties of monitoring and advising the Management Board properly and competently. The restriction to fixed remuneration also takes these tasks of the Supervisory Board into account. The restriction creates an incentive for the members of the Supervisory Board to appropriately question the management by the Management Board when performing their monitoring and advisory tasks, without focusing primarily on the development of operational indicators. Together with the Management Board, the Supervisory Board thus promotes the business strategy and the long-term development of NORMA Group. The restriction to a fixed salary also corresponds to suggestion G.18 sentence 1 of the German Corporate Governance Code in the version of December 16, 2019.

Remuneration components

The members of the Supervisory Board receive fixed remuneration, attendance fees, fringe benefits (consisting of insurance coverage and tax refunds) and, if they work on Supervisory Board committees, remuneration for this committee work.

Fixed remuneration

The remuneration of the members of the Supervisory Board consists of fixed remuneration; this amounts to EUR 100,000 per fiscal year for the Chairman of the Supervisory Board, EUR 75,000 for the Deputy Chairman of the Supervisory Board and EUR 50,000 for every other member of the Supervisory Board. The fixed annual remuneration is reduced pro rata temporis if a member does not belong to the Supervisory Board for the full fiscal year or does not hold the position of Chair or Deputy Chair for the full fiscal year.

Remuneration for serving on a committee of the Supervisory Board

In addition, the chairpersons of the Audit, General and Nomination committees each receive remuneration of EUR 25,000 per fiscal year, and the chairpersons of another committee receive EUR 15,000. Members of a committee of the Supervisory Board receive an additional annual remuneration of EUR 10,000 per committee, but a maximum of additional remuneration of EUR 20,000 per fiscal year for membership in committees ("maximum amount"). This maximum amount does not take additional remuneration for chairing committees into account. Committee membership fees are in addition to any committee chair fees. Against this backdrop, the remuneration of the members of the Supervisory Board also corresponds to recommendation G. 17 of the German Corporate Governance Code in the version of December 16, 2019, according to which the higher time required for the Chairman and the Deputy Chairman of the Supervisory Board as well as the Chairman and the members of committees should be appropriately taken into account. The fixed annual remuneration is reduced pro rata temporis if a member does not serve on a committee for the full fiscal year or does not serve as chair or vice-chair for the full fiscal year.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

Attendance fee

In addition, the members of the Supervisory Board receive an attendance fee of EUR 1,000 for each meeting of the Supervisory Board that they attend. Committee members also receive an attendance fee of EUR 1,000 for each meeting they attend. For several meetings of the same body (the plenary session or the respective committee of the Supervisory Board) that take place on one day, the attendance fee is only paid once.

Ancillary services (insurance coverage, VAT reimbursement)

Furthermore, the members of the Supervisory Board are included in a pecuniary damage liability insurance policy maintained by NORMA Group SE for board members and certain executives (“D&O insurance”). NORMA Group SE reimburses any sales tax that may be due on the remuneration and expenses of the members of the Supervisory Board.

Procedures for determining, implementing and reviewing the remuneration system

The Annual General Meeting determines the remuneration of the Supervisory Board based on a proposal by the Management Board and the Supervisory Board in the Articles of Association or by resolution. The remuneration of the Supervisory Board was determined by resolution of the Annual General Meeting on May 20, 2022.

Pursuant to Section 113 (3) AktG as amended by ARUG II, the Annual General Meeting must decide 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 Supervisory Board each examine 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. To this end, the Supervisory Board can also carry out a horizontal market comparison. If necessary, the Management Board and Supervisory Board will propose a suitable adjustment to the remuneration at the Annual General Meeting. The General and Nomination Committee can prepare the deliberations and resolutions of the Supervisory Board on Supervisory Board remuneration.

Remuneration of the Supervisory Board for fiscal year 2022

The remuneration for Supervisory Board work for fiscal year 2022 will be paid on the day after the 2023 Annual General Meeting as follows:

Remuneration granted and owed pursuant to Section 162 (1) sentence 2 No. 1 German Stock Corporation Act (AktG)

T055

Type of remuneration	Günter Hauptmann				Rita Forst				Miguel Ángel López Borrego (since March 16, 2021)				Dr. Knut J. Michelberger			
	2022		2021		2022		2021		2022		2021		2022		2021	
	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 %	in EUR thou- sands	in %
Fixed remuneration	135	87.1	125	94.7	75	88.2	75	92.6	60	77.9	47	83.9	87	76.3	95	89.6
Fringe benefits	20	12.9	7	5.3	10	11.8	6	7.4	17	22.1	9	16.1	27	23.7	11	10.4
Total remuneration	155	100.0	132	100.0	85	100.0	81	100.0	77	100.0	56	100.0	114	100.0	106	100.0

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

(continued) Remuneration granted and owed pursuant to Section 162 (1) sentence 2 No. 1 German Stock Corporation Act (AktG)

Type of remuneration	Erika Schulte				Mark Wilhelms				Total	
	2022		2021		2022		2021		2022	2021
	in EUR thousands	in %	in EUR thousands	in %	in EUR thousands	in %	in EUR thousands	in %	in EUR thousands	in EUR thousands
Fixed remuneration	95	81.2	95	91.3	78	80.4	70	86.4	530	507
Fringe benefits	22	18.8	9	8.7	19	19.6	11	13.6	115	53
Total remuneration	117	100.0	104	100.0	97	100.0	81	100.0	645	560

The figures in the “2021” columns relate to the remuneration for fiscal year 2021, which was paid in fiscal year 2022.

In fiscal year 2022, no remuneration was paid to members of the Supervisory Board for services rendered personally (in particular consulting and brokerage services). In addition, reasonable expenses and travel expenses incurred by the Supervisory Board in connection with the fulfillment of its official duties for the company are reimbursed within the framework of the guidelines applicable at the company. 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 amount of damage, up to a limit of 1.5 times annual salaries, borne privately by the members of the Supervisory Board or insured privately.

Comparative representation of the annual change within the meaning of Section 162 (1) sentence 2 No. 2 AktG (so-called vertical comparison)

The provision of Section 162 (1) sentence 2 No. 2 AktG requires a comparative presentation of the annual change in the remuneration of the Management Board and the Supervisory Board, the development of earnings of the company and the average remuneration of the employees on a full-time equivalent basis. The annual change was determined as follows:

- The earnings development of the company was based on the annual result according to the profit and loss account. Since NORMA Group SE is the parent company of the Group and the variable remuneration of the Management Board is based, among other aspects, on Group earnings figures (e.g. adjusted Group EBIT), this figure was also included in the comparative presentation.
- The determination of the change in the average remuneration of employees on a full-time equivalent basis was based on the entire workforce in Germany (excluding the Management Board) on the one hand and on the collectively bargained employees in Germany on the other, since this data is comparable with the other remuneration due to the legal and social security framework.
- For the sake of completeness, it should be mentioned that the remuneration data for 2020 was influenced by both short-time work and executive pay cuts.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
>	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

The annual changes for the years 2019 to 2022 are as follows:

Comparative presentation of the annual change (so-called vertical comparison) pursuant to Section 162 (1) sentence 2 No. 2 German Stock Corporation Act (AktG)			T056
Group of persons / yield variables	Change from 2022 to 2021	Change from 2021 to 2020	Change from 2020 to 2019
Members of governing bodies in office as of Dec 31, 2022			
a) Management Board			
Dr. Michael Schneider	2.0%	- 20.6%	21.2%
Dr. Friedrich Klein	3.1%	- 8.1%	- 13.3%
Annette Stieve (since October 1, 2020)	- 2.0%	243.5%	n/a
b) Supervisory Board			
Günter Hauptmann	17.1%	38.8%	26.6%
Rita Forst	4.9%	27.0%	6.3%
Miguel Ángel López Borrego (since March 16, 2021)	36.5%	n/a	n/a
Dr. Knut J. Michelberger	7.2%	11.6%	0.0%
Erika Schulte	12.5%	9.5%	4.2%
Mark Wilhelms	20.2%	29.6%	11.4%
Former Board members			
a) Supervisory Board			
Lars M. Berg (until August 31, 2020)	n/a	n/a	- 33.3%
Earnings indicators			
Annual result for NORMA Group SE	- 46.8%	698.9%	- 69.7%
Adjusted EBIT NORMA Group [Group]	- 13.0%	151.3%	- 66.7%
Average remuneration of employees on a full time equivalent basis			
Total workforce in Germany (excluding the Management Board)	5.6%	8.4%	- 2.4%
Pay scale employees in Germany	5.6%	8.9%	- 5.4%

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
>	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 (Aktiengesetz, 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
>	OTHER LEGALLY REQUIRED DISCLOSURES
219	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 (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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
101	PRINCIPLES OF THE GROUP
119	ECONOMIC REPORT
159	CONDENSED MANAGEMENT REPORT OF NORMA GROUP SE (HGB)
166	FORECAST REPORT
176	RISK AND OPPORTUNITY REPORT
194	2022 REMUNERATION REPORT
217	OTHER LEGALLY REQUIRED DISCLOSURES
>	REPORT ON TRANSACTIONS WITH RELATED PARTIES
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

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 (retired from the Management Board on December 31, 2022) and Dr. Klein also contain a Change of Control clause. In this respect reference is made to the [REMUNERATION REPORT](#).

Dr. Schneider's (retired from the Management Board on December 31, 2022) 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 2022, there were no reportable transactions with related parties.

Consolidated Financial Statements

221	Consolidated Statement of Comprehensive Income
222	Consolidated Statement of Financial Position
224	Consolidated Statement of Cash Flows
225	Consolidated Statement of Changes in Equity
226	Notes to the consolidated financial statement
341	Appendix to the Notes to the Consolidated Financial Statements
346	Insurance of Legal Representatives
347	Independent Auditor's Report

ADJUSTED EBIT FY 2022:

EUR 99.0 million

- 13.0% compared to the previous year

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the period from January 1 to December 31, 2022

			T057
	Note	2022	2021
in EUR thousands			
Revenue	(8)	1,243,014	1,091,907
Changes in inventories of finished goods and work in progress		15,643	17,479
Other own work capitalized		2,780	3,018
Raw materials and consumables used	(9)	-596,992	-499,962
Gross profit		664,445	612,442
Other operating income	(10)	25,695	20,407
Other operating expenses	(11)	-223,544	-180,346
Employee benefits expense	(12)	-309,357	-284,913
Depreciation and amortization	(18, 19)	-80,724	-75,523
Operating profit (EBIT)		76,515	92,067
Financial income		3,143	1,958
Financial costs		-15,738	-14,368
Financial costs – net	(13)	-12,595	-12,410
Profit before income tax		63,920	79,657
Income taxes	(16)	-24,745	-23,583
PROFIT FOR THE PERIOD		39,175	56,074
Other comprehensive income for the period, net of tax			
Other comprehensive income that can be reclassified to profit or loss, net of tax		18,314	43,700
Exchange differences on translation of foreign operations	(24)	13,770	42,916
Cash flow hedges, net of tax	(21, 24)	4,544	784
Other comprehensive income that cannot be reclassified to profit or loss, net of tax		3,315	1,198
Remeasurements of post-employment benefit obligations, net of tax	(24, 26)	3,315	1,198
Other comprehensive income for the period, net of tax		21,629	44,898
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		60,804	100,972
Profit attributable to			
Shareholders of the parent		39,068	55,933
Non-controlling interests		107	141
Total comprehensive income attributable to			
Shareholders of the parent		60,721	100,837
Non-controlling interests		83	135
(Un)diluted earnings per share (in EUR)	(15)	1.23	1.76

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
>	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
>	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Assets		T058	
in EUR thousands	Note	Dec 31, 2022	Dec 31, 2021
Non-current assets			
Goodwill	(18)	402,270	392,745
Other intangible assets	(18)	195,944	212,815
Property, plant and equipment	(19)	295,841	277,685
Other non-financial assets	(23)	2,353	2,209
Other financial assets	(21)	944	1,135
Derivative financial assets	(21)	6,162	0
Income tax assets		1,119	939
Deferred income tax assets	(17)	19,818	18,113
		924,451	905,641
Current assets			
Inventories	(22)	250,796	208,008
Other non-financial assets	(23)	23,064	20,366
Other financial assets	(21)	2,820	3,528
Derivative financial assets	(21)	713	453
Income tax assets		3,407	5,610
Trade and other receivables	(21)	186,309	162,009
Contract assets	(8)	450	849
Cash and cash equivalents	(30)	168,670	185,719
Assets classified as held for sale	(29)	0	6,043
		636,229	592,585
Total assets		1,560,680	1,498,226

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
>	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Equity and Liabilities		T059	
in EUR thousands	Note	Dec 31, 2022	Dec 31, 2021
Equity			
Subscribed capital		31,862	31,862
Capital reserve		210,323	210,323
Other reserves		28,106	9,768
Retained earnings		434,780	416,296
Equity attributable to shareholders		705,071	668,249
Non-controlling interests		285	335
Total equity	(24)	705,356	668,584
Liabilities			
Non-current liabilities			
Retirement benefit obligations	(26)	9,174	15,913
Provisions	(27)	4,300	5,525
Borrowings	(21)	339,679	393,747
Other non-financial liabilities	(28)	671	817
Contract liabilities	(8)	0	217
Lease liabilities	(20)	30,173	22,295
Derivative financial liabilities	(21)	0	247
Deferred income tax liabilities	(17)	52,851	57,590
		436,848	496,351
Current liabilities			
Provisions	(27)	14,918	21,460
Borrowings	(21)	125,899	69,490
Other non-financial liabilities	(28)	39,958	37,686
Contract liabilities	(8)	1,295	427
Lease liabilities	(20)	10,576	8,520
Other financial liabilities	(21)	10,537	8,407
Derivative financial liabilities	(21)	1,578	1,498
Income tax liabilities		6,992	5,269
Trade and other payables	(21)	206,723	180,534
		418,476	333,291
Total liabilities		855,324	829,642
Total equity and liabilities		1,560,680	1,498,226

CONSOLIDATED STATEMENT OF CASH FLOWS

for the period from January 1 to December 31, 2022

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
>	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

			T060
in EUR thousands	Note	2022	2021
Operating activities			
Profit for the period		39,175	56,074
Depreciation and amortization	(18, 19)	80,724	75,523
Gain (-) / loss (+) on disposal of property, plant and equipment		-1,685	373
Change in provisions	(26, 27)	-9,459	-11,055
Change in deferred taxes	(17)	-11,548	-1,940
Change in inventories, trade account receivables and other receivables, which are not attributable to investing or financing activities	(21, 22, 23)	-60,361	-46,931
Change in trade and other payables, which are not attributable to investing or financing activities	(21, 28)	25,060	21,899
Change in reverse factoring liabilities		4,231	2,594
Payments for share-based payments		-579	-365
Interest expenses in the period		11,101	9,847
Income (-) / expenses (+) due to measurement of derivatives		5,036	1,804
Other non-cash expenses (+) / income (-)	(30)	-5,080	563
Cash flow from operating activities		76,615	108,386
thereof interest received		690	435
thereof income taxes		-32,284	-24,621
Investing activities			
Investments in property, plant and equipment and intangible assets	(18, 19)	-54,500	-46,648
Proceeds from the sale of property, plant and equipment		10,015	1,491
Cash flow from investing activities		-44,485	-45,157
Financing activities			
Interest paid		-11,106	-10,093
Dividends paid to shareholders	(24)	-23,897	-22,304
Dividends paid to non-controlling interests		-133	0
Proceeds from borrowings	(21)	61,939	45,006
Repayment of borrowings	(21)	-62,016	-72,926
Repayment of derivatives		-5,364	-279
Repayment of lease liabilities		-13,941	-10,497
Cash flow from financing activities	(30)	-54,518	-71,093
Net change in cash and cash equivalents		-22,388	-7,864
Cash and cash equivalents at the beginning of the year		185,719	185,109
Effect of foreign exchange rates on cash and cash equivalents		5,339	8,474
Cash and cash equivalents at the end of the year		168,670	185,719

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS

T061

	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			
221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME	Balance as of January 1, 2021 (as reported)		31,862	210,323	-33,938	381,063	589,310	200	589,510
	Result for the period					55,933	55,933	141	56,074
222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION	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
224 CONSOLIDATED STATEMENT OF CASH FLOWS	Total comprehensive income for the period								
	Share-based payment transactions	(25)				406	406		406
	Dividends paid	(24)				-22,304	-22,304		-22,304
> CONSOLIDATED STATEMENT OF CHANGES IN EQUITY	Total transactions with owners for the period								
	Balance as of December 31, 2021		31,862	210,323	9,768	416,296	668,249	335	668,584
	Balance as of January 1, 2022		31,862	210,323	9,768	416,296	668,249	335	668,584
226 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	Result for the period					39,068	39,068	107	39,175
	Exchange differences on translation of foreign operations				13,794		13,794	-24	13,770
	Cash flow hedges, net of tax	(21)			4,544		4,544		4,544
	Remeasurements of post-employment benefit obligations, net of tax	(24, 26)				3,315	3,315		3,315
341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS	Total comprehensive income for the period								
	Share-based payment transactions	(25)				-2	-2		-2
	Dividends paid	(24)				-23,897	-23,897		-23,897
346 ASSURANCE OF LEGAL REPRESENTATIVES	Dividends paid to non-controlling interests							-133	-133
	Total transactions with owners for the period								
347 INDEPENDENT AUDITOR'S REPORT	Balance as of December 31, 2022		31,862	210,323	28,106	434,780	705,071	285	705,356

- 6 FURTHER INFORMATION

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 SE 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 SE 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

2. Basis of preparation

The principal accounting policies applied in the preparation of these Consolidated Financial Statements for the fiscal year from January 1, to December 31, 2022 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. The exchange rates used by the Group for foreign currency translation are as follows:

Exchange rates	T062			
	Spot rate		Average rate	
	Dec 31, 2022	Dec 31, 2021	2022	2021
per EUR				
Australian dollar	1.5693	1.5615	1.5164	1.5751
Brazilian real	5.6386	6.3101	5.4406	6.3772
Chinese renminbi yuan	7.3582	7.1947	7.0782	7.6323
Swiss franc	0.9847	1.0331	1.0047	1.0814
Czech koruna	24.1160	24.8580	24.5624	25.6490
British pound sterling	0.8869	0.8403	0.8527	0.8599
Indian rupee	88.1710	84.2292	82.7066	87.4343
Japanese yen	140.6600	130.3800	137.9546	129.8585
South Korean won	1344.0900	1346.3800	1357.6447	1353.7928
Malaysian ringgit	4.6984	4.7184	4.6277	4.9014
Mexican peso	20.8560	23.1438	21.1932	23.9855
Polish zloty	4.6808	4.5969	4.6854	4.5656
Serbian dinar	116.9248	117.1800	117.0864	117.5430
Russian ruble	78.4640	85.3004	73.5250	87.1858
Swedish krona	11.1218	10.2503	10.6265	10.1465
Singapore dollar	1.4300	1.5279	1.4514	1.5893
Thai baht	36.8350	37.6530	36.8502	37.8203
Turkish lira	19.9649	15.2335	17.3982	10.4891
US dollar	1.0666	1.1326	1.0537	1.1830

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Unless indicated otherwise, 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, 2022.

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 13, 2023 and are scheduled to be released for publication after approval by the Supervisory Board on March 16, 2023.

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 to use certain accounting estimates. It is also required to exercise its judgment in the process of applying the Group's accounting policies. Information on the areas involving a higher degree of judgment or complexity or areas where assumptions and estimates are significant to the Consolidated Financial Statements is 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 3: Reference to the Conceptual Framework
- Amendments to IAS 16: Property, Plant and Equipment – Proceeds before Intended Use
- Amendments to IAS 37: Onerous Contracts – Cost of Fulfilling a Contract
- Annual Improvements to IFRSs (2018 – 2020 cycle)

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

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.

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.

(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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(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 means that a gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss for the period.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Valuation methods

The following table shows the most important valuation methods that form the basis for the preparation of the Consolidated Financial Statements:

Valuation methods		T063
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 through 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 through other comprehensive income	
Classified as fair value hedge	At fair value through profit or loss	
Without hedge accounting	At fair value through profit or loss	
Contingent consideration	At fair value through profit or loss	
Trade and other payables	Amortized costs	

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

(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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

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. Costs of major overhauls that meet certain recognition criteria are capitalized as a component of property, plant and equipment or right-of-use assets and depreciated over the appropriate maintenance cycle. 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.

Leasing activities of the Group and their accounting treatment

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

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 224 CONSOLIDATED STATEMENT OF CASH FLOWS
- 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- > NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 346 ASSURANCE OF LEGAL REPRESENTATIVES
- 347 INDEPENDENT AUDITOR'S REPORT

- 6 FURTHER INFORMATION

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. Right-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.

i. Extension and termination options

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

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.

(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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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

The Group classifies its financial assets in the following measurement categories:

- Debt instruments measured at amortized cost (AC);
- Debt instruments measured at fair value (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).

The classification of debt instruments depends on the business model NORMA Group uses to manage 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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. Although NORMA Group only invests in assets with at least an investment grade rating, the development of credit default swap premiums as a measure of a debtor's credit rating is monitored by market participants. In this way, changing risk structures among contractual partners can be identified and any changes can be responded to promptly.

(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.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 remuneration.

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. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for high-quality fixed-rate corporate bonds denominated in the currency in which the benefits will be paid and whose remaining maturities approximate the maturities of the related pension obligations.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

NORMA Group makes use of the relief provisions of IFRS 15 and no disclosure is made with regard to performance obligations not yet fulfilled as of the reporting date, as the outstanding performance obligations are part of a contract with an original term of up to twelve months.

(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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(b) Engineering services

Revenue is recognized as the services are performed, not on a straight-line basis, based on the ratio of costs incurred to estimated total costs. In making this determination, the estimate of the stage of completion is of particular importance; in addition, it can include estimates regarding the scope of supplies and services required to fulfill the contractual obligations. These estimates also include total contract costs, total contract revenue, contract risks (including technical risks) and other relevant variables.

Changes in estimates can either increase or decrease revenue. In addition, an assessment must be made as to whether the continuation or termination of a contract represents the most likely scenario. For this assessment, all relevant facts and circumstances are considered individually for each contract. Invoices are issued in accordance with the terms of the contract; payment terms usually provide for payment at intervals of 30 to 90 days after invoicing.

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 when the right to receive the consideration is no longer subject to a condition (unconditional claim).

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.

Considerations 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 non-financial 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

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 fiscal year 2022 include six domestic (Dec 31, 2021: six) and 43 foreign (Dec 31, 2021: 44) companies.

The composition of the Group changed as follows:

	2022			2021		
	Total	Domestic	Foreign	Total	Domestic	Foreign
as of January 1	50	6	44	51	7	44
Additions	0	0	0	0	0	0
Disposals	1	0	1	1	1	0
of which no longer consolidated	1		1	0		
of which mergers	0	0	0	1	1	0
as of December 31	49	6	43	50	6	44

T064

There were no acquisitions or establishments during 2022.

The merger in 2021 relates to the merger of DNL GmbH & Co KG with NORMA Group Holding GmbH as of December 31, 2021.

The deconsolidation in 2022 relates to the liquidation of Fengfan Fastener (Shaoxing) Co., Ltd. as of July 28, 2022. The business activities had been previously transferred to NORMA EJT (Changzhou) Co., Ltd.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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, 2022

T065

No.	Company	Registered address	held by	Share in %		Currency	Equity ¹	Result ¹
				Direct parent company	of NORMA Group SE			
Central Functions								
1	NORMA Group SE	Maintal, Germany						
2	NORMA Group APAC Holding GmbH	Maintal, Germany	1	100	100	kEUR	11	-5
3	NORMA Group Holding GmbH	Maintal, Germany	1	100	100	kEUR	106,814	0 ²
Segment EMEA								
4	NORMA Distribution Center GmbH	Marsberg, Germany	3	100	100	kEUR	2,175	0 ²
5	NORMA Germany GmbH	Maintal, Germany	3	100	100	kEUR	60,773	0 ²
6	NORMA Verwaltungs GmbH	Maintal, Germany	3	100	100	kEUR	20	0 ²
7	DNL France SAS	Briey, France	3	100	100	kEUR	18,269	-4,900
8	NORMA Autoline France SAS	Guichen, France	7	100	100	kEUR	24,279	-342
9	NORMA Distribution France SAS	Croissy Beaubourg, France	7	100	100	kEUR	3,703	771
10	NORMA France SAS	Briey, France	7	100	100	kEUR	5,869	525
11	DNL UK Ltd.	Newbury, Great Britain	3	100	100	kGBP	15,958	4,000
12	NORMA UK Ltd.	Newbury, Great Britain	11	100	100	kGBP	16,844	3,708
13	NORMA Italia SpA	Gavardo, Italy	3	100	100	kEUR	6,052	2,341
14	Groen Bevestigingsmaterialen B.V.	Purmerend, Netherlands	3	70	100	kEUR	5,453	171
15	NORMA Netherlands B.V.	Purmerend, Netherlands	20	100	100	kEUR	511	-3
16	NORMA Polska Sp. z o.o.	Slawniów, Poland	3	100	100	kPLN	155,843	36,809
17	NORMA Group Distribution Polska Sp. z o.o.	Slawniów, Poland	16	100	100	kPLN	20,443	6,399
18	Lifial – Indústria Metalúrgica de Águeda, Lda.	Águeda, Portugal	3	99.99	100	kEUR	4,422	-513
19	NORMA Group CIS LLC	Togliatti, Russian Federation	3	99.96	100	kRUB	78,945	-30,383
20	DNL Sweden AB	Stockholm, Sweden	3	100	100	kSEK	103,490	50,498
21	NORMA Sweden AB	Stockholm, Sweden	20	100	100	kSEK	202,105	43,791
22	Connectors Verbindungstechnik AG	Wallisellen, Switzerland	3	100	100	kCHF	3,012	-703
23	NORMA Grupa Jugoistocna Evropa d.o.o.	Subotica, Serbia	3	100	100	kRSD	3,395,811	-390,079
24	Fijaciones NORMA, S.A.U.	L'Hospitalet de Llobregat, Spain	3	100	100	kEUR	4,071	256
25	NORMA Czech, s.r.o.	Hustopecce, Czech Republic	3	100	100	kCZK	101,211	-137,519
26	NORMA Turkey Bağlantı ve Birleştirme Teknolojileri Sanayi ve Ticaret Limited Şirketi	Kartal-Istanbul, Turkey	6	100	100	kTRL	45,707	27,759
27	Kimplas Limited	Newbury, Great Britain	44	100	100	kGBP	773	167

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(continued) List of Group companies of NORMA Group as of Dec 31, 2022

No.	Company	Registered address	held by	Share in %		Currency	Equity ¹	Result ¹
				Direct parent company	of NORMA Group SE			
Segment Americas								
28	NORMA do Brasil Sistemas De Conexão Ltda.	Atibaia, Brazil	36	100	100	kBRL	-3,820	4,258
29	NORMA Group México S. de R.L. de C.V. ³	Monterrey, Mexico	35	99.4	100	kUSD	-17,784	-9,406
30	NORMA Distribution and Services S. de R.L. de C.V.	Juarez, Mexico	35	99	100	kMXN	1,235	-5,749
31	Craig Assembly Inc.	Auburn Hills, MI, USA	36	100	100	kUSD	89,468	5,713
32	National Diversified Sales, Inc.	Woodland Hills, CA, USA	36	100	100	kUSD	454,421	51,842
33	NG AM FINSRV I, LLC	Auburn Hills, MI, USA	35	70	100	kUSD	-189	-64
34	NORMA MANUFACTURING NA SW, LLC [Tijuana]	Auburn Hills, MI, USA	35	100	100	kUSD	-17,389	2,331
35	NORMA Michigan, Inc.	Auburn Hills, MI, USA	36	100	100	kUSD	108,443	8,931
36	NORMA Pennsylvania, Inc.	Auburn Hills, MI, USA	1	100	100	kUSD	35,209	-10,420 ⁴
37	NORMA U.S. Holding LLC	Auburn Hills, MI, USA	36	100	100	kUSD	18,940	-886
38	R.G. RAY Corporation [Juarez]	Auburn Hills, MI, USA	36	100	100	kUSD	131,261	4,568
Segment Asia-Pacific								
39	NORMA Pacific Pty. Ltd.	Dandenong South, Victoria, Australia	48	100	100	kAUD	17,398	1,902
40	NORMA China Co., Ltd.	Qingdao, China	3	100	100	kCNY	185,496	38,926
41	NORMA EJT (Changzhou) Co., Ltd.	Changzhou, China	48	100	100	kCNY	251,063	27,930
42	NORMA EJT (Wuxi) Co., Ltd.	Wuxi, China	48	100	100	kCNY	202,809	-3,235
43	NORMA Group Products India Pvt. Ltd.	Pune, India	48	99.99	100	kINR	692,619	56,019
44	KIMPLAS PIPING SYSTEMS PRIVATE LTD	Nashik, Maharashtra, India	48	100	100	kINR	1,537,915	2,107
45	NORMA Japan Inc.	Tokyo, Japan	48	60	60	kJPY	100,368	36,976
46	NORMA Products Malaysia Sdn. Bhd.	Ipoh, Malaysia	48	100	100	kMYR	36,518	1,647
47	NORMA Korea Inc.	Seoul, Republic of Korea	48	100	100	kKRW	794,409	175,862
48	NORMA Group Asia Pacific Holding Pte. Ltd.	Singapore, Singapore	1	100	100	kSGD	204,915	-5,965
49	NORMA Pacific (Thailand) Ltd.	Chonburi, Thailand	48	99.99	100	kTHB	111,909	37,532

¹ Reported values according to IFRS as of December 31, 2022; 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, 2022, 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.

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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

T066

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 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.

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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	T067			
	Dec 31, 2022		Dec 31, 2021	
in EUR thousands	+10%	-10%	+10%	-10%
Currency relation				
EUR / USD				
Profit before tax	-452	553	-357	436
EUR / GBP				
Profit before tax	-667	816	197	-240
EUR / CNY				
Profit before tax	-309	378	-275	336
EUR / INR				
Profit before tax	-202	246	-229	280
EUR / PLN				
Profit before tax	490	-599	238	-291
EUR / SEK				
Profit before tax	351	-429	114	-139
EUR / CHF				
Profit before tax	63	-78	129	-158
EUR / CZK				
Profit before tax	-1,584	1,936	-708	865
EUR / RSD				
Profit before tax	-515	629	-643	786
EUR / SGD				
Profit before tax	-18	22	-10	12

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 is currently a correspondingly more restrictive monetary policy in the Eurozone, NORMA Group rates the risk of interest rate increases for the euro as very likely in the short term. In the medium and longer term, the risk of interest rate increases is assessed as likely. In view of the current interest rate level in the Eurozone, the opportunities that could arise from a falling interest rate level are assessed as unlikely on the other hand.

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 low.

Currently existing swaps cover approx. 24% (2021: 23%) of the outstanding variable-rate loans. In the variable-rate USD loans, the comparable hedge ratio is 55% (2021: 55%). 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 2022 had been 100 basis points higher (ceteris paribus), NORMA Group's profit before taxes for fiscal year 2022 would have been EUR 1,799 thousand lower (2021: EUR 1,038 thousand lower) and the other result would have been EUR 1,947 thousand higher (2021: EUR 2,693 thousand higher).

If the interest rates of euro- and US dollar-denominated borrowings in fiscal year 2022 had been 50 basis points lower (ceteris paribus), NORMA Group's profit before taxes for fiscal year 2022 would have been EUR 627 thousand higher (2021: EUR 66 thousand higher). Other comprehensive income would have been EUR 1,011 thousand lower (2021: EUR 1,409 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 their 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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, 2022 the credit risk position for the gross carrying amounts of cash and cash equivalents and other financial assets was as follows:

Credit risk exposure from cash and cash equivalents and other financial assets				T068
as of Dec 31, 2022				
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 –	178,674	0	
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	

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, 2022: EUR 143 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 in the amount of EUR 3.5 million in fiscal year 2022 and voluntary unscheduled repayments of EUR 5 million from the promissory note loan of 2013.

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. The committed revolving credit lines in the total amount of now EUR 100 million were drawn in the amount of EUR 43 million as of December 31, 2022.

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

from an external service provider. In 2022, NORMA Group – as in the previous year – achieved a corresponding sustainability rating, which enabled savings to be made in the external credit margin. The agreed interest margin could therefore also be kept at a 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, 2022, the Commercial Paper program was utilized in the amount of EUR 25 million (Dec 31, 2021: EUR 65 million).

The liquidity situation is constantly monitored with regard to business development, investments planned and the repayment of loans.

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

T069

as of Dec 31, 2022

in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years
Borrowings	125,899	18,044	322,023	0
Trade and other payables	206,723	0	0	0
Other financial liabilities	10,538	0	0	0
	343,160	18,044	322,023	0

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The maturity structure of the derivative financial instruments based on cash flows is as follows:

Maturity structure of derivative financial instruments					T070
as of Dec 31, 2022					
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	-24,394				
Cash inflows	25,107				
Derivative liabilities - gross settlement					
Cash outflows	-27,844				
Cash inflows	26,266				
Derivative receivables - net settlement					
Cash inflows	2,337	1,553	2,272		
	1,472	1,553	2,272	0	
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					
Cash inflows					
Derivative liabilities - net settlement					
Cashflows	-600	-16	369		
	-1,645	-16	369	0	

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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 224 CONSOLIDATED STATEMENT OF CASH FLOWS
- 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- > NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 346 ASSURANCE OF LEGAL REPRESENTATIVES
- 347 INDEPENDENT AUDITOR'S REPORT

- 6 FURTHER INFORMATION

NORMA Group complied with all of its existing financial covenants in fiscal year 2022.

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 in connection with macroeconomic risks and the war in Ukraine

The impact of the war in Ukraine and the other macroeconomic risks (e.g., from inflation, the economy, interest rate policy, supply chain problems) on NORMA Group is complex and results mainly from the increase in energy and raw material prices as well as supply bottlenecks. The escalation of the conflict would further increase the risk of a global economic downturn, which in combination with growing inflation and rising interest rates could lead to a significant decline in consumption.

In order to take account of the resulting economic uncertainties and volatilities, NORMA Group conducts an analysis of potential opportunities and risks for its company structure and future sales markets and takes these considerations into account when preparing the Consolidated Financial Statements.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The risks and uncertainties arising from the war in Ukraine and the other macroeconomic risks could have the following consequences:

- Volatility on the raw material markets
- Margin reductions to the extent that price increases cannot be passed on immediately to customers
- Changes in interest rates in various countries
- Growing volatility of foreign currency exchange rates
- Declining and volatile share prices
- Deteriorating creditworthiness, payment defaults or late payments

These factors have in part had an impact on the fair value and carrying amount of assets and liabilities as well as cash flows, in particular on the measurement of pension provisions, the discount rate for goodwill impairment testing purposes and the recoverability of deferred tax assets. The actual amounts that result can differ from the estimates and discretionary decisions. NORMA Group believes that the underlying assumptions appropriately reflect the situation at the time of preparing the Consolidated Financial Statements.

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 fiscal years 2022 and 2021, no impairment of goodwill, which amounted to EUR 402,270 thousand on December 31, 2022 (Dec 31, 2021: EUR 392,745 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, 2022, income tax liabilities were EUR 6,992 thousand (Dec 31, 2021: EUR 5,269 thousand) and deferred tax liabilities were EUR 52,851 thousand (Dec 31, 2021: EUR 57,590 thousand). Deferred tax assets are recognized if sufficient taxable income is available in the future. Among other factors, the planned results from operating activities, the effects on earnings from the reversal of taxable temporary differences and possible tax strategies that NORMA Group would pursue are taken into account. Based on the taxable income generated in past periods and the planned future taxable income, NORMA Group assesses the recoverability of deferred tax assets at each balance sheet date. Since future business developments are uncertain and partly beyond NORMA Group's control, assumptions are required to estimate future taxable income and the timing of the realization of deferred tax assets. Estimates are adjusted in the period in which there are sufficient indications for an adjustment.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

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'](#).

The carrying amount of pension obligations as of December 31, 2022, was EUR 9,174 thousand (Dec 31, 2021: EUR 15,913 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'](#).

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

- 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 2022 and 2021, no adjustments were made within EBITDA (earnings before interest, taxes, depreciation of property, plant and equipment and amortization of intangible assets).

As in the previous year, depreciation of property, plant and equipment from purchase price allocations in fiscal year 2022 in the amount of EUR 1,252 thousand (2021: EUR 1,533 thousand) within EBITA (earnings before interest, taxes and amortization of intangible assets) and amortization of intangible assets in the amount of EUR 21,197 thousand (2021: EUR 20,160 thousand) from purchase price allocations were adjusted within EBIT.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The following table shows profit or loss net of these expenses:

Profit and loss net of adjustments				T071
in EUR thousands	2022 unadjusted	Step-up effects from purchase price allocations	Total adjustments	2022 adjusted
Revenue	1,243,014		0	1,243,014
Changes in inventories of finished goods and work in progress	15,643		0	15,643
Other own work capitalized	2,780		0	2,780
Raw materials and consumables used	-596,992		0	-596,992
Gross profit	664,445	0	0	664,445
Other operating income and expenses	-197,849		0	-197,849
Employee benefits expense	-309,357		0	-309,357
EBITDA	157,239	0	0	157,239
Depreciation	-51,626	1,252	1,252	-50,374
EBITA	105,613	1,252	1,252	106,865
Amortization	-29,098	21,197	21,197	-7,901
Operating profit (EBIT)	76,515	22,449	22,449	98,964
Financial costs - net	-12,595		0	-12,595
Profit before income tax	63,920	22,449	22,449	86,369
Income taxes	-24,745	-5,631	-5,631	-30,376
Profit for the period	39,175	16,818	16,818	55,993
Non-controlling interests	107		0	107
Profit attributable to shareholders of the parent	39,068	16,818	16,818	55,886
Earnings per share (in EUR)	1.23			1.75

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(continued) Profit and loss net of adjustments

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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Notes to the Consolidated Statement of Comprehensive Income

8. Revenue from contracts with customers

Revenue recognized during the period related to the following:

	Revenue by distribution channel						T072	
	EMEA		Americas		Asia-Pacific		Consolidated Group	
in EUR thousands	2022	2021	2022	2021	2022	2021	2022	2021
Engineered Joining Technology (EJT)	363,480	332,048	215,370	171,718	119,907	116,898	698,757	620,664
Standardized Joining Technology (SJT)	121,165	126,568	355,181	282,444	58,923	55,258	535,269	464,270
Other revenues	4,547	3,774	3,691	2,596	750	603	8,988	6,973
	489,192	462,390	574,242	456,758	179,580	172,759	1,243,014	1,091,907

Revenue in 2022 increased by EUR 151,107 thousand compared to fiscal year 2021. This equates to organic growth of 7.1%. Price increases for customers that were implemented in 2022 due to higher raw material and energy costs are the main reason for this development.

Positive currency effects, particularly in connection with the US dollar, slightly increased revenues.

	Revenue by category		T073	
in EUR thousands	2022	2021	2022	2021
Revenues from the sale of goods	1,233,321	1,085,366		
Revenues from engineering services	370	215		
Revenues from other services	1,466	872		
Other revenues	7,857	5,454		
	1,243,014	1,091,907		

Other revenue mainly consists of revenue from the sale of production residues in metal production.

Revenue in 2022 include income of EUR 1,323 thousand (2021: 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.

For the analysis of sales by region, please refer to [NOTE 31. 'SEGMENTREPORTING'](#).

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. Of the contract assets and liabilities, EUR 450 thousand and EUR 1,295 thousand (2021: EUR 849 thousand and EUR 427 thousand respectively) are expected to be realized or

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

settled within the next twelve months. The contract liabilities from advance payments received of EUR 427 thousand recognized as of January 1, 2022, were recognized as revenue in the fiscal year, net of any sales taxes.

9. Materials and consumables used

Raw materials and consumables used comprised the following:

Raw materials and consumables used		T074
in EUR thousands	2022	2021
Cost of raw materials, consumables and supplies	-548,573	-456,369
Cost of purchased services	-48,419	-43,593
	-596,992	-499,962

The ratio of cost of materials to sales increased from 45.8% in fiscal year 2021 to 48.0% in fiscal year 2022. The ratio of cost of materials to total output (sum of sales, change in inventories of finished goods and work in progress, and other own work capitalized) also increased compared to the previous year (2021: 44.9%), with a ratio of 47.3%.

The main reason for this development is the ongoing shortage of raw materials worldwide and the resulting increase in raw material prices on the procurement market. Supply bottlenecks additionally drove up logistics costs on the input side. The energy crisis triggered by the war in Ukraine was a further driver of the rise in material costs. These developments could not be fully offset by adjusting selling prices.

10. Other operating income

Other operating income comprised the following:

Other operating income		T075
in EUR thousands	2022	2021
Currency gains operational	13,407	8,702
Reversal of provisions	867	1,986
Reversal of accruals	4,858	4,595
Grants related to employee benefits expense	205	158
Reimbursement of vehicle costs	876	960
Other income from disposal of fixed assets	2,143	563
Foreign exchange derivatives	17	124
Government grants	877	1,816
Cost recharges from suppliers	215	407
Refund other taxes	105	0
Refund custom duties	745	0
Others	1,380	1,096
	25,695	20,407

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The other operating income in fiscal year 2022 was EUR 5,288 thousand higher than in fiscal year 2021. Other operating income mainly includes foreign exchange gains from operating activities due to exchange rate fluctuations as well as income from the reversal of liabilities and of unused provisions and other income from the disposal of non-current assets.

Income from the reversal of liabilities is mainly related to the reversal of personnel-related liabilities and the reversal of uncertain liabilities to suppliers and contractual penalties from the previous year.

Other income from the disposal of non-current assets mainly results from the sale of a plot of land with buildings in the United States as part of a sale-and-leaseback transaction. [NOTE 29. NON-CURRENT ASSETS HELD FOR SALE](#)

11. Other operating expenses

Other operating expenses comprised the following:

Other operating expenses	T076	
in EUR thousands	2022	2021
Consulting and marketing	-21,044	-18,959
Expenses for temporary workforce and other personnel-related costs	-53,681	-43,179
Freights	-45,813	-38,410
IT and telecommunications	-30,988	-24,416
Rentals and other building costs	-8,352	-7,045
Travel and entertainment	-7,659	-3,451
Currency losses operational	-10,854	-9,318
Research & development	-2,848	-2,802
Vehicle costs	-2,726	-2,129
Maintenance	-2,961	-3,621
Commission payable	-4,893	-4,399
Non-income-related taxes	-3,102	-2,915
Insurances	-4,616	-3,575
Office supplies and services	-2,905	-2,008
Write-offs and impairment losses on trade accounts receivable	-253	0
Guarantees and penalties	-8,943	-2,436
Other administrative expenses	-9,611	-7,442
Others	-2,295	-4,241
	-223,544	-180,346

Other operating expenses were 24.0% higher than other operating expenses in fiscal year 2021. As a percentage of sales, other operating expenses amounted to 18.0% in the current reporting period and thus increased compared to the previous year (2021: 16.5%).

Compared to fiscal year 2021, expenses for temporary staff and other personnel-related expenses increased significantly. The reason for this is the strong fluctuation in customer demand and the resulting need for flexibility

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

in personnel planning. In addition, there was a tight labor market situation in the United States, which necessitated the additional use of temporary staff.

Furthermore, costs incurred in connection with the introduction of a uniform global ERP system increased the expenses for IT and telecommunications included in other operating expenses.

In addition, higher freight costs contributed to the increase in other operating expenses. In addition to the global increase in freight costs, these logistics expenses were also at times attributable to delivery backlogs and the need for more expensive special freight.

The increase in expenses for warranties also includes contractual penalties in connection with delivery delays.

Travel and entertainment expenses have returned to pre-pandemic levels due to increased travel resulting from relaxed and lifted travel restrictions as part of efforts to combat COVID-19.

12. Employee benefits expense

Employee benefits expense comprised the following:

Employee benefits expense	T077	
in EUR thousands	2022	2021
Wages and salaries and other benefits	-252,397	-232,815
Social security costs	-44,069	-39,229
Pension costs - defined contribution plans	-11,433	-11,415
Pension costs - defined benefit plans	-1,458	-1,454
	-309,357	-284,913

Employee benefits expense in fiscal year 2022 increased by 8.6% compared to fiscal year 2021. As a percentage of total output, employee benefits expense declined from 25.6% to 24.5% in the most recent fiscal year. This development also resulted from a higher volume of sales due, among other factors, to the price increases included in the increase in sales.

The increase in absolute employee benefits expense is also related to the change in value of the US dollar against the euro, as a result of which currency effects had an increasing impact on expenses. Furthermore, the increase in personnel costs in the Asia-Pacific region with a higher number of employees compared to the previous year, as well as wage increases in the United States, had a negative impact.

In 2022, the average headcount was 6,233 (2021: 6,432).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

13. Financial income and costs

Financial income and costs comprised the following:

Financial income and costs	T078	
in EUR thousands	2022	2021
Financial costs		
Interest expenses		
Bank borrowings	-9,690	-7,072
Hedging instruments	257	-1,615
Leases	-1,106	-796
Expenses for interest accrued on provisions	64	9
Expenses for interest accrued on pensions	-146	-96
Foreign exchange losses on financing activities	-2,950	-2,787
Expenses from valuation of derivatives	-199	-178
Other financial cost	-1,968	-1,833
	-15,738	-14,368
Financial income		
Interest income on short-term bank deposits	690	435
Foreign exchange result on financing activities	2,089	1,481
Income from valuation of derivatives	354	0
Other financial income	10	42
	3,143	1,958
Net financial cost	-12,595	-12,410

The increase in interest expense compared to the previous year resulted mainly from the effects of interest rate increases in the US dollar area and the Eurozone. These mainly had an impact in the fourth quarter of 2022. [NOTE 5 "FINANCIAL RISK MANAGEMENT"](#)

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, and are included in the interest expense item. The remaining amount to be allocated to the remaining terms of the financing as of December 31, 2022, amounted to EUR 388 thousand (2021: EUR 594 thousand).

The items foreign exchange losses and foreign exchange gains on financing activities contain the effects of the translation of external and intragroup foreign currency loans and the effects of foreign currency derivatives used to hedge these loans. The hedging relationship was classified as a hedge of fair value changes, as a result of which the effects from the measurement of the derivatives and from the measurement or translation of the financial liabilities are reflected in the financial result. The net effect is presented in [NOTE 14 "NET FOREIGN EXCHANGE GAINS / LOSSES"](#). Furthermore, effects from the translation of bank balances in foreign currencies are included in these items.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

14. Net foreign exchange gains / losses

The exchange differences recognized in profit or loss are as follows:

Net foreign exchange gains / losses		T079	
in EUR thousands	Note	2022	2021
Currency gains operational	(10)	13,407	8,702
Currency losses operational	(11)	-10,854	-9,318
Foreign exchange result on financing activities	(13)	-861	-1,306
Result from foreign exchange rate derivatives	(10, 13, 21)	5	142
		1,697	-1,780

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.

As of December 31, 2022, and 2021, there were no dilutive effects on earnings per share.

Earnings per share in 2022 and 2021 were as follows:

Earnings per share		T080	
		2022	2021
Profit attributable to shareholders of the parent (in EUR thousands)		39,068	55,933
Number of weighted shares		31,862,400	31,862,400
Earnings per share (un)diluted (in EUR)		1.23	1.76

16. Income taxes

The breakdown of income taxes is as follows:

Income taxes		T081	
in EUR thousands		2022	2021
Current tax expenses		-36,185	-25,472
Deferred tax income		11,440	1,889
Total income taxes		-24,745	-23,583

The combined income tax rate for the German companies for 2022 amounted to 31.7% (2021: 29.6%), 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 2022 as follows:

Tax reconciliation	T082	
in EUR thousands	2022	2021
Profit before tax	63,920	79,657
Group tax rate	30.1%	30.1%
Expected income taxes	-19,240	-23,977
Tax effects of:		
Tax losses and tax credits from the actual year for which no deferred income tax is recognized	-3,649	132
Effects from the deviation of the Group tax rate resulting mainly from different foreign tax rates	6,723	5,029
Non-deductible expenses for tax purposes	-3,651	-3,051
Other tax-free income	191	0
Non-deductible withholding tax	-2,947	-1,332
Income taxes related to prior years	-1,382	219
Deferred tax assets recognized in the current fiscal year from loss carryforward from the previous year	-910	0
Impairment of other tax assets	0	-165
Other	120	-438
Income taxes	-24,745	-23,583

In fiscal years 2022 and 2021, the item “Other” mainly includes other non-income taxes such as non-creditable foreign withholding tax expense in the amount of EUR 2,947 thousand (2021: EUR 1,332 thousand).

In fiscal year 2022, the item “Income taxes from previous years” mainly takes transfer pricing adjustments within the Group into account.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The income tax charged / credited directly to other comprehensive income during the year is as follows:

Income tax charged / credited to other comprehensive income				T083
2022				
in EUR thousands	Before tax amount	Tax charge/ credit	Net of tax amount	
Cash flow hedges gains/losses	6,409	-1,865	4,544	
Remeasurements of post-employment benefit obligations	4,699	-1,384	3,315	
Other comprehensive income	11,108	-3,249	7,859	
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	

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Additional Information on the Consolidated Statement of Financial Position

17. Deferred income tax

Deferred income tax assets and liabilities developed as follows in the fiscal year:

Movement in deferred tax assets and liabilities		T084
in EUR thousands		
Deferred tax liabilities (net) - as of Jan 1	39,477	37,517
Deferred tax income	-11,440	-1,889
Tax charged to other comprehensive income	3,249	664
Foreign exchange rate differences	1,747	3,185
Deferred tax liabilities (net) - as of Dec 31	33,033	39,477

Deferred income tax assets and liabilities (excluding offsetting within individual tax jurisdictions) are as follows:

Deferred income tax assets		T085
in EUR thousands		
	Dec 31, 2022	Dec 31, 2021
Intangible assets	2,939	3,059
Property, plant and equipment	407	911
Other assets	1,863	2,256
Inventories	4,450	2,388
Trade receivables	1,632	1,490
Retirement benefit obligations/pension liabilities	1,426	2,828
Provisions	516	3,660
Borrowings	1,951	10
Other liabilities, incl. derivatives	7,440	5,572
Trade and other payables	1,240	815
Tax loss carry forward and tax credits	12,844	7,568
Deferred tax assets (before offsetting)	36,708	30,557
Offsetting effects	-16,890	-12,444
Deferred tax assets	19,818	18,113

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Deferred income tax liabilities

in EUR thousands	Dec 31, 2022	T086 Dec 31, 2021
Intangible assets	46,886	49,712
Property, plant and equipment	12,533	14,122
Other assets	5,891	2,392
Inventories	75	160
Trade receivables	838	447
Retirement benefit obligations/pension liabilities	709	10
Borrowings	24	442
Provisions	304	54
Other liabilities, incl. derivatives	8	67
Trade and other payables	3	0
Untaxed reserves	2,470	2,628
Deferred tax liabilities (before offsetting)	69,741	70,034
Offsetting effects	-16,890	-12,444
Deferred tax liabilities	52,851	57,590
Deferred tax liabilities (net)	33,033	39,477

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.

Deferred tax assets (before netting) of EUR 36,708 thousand (2021: EUR 30,557 thousand) include EUR 20,051 thousand (2021: EUR 18,026 thousand) of deferred tax assets that will be realized after more than twelve months. Deferred tax liabilities (before netting) of EUR 69,741 thousand (2021: EUR 70,034 thousand) include EUR 62,622 thousand (2021: EUR 66,914 thousand) of deferred tax liabilities that will be realized after more than twelve months.

The Group recorded tax losses in some subsidiaries in 2022 and in previous years. In total, the recognized deferred income tax assets on temporary differences and tax loss carryforwards for subsidiaries that have incurred tax losses in the current or previous fiscal year amount to EUR 7,260 thousand (2021: EUR 2,842 thousand). The tax losses of these subsidiaries are mainly attributable to special effects, in particular due to restructuring, so that it is assumed that the deferred tax assets can be realized due to taxable results expected in the future. Essentially, the deferred tax assets relate to loss carryforwards which can be carried forward indefinitely and have not expired.

The Group incurred tax losses in some subsidiaries in 2022 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 7,260 thousand (2021: EUR 2,842 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

The increase 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.

The increase in deferred income tax liabilities in the item "Other assets" compared to the previous year mainly resulted from the exchange rate development of a foreign currency receivable 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. The usability of tax loss carry forwards over time is as follows:

Temporary usability of tax loss carry forwards		T087	
in EUR thousands	Dec 31, 2022	Dec 31, 2021	
up to 1 year	192	50	
> 1 year up to 5 years	13,060	6,316	
> 5 years	2,041	4,232	
Unlimited carry forward	62,526	27,817	
Total	77,819	38,415	

The Group did not recognize deferred income tax assets in respect of tax loss carry forwards amounting to EUR 28,665 thousand on December 31, 2022 (Dec 31, 2021: EUR 6,434 thousand).

The usability of tax loss carry forwards over time is as follows::

Temporary usability of unrecognized tax loss carry forwards		T088	
in EUR thousands	Dec 31, 2022	Dec 31, 2021	
up to 1 year	0	0	
> 1 year up to 5 years	8,787	0	
> 5 years	0	0	
Unlimited carry forward	19,878	6,434	
Total	28,665	6,434	

With regard to taxable temporary differences associated with investments in subsidiaries amounting to EUR 612,813 thousand (Dec 31, 2021: EUR 527,524 thousand), no deferred tax liabilities will be recognized as of December 31, 2022, as the temporary differences are unlikely to reverse in the foreseeable future.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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						T089
in EUR thousands	As of Jan, 1 2022	Additions	Deductions	Transfers	Currency effects	As of Dec 31, 2022
Acquisition costs						
Goodwill	427,440				11,139	438,579
Customer lists	277,150				11,183	288,333
Licenses, rights	1,911		-49		17	1,879
Software acquired externally	43,156	425	-448	123	813	44,069
Trademarks	56,395				3,141	59,536
Patents & technology	72,408	468			1,751	74,627
Internally generated intangible assets	35,155	2,270			678	38,103
Intangible assets, other	9,326	223	-109	-123	-210	9,107
Total	922,941	3,386	-606	0	28,512	954,233
Accumulated amortization and impairment						
Goodwill	34,695				1,614	36,309
Customer lists	138,999	16,331			4,759	160,089
Licenses, rights	1,774	-9	-30		17	1,752
Software acquired externally	41,509	813	-448	288	465	42,627
Trademarks	17,667	1,578			918	20,163
Patents & technology	49,694	4,076			1,768	55,538
Internally generated intangible assets	25,380	6,288	16	-288	726	32,122
Intangible assets, other	7,663	20	-53		-211	7,419
Total	317,381	29,097	-515	0	10,056	356,019

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(continued) Development of goodwill and other intangible assets

in EUR thousands	As of Jan 1, 2021	Additions	Deductions	Transfers	Currency effects	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
Accumulated 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The carrying amounts for intangible assets as of December 31, 2022, and 2021, were as follows:

Goodwill and other intangible assets – carrying amounts

T090

in EUR thousands	Carrying amounts	
	Dec 31, 2022	Dec 31, 2021
Goodwill	402,270	392,745
Customer lists	128,244	138,151
Licenses, rights	127	137
Software acquired externally	1,442	1,647
Trademarks	39,373	38,728
Patents & technology	19,089	22,714
Internally generated intangible assets	5,981	9,775
Intangible assets, other	1,688	1,663
Total	598,214	605,560

The item 'Patents & technology' on December 31, 2022, consists of patents worth EUR 3,744 thousand (Dec 31, 2021: EUR 5,311 thousand) and technology worth EUR 15,343 thousand (Dec 31, 2021: EUR 17,402 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 5,743 thousand (Dec 31, 2021: EUR 6,890 thousand) as well as internally generated software in the amount of EUR 238 thousand (Dec 31, 2021: EUR 2,885 thousand).

The item 'Intangible assets, other' consists mainly of prepayments.

Significant individual intangible asset

T091

in EUR thousands	Carrying amounts		Remaining useful life (in years)
	Dec 31, 2022	Dec 31, 2021	
NDS - Customer lists	92,255	94,220	12

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 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The change in goodwill is summarized as follows:

Change in goodwill	T092
in EUR thousands	
Balance as of Jan 1, 2022	392,745
Currency effect	11,233
Balance as of Dec 31, 2022	403,978

Besides the goodwill, there are intangible assets within trademarks with an indefinite useful life in the amount of EUR 29,908 thousand (2021: EUR 28,165 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, 2022, and 2021, the intangible assets were unsecured.

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	T093	
in EUR thousands		
	Dec 31, 2022	Dec 31, 2021
CGU EMEA	179,248	178,855
CGU Americas	189,617	178,568
CGU Asia-Pacific	33,405	35,322
Consolidated Group	402,270	392,745

Goodwill for the CGU Americas increased 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 detailed planning period are between 5.7% and 9.9%.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 pre-tax interest rates are 12.11% (2021: 8.38%) for the CGU EMEA, 9.04% (2021: 6.24%) for the CGU Americas and 12.71% (2021: 8.71%) for the CGU Asia-Pacific.

The fair value less costs to sell is mainly determined by the terminal value (present value of the perpetual annuity), which is particularly sensitive to changes in the assumptions for the long-term growth rate and the discount rate. Both assumptions are determined individually for each cash-generating unit. The discount rates are based on the concept of Weighted Average Cost of Capital (WACC).

The further key assumptions used for fair value less costs to sell calculations are as follows:

Goodwill per segment – further key assumptions			T094
	CGU EMEA	CGU Americas	CGU Asia-Pacific
Dec 31, 2022			
Terminal value growth rate	1.00%	1.00%	1.00%
Discount rate (after tax)	9.70%	7.15%	9.89%
Dec 31, 2021			
Terminal value growth rate	1.00%	1.00%	1.00%
Discount rate (after tax)	6.75%	5.00%	6.80%

The aforementioned assumptions relate to the goodwill impairment test performed as part of the annual impairment test regularly carried out as of September 30. Due to the interest rate development in the fourth quarter of 2022, a trigger of IAS 36.12 was relevant as of December 31, 2022, so that a further review was performed. Taking the following discount rates after taxes into account: EMEA CGU: 10.61%, Americas CGU: 7.60% and Asia-Pacific CGU: 10.80%, this additional review did not result in an impairment requirement either.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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						T095
in EUR thousands	As of Jan 1, 2022	Additions	Deductions	Transfers	Currency effects	As of Dec 31, 2022
Acquisition costs						
Land and buildings	121,523	661	-5,789	2,711	528	119,634
Machinery and tools	425,384	7,354	-7,398	26,245	5,281	456,866
Other equipment	70,835	2,343	-4,272	4,533	459	73,898
Assets under construction	30,138	39,436	-1,422	-33,489	491	35,154
Right-of-use assets						
Land and buildings	70,373	21,602	-8,057		1,941	85,859
Machinery and tools	381	6	-50			337
Forklifts and warehouse	3,267	1,605	-849		-11	4,012
Office and IT equipment	712	48	-232		15	543
Company cars	4,800	1,425	-1,279		-23	4,923
Total	727,413	74,480	-29,348	0	8,681	781,226
Accumulated depreciation and impairment						
Land and buildings	61,681	4,205	-4,097		230	62,019
Machinery and tools	284,866	30,077	-6,930		4,469	312,482
Other equipment	56,648	5,577	-4,085		279	58,419
Assets under construction	101	79	-4		-1	175
Right-of-use assets						
Land and buildings	41,554	8,979	-4,771		1,221	46,983
Machinery and tools	268	89	-50		-1	306
Forklifts and warehouse	1,915	920	-782		-5	2,048
Office and IT equipment	320	199	-232		13	300
Company cars	2,375	1,502	-1,215		-9	2,653
Total	449,728	51,627	-22,166	0	6,196	485,385

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(continued) Development of property, plant and equipment

in EUR thousands	As of Jan 1, 2021	Additions	Deductions	Transfers	Currency effects	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
Accumulated 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The carrying amounts of property, plant and equipment excluding rights of use are as follows:

Property, plant and equipment – carrying amounts		T096
in EUR thousands	Carrying amounts	
	Dec 31, 2022	Dec 31, 2021
Land and buildings	57,615	59,842
Machinery and tools	144,384	140,518
Other equipment	15,479	14,187
Assets under construction	34,979	30,037
Total	252,457	244,584

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

On December 31, 2022, the item 'Machinery and tools' included tools valued at EUR 21,827 thousand (Dec 31, 2021: EUR 24,094 thousand).

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, 2022, and 2021, property, plant and equipment were unsecured.

20. Leases

(i) Right-of-use assets – Leasing

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 9 years
- Right-of-use assets – office and IT equipment: 1 to 6 years
- Right-of-use assets – company cars: 1 to 7 years

The Group's leases generally do not contain credit terms.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(ii) Recognition exemptions

NORMA Group has made use of accounting options for short-term leases (minimum term of no more than twelve months if no purchase option has been agreed) as well as for low-value assets as the lessee and has not recognized these as a right-of-use/lease liability but rather as a current expense – with the exception of leased assets attributable to the asset class “Right-of-use assets – land and buildings”. 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.

(iii) Extension and termination options

Several of NORMA Group's real estate leasing contracts contain renewal options. Termination options are included to a minor extent in the area of real estate leasing. Such contract terms are used to give the Group operational flexibility with regard to the contract portfolio. The majority of the existing renewal and termination options can only be exercised by the Group and not by the respective lessor.

As of December 31, 2022, potential additional cash outflows from renewal options amounting to EUR 29,319 thousand (Dec 31, 2021: EUR 5,147 thousand) have not been recognized in the lease liability as it is not reasonably certain that the leases will be renewed. As of December 31, 2022, and 2021, there were no potential reduced cash outflows from termination options.

Changes in estimates of the term and amount of expected lease payments (index-based payments) resulted in increases in the right-of-use assets and lease liabilities of EUR 29 thousand. In addition, changes in estimates resulted in decreases in the right-of-use assets and lease liabilities of EUR 2,694 thousand.

(iv) 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 assets – carrying amounts	T097	
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Land and buildings	38,876	28,819
Machinery and tools	31	113
Forklifts and warehouse	1,964	1,352
Office and IT equipment	243	392
Company cars	2,270	2,425
Total	43,384	33,101

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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, 2022				T098
in EUR thousands	up to 1 year	> 1 year up to 5 years	> 5 years	
Lease liabilities – nominal value	11,443	22,874	9,681	
Lease liabilities – carrying amount	10,576	21,030	9,143	

Maturity of lease liabilities as of Dec 31, 2021				T099
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	

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(v) 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	T100	
in EUR thousands	2022	2021
Depreciation charge of right-of-use assets	11,689	10,372
Land and buildings	8,979	7,875
Machinery and technical equipment	89	91
Forklifts and warehouse equipment	920	798
Office and IT equipment	199	168
Company cars	1,502	1,440
Finance costs	-1,113	-886
Interest expenses	-1,106	-796
Currency gains/-losses	-7	-90
Other operating expenses	1,450	1,046
Expenses relating to short-term leases for which no RoU asset was recorded	1,098	801
Expenses relating to leases of low-value assets that are not shown above as short-term leases	352	245

(vi) Amounts recognized in the Consolidated Statement of Cash Flows

The Consolidated Statement of Cash Flows includes a total of EUR 16,497 thousand for lease payments (2021: EUR 12,339 thousand). Of these, payments of EUR 15,047 thousand were recognized in cash outflow/inflow from financing activities (2021: EUR 11,293 thousand) and payments of EUR 1,450 thousand were recognized in cash inflow from operating activities (2021: EUR 1,046 thousand).

(vii) Sale-and-leaseback-transaction

A plot of land, including office and production buildings, which had a net asset value of EUR 6,043 thousand was sold for EUR 9,823 thousand (USD 10,350 thousand) as part of a sale and leaseback transaction. [NOTE 29. NON-CURRENT ASSETS HELD FOR SALE](#) The income resulting from the transaction amounted to EUR 1,891 thousand and is reported under other operating income.

The resulting leaseback, with a minimum term of ten years and four extension options for five years each, which are not sufficiently certain to be exercised, resulted in a right of use of EUR 1,697 thousand and a lease liability of EUR 3,034 thousand. The proceeds from the sale and leaseback transaction were recognized in the cash flow from investing activities in the amount of EUR 6,369 thousand and in the cash flow from financing activities in the amount of EUR 3,454 thousand.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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:

Financial instruments – classes and categories

T101

in EUR thousands	Notes	Category IFRS 7,8 according to IFRS 9	Carrying amount Dec 31, 2022	Measurement basis IFRS 9			Fair value Dec 31, 2022
				Amortized cost	Fair value through profit or loss	Derivatives used for hedging	
Financial assets							
Derivative financial instruments - held for trading							
Foreign exchange derivatives	21. (f)	FVTPL	125		125		125
Derivative financial instruments - hedge accounting							
Interest rate swaps - cash flow hedges	21. (f)	n / a	6,162			6,162	6,162
Foreign exchange derivatives - fair value hedges		n / a	588			588	588
Trade and other receivables	21. (a)	Amortized Cost	165,397	165,397			165,397
Trade receivables - ABS/Factoring program (mandatorily measured at FVTPL)	21. (b)	FVTPL	20,912		20,912		20,912
Other financial assets	21. (d)	Amortized Cost	3,764	3,764			3,764
Cash and cash equivalents	21. (c)	Amortized Cost	168,670	168,670			168,670
Financial liabilities							
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	1,430			1,430	1,430
Trade and other payables	21. (e)	FLAC	206,723	206,723			206,723
Lease liabilities	20	n / a	40,749			40,749	n / a
Other financial liabilities	21. (e)	FLAC	10,537	10,537			10,537
Total per category							
Financial assets at amortized cost			337,831	337,831			337,831
Financial assets at fair value through profit or loss (FVTPL)			21,037		21,037		21,037

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Financial liabilities at amortized cost (FLAC)			682,838	682,838			677,687
Financial liabilities at fair value through profit or loss (FVTPL)			148		148		148

(continued) Financial instruments – classes and categories

in EUR thousands	Notes	Category IFRS 7,8 according to IFRS 9	Carrying amount Dec 31, 2021	Measurement basis IFRS 9			Measurement basis IFRS 16	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	21. (f)	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 receivables - 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								
Borrowings	21. (e)	FLAC	463,237	463,237				472,053
Derivative financial instruments - hedge accounting								
Interest rate swaps - cash flow hedges	21. (f)	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				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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

21. (a) Trade and other receivables

i. Accounting policies for trade and other 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.

Other receivables mainly include bills of exchange guaranteed by banks (so-called “banker’s acceptance bills”) from trade receivables for customers in China. These financial assets are generally held to collect the contractual cash flows and are therefore classified under the “hold” business model. They are initially recognized at fair value plus transaction costs and subsequently measured at amortized cost using the effective interest method less impairment losses.

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.

Impairment losses on trade receivables, together with impairment losses on contract assets, are recognized in operating profit as net impairment losses. Unused amounts reversed are included in the same line item.

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.

ii. Disclosures on trade receivables

Trade and other receivables are as follows:

Trade and other receivables		T102
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Trade receivables	180,069	155,710
Other receivables	6,240	6,299
	186,309	162,009

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

On the balance sheet date, trade receivables were as follows:

Trade receivables		T103	
in EUR thousands	Dec 31, 2022	Dec 31, 2021	
Trade receivables	182,155	157,537	
Less allowances for doubtful accounts	-2,086	-1,827	
	180,069	155,710	

iii. Disclosures on valuation allowances on trade receivables

The valuation adjustments with respect to trade receivables were determined as follows as of December 31, 2022:

Credit risk on trade receivables					T104
as of Dec 31, 2022					
in EUR thousands	Credit loss rate < 1%	Credit loss rate > 1% < 2.5%	Credit loss rate > 2.5%	Total	
Trade receivables - before allowances	103,688	56,556	999	161,243	
ECL allowance	1,070	862	154	2,086	
Trade receivables - after allowances	102,618	55,694	845	159,157	
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	

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Impairment losses for trade receivables developed as follows from the opening balance sheet value as of January 1, 2022, to the closing balance sheet value as of December 31, 2022:

Impairment reconciliation		T105
in EUR thousands		Impairments on trade receivables
Impairment allowance as of Jan 1, 2022		1,827
Additions		1,782
Reversals		-1,531
Consumption		-12
Translation effect		20
Impairment allowance as of Dec 31, 2022		2,086

The net expense from impairment losses recognized in fiscal year 2022 amounted to EUR 251 thousand (2021: net income of EUR 219 thousand).

The following losses from the write-off of trade receivables arose in the fiscal year:

Gains/losses arising from derecognition IFRS 7.20A				T106
in EUR thousands	2022	2021	Reasons for derecognition	
Losses arising from derecognition	175	289	Write-off (IFRS 9.5.4.4)	

iv. 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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, which has a maximum volume of receivables of EUR 10 million NORMA Group subsidiaries in Germany, Poland and France sell trade receivables directly to the external purchasers. Under this factoring program, receivables in the amount of EUR 7.6 million were sold as of December 31, 2022, (Dec 31, 2021: EUR 4.7 million). Due to a temporary agreement, the payments under these disposals were made in full as of December 31, 2022, and December 31, 2021. 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 70 thousand (Dec 31, 2021: EUR 43 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 6 thousand (Dec 31, 2021: EUR 4 thousand).

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, a subsidiary of NORMA Group in the US sells trade receivables directly to the external purchasers. Under this factoring program, receivables in the amount of EUR 21.9 million were sold as of December 31, 2022 (Dec 31, 2021: EUR 19.0 million). Due to a temporary agreement, the payments under these disposals were made in full as of December 31, 2022, and December 31, 2021. 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. Under this asset-backed securities (ABS) program with a volume of up to EUR 20 million, domestic Group companies of NORMA Group sold receivables in the amount of EUR 12.6 million as of December 31, 2022 (Dec 31, 2021: EUR 11.4 million), of which EUR 0.6 million (Dec 31,

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
	221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
	222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
	224 CONSOLIDATED STATEMENT OF CASH FLOWS
	225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
	341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
	346 ASSURANCE OF LEGAL REPRESENTATIVES
	347 INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

2021: EUR 0.5 million) were not paid out as purchase price retentions held as security reserves and 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 234 thousand (Dec 31, 2021: EUR 205 thousand) includes the maximum amount that NORMA Group could conceivably have to pay back under the default guarantee and the expected 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 171 thousand (Dec 31, 2021: EUR 164 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 13.9 million as of December 31, 2022 (Dec 31, 2021: EUR 9.9 million), of which EUR 0.7 million (Dec 31, 2021: 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 753 thousand (Dec 31, 2021: EUR 199 thousand) was recognized as other financial liability and comprises the maximum amount that NORMA Group might have to repay under the assumed default guarantee and the expected interest payments until receipt of payment in 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 214 thousand (Dec 31, 2021: EUR 144 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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. (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 remaining maturities of three months or less 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	T107	
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Receivables from ABS program	1,333	1,031
Other assets	2,431	3,632
	3,764	4,663

Receivables from the ABS program 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, 2022, and 2021, other financial assets include in particular deposits for building leases and guarantees (as of December 31, 2021, also a bid bond for a bid submitted to purchase a plot of land in China).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

21. (e) Financial liabilities and net debt

i. Trade and other liabilities

Trade and other payables are as follows:

Trade and other payables	T108	
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Trade payables and other payables	162,829	141,055
Reverse factoring liabilities	22,538	18,307
Refund liabilities	21,356	21,172
	206,723	180,534

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.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

ii. Bank borrowings

The borrowings were as follows:

Borrowings		T109	
in EUR thousands	Dec 31, 2022	Dec 31, 2021	
Non-current			
Bank borrowings	339,679	393,747	
	339,679	393,747	
Current			
Bank borrowings	125,899	69,490	
	125,899	69,490	
Total borrowings	465,578	463,237	

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 was as follows:

Maturity bank borrowings 2022					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	43,000		253,523		
Promissory note, net	56,688	18,000	68,500		
Commercial paper	25,000				
Total	124,688	18,000	322,023	0	

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Maturity bank borrowings 2021

T111

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

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.

NORMA Group complied with the specified financial covenants in fiscal years 2022 and 2021.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

iii. Other financial liabilities

Other financial liabilities were as follows:

Other financial liabilities		T112
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Current		
Liabilities from ABS and factoring	10,409	7,737
Other liabilities	128	670
	10,537	8,407
Total other financial liabilities	10,537	8,407

a) Liabilities from the ABS and factoring

The liabilities from ABS and factoring include liabilities from continuing involvement in the amount of EUR 1,057 thousand (Dec 31, 2021: EUR 447 thousand), liabilities from fair values of default and interest guarantees in the amount of EUR 390 thousand (Dec 31, 2021: EUR 314 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 8,960 thousand (Dec 31, 2021: EUR 6,976 thousand) as part of the debtor / receivables management performed by NORMA Group.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

iv. Maturity of financial liabilities

The financial liabilities of NORMA Group have the following maturities:

Maturity of financial liabilities					T113
Dec 31, 2022					
in EUR thousands	up to 1 year	> 1 year up to 2 years	> 2 years up to 5 years	> 5 years	
Borrowings	125,899	17,684	321,995		
Trade and other payables	206,723				
Other financial liabilities	10,537				
	343,159	17,684	321,995	0	
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	

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

v. Net debt

Net debt of NORMA Group is as follows:

Net debt	T114	
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Bank borrowings, net	465,578	463,237
Derivative financial liabilities - hedge accounting	1,578	1,745
Lease liabilities	40,749	30,815
Other financial liabilities	10,537	8,407
Financial debt	518,442	504,204
Cash and cash equivalents	168,670	185,719
Net debt	349,772	318,485

NORMA Group's financial liabilities are 2.8% higher than on December 31, 2021. The increase in loan liabilities is due to currency effects in connection with the US dollar; the net repayment in fiscal year 2022 had an opposite effect. In addition to the repayment of promissory note loans in the amount of EUR 8,500 thousand, liabilities from the Commercial Paper program were repaid in the amount of EUR 40,000 thousand. EUR 43,000 thousand was drawn from the revolving credit facility in the total amount of now EUR 100 million as of December 31, 2022.

Lease liabilities increased compared to the end of 2021, the changes due to repayments (payment of lease installments), the additions from rights of use, reassessments of extension options and contract amendments, and interest effects led to a net increase; exchange rate effects mainly on liabilities in US dollars – of subsidiaries in the United States – had an increasing effect.

The increase in other financial liabilities resulted mainly from the increase in liabilities from ABS and factoring.

Net debt increased by EUR 31,287 thousand, or 9.8%, as of December 31, 2022. This was mainly due to current interest expenses in the fiscal year, the increase in lease liabilities, and the valuation-related increase in liabilities from derivatives during the year, which had already been repaid as of the reporting date.

This development was offset by net cash inflows from the sum of cash inflows from operating activities of EUR 76,615 thousand, net cash outflows from the procurement and disposal of non-current assets of EUR 44,485 thousand, and from the payment of the dividend of EUR 23,897 thousand.

Cash-neutral negative net currency effects from foreign currency loans, cash and cash equivalents, and lease liabilities and other financial liabilities had an increasing impact on net debt.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

21. (f) Derivative financial instruments

The derivative financial instruments are as follows:

		Dec 31, 2022		Dec 31, 2021	
in EUR thousands		Assets	Liabilities	Assets	Liabilities
Interest rate swaps – cash flow hedges		6,162			247
Foreign exchange derivatives – held for trading		125	148	148	
Foreign exchange derivatives – fair value hedges		588	1,430	305	1,498
Total		6,875	1,578	453	1,745
Less non-current portion					
Interest rate swaps – cash flow hedges		6,162			247
Non-current portion		6,162	0	0	247
Current portion		713	1,578	453	1,498

Further details on the use of hedging instruments can be found in [NOTE 5. 'FINANCIAL RISK MANAGEMENT'](#).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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

T116

	in EUR thousands	Net book value as of Dec 31, 2022 (Derivative financial assets [+] / Derivative financial liabilities [-])	Nominal amount	Average hedging rate in %	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, 2022
221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME									
Hedging interest rate risk - interest rate swap			65,629				6,666	-6,666	65,629
Interest rate swap USD		6,162	65,629	1.41	1:1	2026	6,666	-6,666	
222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION									
224 CONSOLIDATED STATEMENT OF CASH FLOWS									
225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY									
Hedging interest rate risk - interest rate swap			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.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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					T117
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, 2021	0	0	-1,353	0	-1,353
Reclassification to profit or loss			1,615		1,615
Net fair value changes			-509		-509
Accrued and recognized costs of hedging					0
Balance as of Dec 31, 2021	0	0	-247	0	-247
Reclassification to profit or loss			-257		-257
Net fair value changes			6,666		6,666
Balance as of Dec 31, 2022	0	0	6,162	0	6,162

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 2022 and 2021, no ineffective portion of cash flow hedges relating to foreign exchange derivatives and interest rate swaps was recognized in profit or loss.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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

T118

	in EUR thousands	Net book value as of Dec 31, 2022 (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		-793	-6,094	1.24	1:1 ¹	≤ 1 year	-714	714
Currency forwards SEK – EUR		-58	1,169	10.61	1:1 ²	≤ 1 year	-64	64
Currency forwards SGD – EUR		297	6,993	1.49	1:1 ²	≤ 1 year	168	-168
Currency forwards GBP – EUR		-110	2,255	0.85	1:1 ²	≤ 1 year	-103	103
Currency forwards PLN – EUR		30	534	5.11	1:1 ²	≤ 1 year	7	-7
Currency forwards SGD – EUR		110	6,853	1.45	1:1 ²	≤ 1 year	170	-170
Currency forwards SEK – EUR		-48	2,158	10.89	1:1 ²	≤ 1 year	-48	48
Currency forwards JPY – SGD		-30	178	0.01	1:1 ²	≤ 1 year	-28	28
Currency forwards CZK – EUR		-104	-2,073	25.74	1:1 ²	≤ 1 year	-24	24
Currency forwards GBP – EUR		151	-4,510	0.86	1:1 ²	≤ 1 year	203	-203
Currency forwards PLN – EUR		-238	-7,905	4.92	1:1 ²	≤ 1 year	-58	58
Currency forwards PLN – EUR		-49	-961	5.11	1:1 ²	≤ 1 year	-5	5

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 intra-group 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(continued) The effects of fair value hedge accounting on financial position and performance

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	1.2	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 SEK – EUR	-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 intra-group 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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		T119	
in EUR thousands		2022	2021
Losses (-) / Gains (+) on hedged items		3,212	1,565
Losses (-) / Gains (+) on hedging instruments		-3,274	-1,817
		-62	-252

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, 2022, as well as December 31, 2021:

Financial instruments - fair value hierarchy				T120
in EUR thousands	Level 1 ¹	Level 2 ²	Level 3 ³	Total as of Dec 31, 2022
Recurring fair value measurements				
Assets				
Foreign exchange derivatives - held for trading		125		125
Interest rate swaps – cash flow hedges		6,162		6,162
Foreign exchange derivatives - fair value hedges		588		588
Trade receivables - ABS/Factoring program (mandatorily measured at FVTPL)		20,912		20,912
Total	0	27,787	0	27,787
Liabilities				
Foreign exchange derivatives - held for trading		148		148
Foreign exchange derivatives - fair value hedges		1,430		1,430
Total	0	1,578	0	1,578

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(continued) 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.

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 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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:

Financial instruments - net gains and losses		T121
in EUR thousands	2022	2021
Net gains or net losses on financial assets		
Measured at amortized costs	437	449
Net gains or net losses on financial liabilities		
Measured at amortized costs	-10,030	-7,352
	-9,593	-6,903

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'](#).

21. (i) Total interest income and expense from financial instruments

Interest expenses/income from financial assets and liabilities (IFRS 7.20(b))		T122
in EUR thousands	2022	2021
Interest income		
Financial assets at costs	690	435
Interest expenses		
Financial liabilities at costs	-9,922	-7,289

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

21. (j) Offsetting

The following table presents the gross and net amounts as of December 31, 2022, and 2021, of financial instruments that have been offset or that are subject to an enforceable global netting arrangement or similar agreement but have not been netted:

Offsetting of financial instruments

	Gross amounts of financial assets / financial liabilities	Gross amounts of financial liabilities / financial assets / 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	Net amount
in EUR thousands				Financial instruments	
Dec 31, 2022					
Financial assets					
Derivative financial instruments (b)	6,875		6,875		6,875
Trade and other receivables (a)	186,323	14	186,309		186,309
Other financial assets	3,764		3,764		3,764
Cash and cash equivalents	168,670		168,670		168,670
Total	365,632	14	365,618	0	365,618
Financial liabilities					
Borrowings	465,578		465,578		465,578
Derivative financial instruments (b)	1,578		1,578		1,578
Trade and other payables (a)	206,737	14	206,723		206,723
Other financial liabilities	10,537		10,537		10,537
Total	684,430	14	684,416	0	684,416
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

T123

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(a) Offsetting arrangements

NORMA Group grants volume-based discounts to its customers. According to the terms of the supply agreements and the applicable GTC, these amounts are offset against the trade receivables payable to NORMA Group from these customers and only the respective net amounts are settled. The respective amounts are thus shown as net amounts in NORMA Group's Consolidated Statement of Financial Position.

(b) Master netting arrangements – not currently enforceable

NORMA Group enters into derivative transactions in accordance with the global netting agreements (master agreement) of the International Swaps and Derivatives Association (ISDA) and other corresponding national master agreements ("German Master Agreement," for example). These agreements do not meet the criteria for offsetting as they only grant the right to offset in the event of future events, such as the default or insolvency of the Group or counterparties. The [TABLE 'OFFSETTING OF FINANCIAL INSTRUMENTS'](#) shows the possible financial effects of netting under the current global netting agreements.

22. Inventories

Inventories were as follows:

Inventories	T124	
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Raw materials, consumables and supplies	76,968	58,532
Work in progress	28,978	21,083
Finished goods and goods for resale	144,850	128,393
	250,796	208,008

On December 31, 2022 impairments were made on inventories amounting to EUR 6,949 thousand (Dec 31, 2021: EUR 2,231 thousand). The increase compared to the same period of the previous year is mainly due to higher inventories, effects in the course of the relocation of production and effects from the expiry of production cycles at customers.

On December 31, 2022, and 2021, the inventories were not collateralized with the exception of the customary business reservations of title.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

23. Other non-financial assets

Other non-financial assets were as follows:

Other non-financial assets	T125	
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Deferred costs	6,214	4,802
VAT assets	12,797	10,866
Prepayments	2,235	3,097
Consideration payable to a customer	2,675	2,419
Other assets	1,496	1,391
	25,417	22,575

24. Equity

Subscribed Capital

The subscribed capital of the company on December 31, 2022, and December 31, 2021, 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).

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 of other additional payments made by shareholders to equity.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Retained Earnings

Retained earnings consisted of the following:

Development of retained earnings										T126
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 FRS 9	Effects of IFRS 16	Total
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
Stock options			406							406
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
Balance as of Jan 1, 2022	426,438	-2,436	406	-4,640	4,681	-6,359	839	-600	-2,033	416,296
Profit for the year	39,068									39,068
Dividends paid	-23,897									-23,897
Share-based payment transactions			-2							-2
Effect before taxes		4,699								4,699
Tax effect		-1,384								-1,384
Balance as of Dec 31, 2022	441,609	879	404	-4,640	4,681	-6,359	839	-600	-2,033	434,780

A dividend of EUR 23,897 thousand (EUR 0.75 per share) was paid to the shareholders of NORMA Group after the Annual General Meeting in May 2022.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Other Reserves

Other reserves consisted of the following:

Development of other reserves			T127
in EUR thousands	Cash flow hedges	Foreign exchange rate differences on translating foreign operations	Total
Balance as of Jan 1, 2021	-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
Effect before taxes	6,409	13,794	20,203
Tax effect	-1,865		-1,865
Balance as of Dec 31, 2022	4,361	23,745	28,106

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 remuneration components, the NORMA Value Added Bonus (NOVA-Bonus) and the Environmental, Social and Governance Bonus (ESG-Bonus).

i. NOVA-Bonus

The NOVA-Bonus is defined at the beginning of the fiscal year and corresponds to the percentage of the average increase in value of the grant fiscal year 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 market 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

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 224 CONSOLIDATED STATEMENT OF CASH FLOWS
- 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- > NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 346 ASSURANCE OF LEGAL REPRESENTATIVES
- 347 INDEPENDENT AUDITOR'S REPORT

- 6 FURTHER INFORMATION

rate and the 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 remuneration as a whole as share-based remuneration. 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 remuneration 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.

The resulting personnel expenses are recognized pro rata over the respective three-year performance period, taking the employment period into account. For tranches not yet allocated, the fiscal years for which performance has already been rendered are already taken into account. This means 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 with the formation of a corresponding provision.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The NOVA-Bonus developed as follows in the fiscal years 2022 and 2021:

	Development of NOVA-LTI			T128
	NOVA-LTI 2022	NOVA-LTI 2023	NOVA-LTI 2024	
Duration until exercise in years	0.50	1.50	2.50	
Fair value in EUR as of Dec 31, 2022	-	-	-	
Proportional fair value in EUR as of Dec 31, 2022	-	-	-	

	Development of NOVA-LTI			T129
	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	1,399,638	
Proportional fair value in EUR as of Dec 31, 2021	-	47,055	233,273	

In total, the provision for the NOVA-LTI amounted to EUR 0 thousand as of December 31, 2022 (Dec 31, 2021: EUR 70 thousand).

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 (ESG-LTI) as share-based payment. The remuneration is classified as equity-settled due to the obligation to purchase and hold shares.

The resulting personnel expenses are recognized pro rata over the respective four-year performance period, taking the employment period into account, and are allocated to retained earnings.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 years 2022 and 2021:

Development of ESG-LTI		T130		
	Tranche 2020	Tranche 2021	Tranche 2022	
Duration until exercise in years	1.50	2.50	3.50	
Fair value in EUR as of Dec 31, 2022	265,000	280,000	280,000	
Proportional fair value in EUR as of Dec 31, 2022	194,000	140,000	70,000	

Development of ESG-LTI		T131	
	Tranche 2020	Tranche 2021	
Duration until exercise in years		2.50	3.50
Fair value in EUR as of Dec 31, 2021		265,000	280,000
Proportional fair value in EUR as of Dec 31, 2021		125,000	70,000

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 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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, EringKlinger 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 remuneration 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 remuneration 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 532 thousand as of December 31, 2022 (December 31, 2021: EUR 578 thousand), of which EUR 532 thousand will be paid out in fiscal year 2023 (2022: EUR 578 thousand).

c) Matching Stock Program (ended in 2017)

The remaining option rights from the Matching Stock Program (MSP) for the Management Board of NORMA Group, which ended in 2017, developed as follows in the fiscal year:

Development of the MSP option rights			T132
	Tranche MSP 2015	Tranche MSP 2016	Tranche MSP 2017
Expected duration until exercise in years	n/a	n/a	n/a
Proportional fair value per outstanding 'share units' in EUR as of Dec 31, 2022	n/a	n/a	n/a
Fair value per 'share unit' in EUR as of Dec 31, 2022	n/a	n/a	n/a
Exercise price in EUR	n/a	n/a	n/a
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
Tentatively granted 'share units'			
Exercised			
Lapsed		74,465	
Balance as of Dec 31, 2022	0	0	0

The option rights from the MSP 2016 tranche existing as of December 31, 2021, expired in full in fiscal year 2022. The plan is thus closed and there are no longer any outstanding options.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

d) Long-Term Incentive Plan

In the fiscal year 2013, NORMA Group installed a share-based, long-term, variable remuneration 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.

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.

Thus, the LTI is a Group-wide and global remuneration 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 prorated basis over the performance period.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The share units granted under the LTI changed as follows in the fiscal years 2021 and 2022:

Development of LTI					T133
	Tranche LTI 2018	Tranche LTI 2019	Tranche LTI 2020	Tranche LTI 2021	Tranche LTI 2022
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, 2022	n / a	0	16.66	16.28	15.86
Share price when granted in EUR	56.27	48.25	35.62	33.57	35.33
Balance as of Dec 31, 2021	24,894	33,441	48,636	53,697	
Tentatively granted 'share units'					54,723
Exercised					
Lapsed	24,894	647	2,905	3,577	
Balance as of Dec 31, 2022	0	32,794	45,731	50,120	54,723
	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, 2021	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	
Tentatively granted 'share units'					53,697
Exercised					
Lapsed	34,802	0	850	6,767	
Balance as of Dec 31, 2021	0	24,894	33,441	48,636	53,697

No payment was made from the LTI program in fiscal year 2022 (2021: no payment).

In total, the provision for the LTI amounts to EUR 1,706 thousand as of December 31, 2022 (December 31, 2021: EUR 1,534 thousand). As of December 31, 2022, there were no options exercisable under the LTI (December 31, 2021: none).

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 0 thousand was paid to the tax authorities from the NOVA-LTI (2021: EUR 63 thousand).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

f) Expenses from share-based payment

The net expense / income from share-based remuneration recognized in employee benefit expenses in the fiscal year was as follows:

Expense from share-based payment transactions		T134
in EUR thousands	2022	2021
Net expenses (+) / income (-) from cash-settled share-based payment transactions:		
LTI - Management	95	-191
NOVA-LTI	-70	70
STI - Board Members	532	578
MSP - Board Members	–	-667
	557	-210
Net expenses (+) / income (-) from equity-settled share-based payment transactions:		
NOVA-LTI	-210	210
ESG-LTI	209	140
	-1	350

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 remuneration 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

The obligations arising from the plan are subject to certain actuarial risks associated with defined benefit plans, such as longevity and remuneration 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 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 1,4 million (2021: EUR 1,2 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 2023 amount to EUR 1,313 thousand.

In 2022, a new law was enacted by the US government that would have resulted in the reduction of the benefits to be received in order to ensure the solvency of the pension plans for longer. This was prevented by allowing the deposited funds to apply for government grants. After taking into account various parameters (assumed rate of return, actuarial assumptions), such an application was made for the deposited fund of the pension plan described here. Following approval of the application, an additional USD 715 million was paid in by the US government. The solvency of the fund can thus be guaranteed through 2051.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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		T135
in EUR thousands	Dec 31, 2022	Dec 31, 2021
Present value of obligations	15,044	19,016
Fair value of plan assets	5,870	3,103
Liability in the balance sheet	9,174	15,913

The reconciliation of the net defined benefit liability (liability in the balance sheet) is as follows:

Reconciliation of the net defined benefit liability		T136
in EUR thousands	2022	2021
as of Jan 1	15,913	16,542
Current service cost	1,484	1,515
Past service cost	-26	-61
Administration costs	12	16
Interest expenses	146	96
Remeasurements:		
Return on plan assets excluding amounts included in net interest expenses	100	-478
Actuarial (gains) losses from changes in demographic assumptions	-227	-153
Actuarial (gains) losses from changes in financial assumptions	-4,997	-940
Experience (gains) losses	425	31
Employer contributions	-3,125	-178
Plan participants contribution	1	-40
Benefits paid	-539	-472
Settlement payments	-10	—
Foreign currency translation effects	17	35
as of Dec 31	9,174	15,913

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

A detailed reconciliation of the changes in the DBO is provided in the following table:

Reconciliation of the changes in the DBO		T137
in EUR thousands	2022	2021
as of Jan 1	19,016	20,103
Current service cost	1,484	1,515
Past service cost	-26	-61
Administration costs	12	16
Interest expenses	160	101
Remeasurements:		
Actuarial (gains) losses from changes in demographic assumptions	-227	-153
Actuarial (gains) losses from changes in financial assumptions	-4,959	-940
Experience (gains) losses	425	31
Plan participants contribution	113	671
Benefits paid	-645	-472
Transfers	0	-1,925
Settlement payments	-426	0
Foreign currency translation effects	117	130
as of Dec 31	15,044	19,016

The total defined benefit obligation at the end of the past fiscal year includes EUR 8,575 thousand for active employees, EUR 766 thousand for former employees with vested benefits and EUR 5,703 thousand for retirees and surviving dependents.

The transfer in the amount of EUR 1,925 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.

The reduction in pension obligations mainly resulted from the adjustment of the discount factor of the liabilities of German companies due to the increased interest rate level in Germany. This change is reflected in the actuarial gains and losses from financial assumptions.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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		T138
in EUR thousands		
as of Jan 1	2022	2021
	3,103	3,561
Interest income	14	5
Remeasurements:		
Return on plan assets excluding amounts included in net interest expenses	-100	478
Employer contributions	3,125	178
Plan participants contributions	112	711
Benefits paid	-68	0
Transfers	0	-1,921
Settlement payments	-416	0
Foreign currency translation effects	100	91
Fair value of plan assets at end of year	5,870	3,103

In fiscal year 2022, the partial reinsurance of pension obligations under the plan for members of the Management Board was effected by taking out corresponding reinsurance policies. The payments for these are included under the item "Employer contributions".

Disaggregation of plan assets

The breakdown of the plan assets of the benefit plans is as follows:

Breakdown of plan assets		T139
in EUR thousands		
Asset class	2022	2021
Insurance contracts	5,893	3,101
Cash deposit	-14	-9
Equity securities	-9	11
Total	5,870	3,103

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Actuarial assumptions

The principal actuarial assumptions are as follows:

Actuarial assumptions	T140	
in %	2022	2021
Discount rate	3.75	0.9
Inflation rate	2.03	1.66
Future salary increases	2.18	1.96
Future pension increases	2.06	1.34

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 1.0% upwards or 0.50% downwards from the interest rate recognized on the balance sheet date, the carrying amount of the pension obligation would be an estimated EUR 1,464 thousand lower or EUR 778 thousand higher. If the pension trend were to differ by 0.50% upwards or downwards from management's estimates, the carrying amount of the pension obligation would be an estimated EUR 506 thousand higher or EUR 72 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, 2022, 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, 2022, due to a 10% reduction / increase in mortality rates would result in an increase of EUR 683 thousand or a decrease of EUR 651 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Future cash flows

Employer contributions expected to be paid to the post-employment defined benefit plans in fiscal year 2023 amount to EUR 217 thousand (2021: EUR 196 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		T141
in EUR thousands		2022
Expected benefit payments		
2023		686
2024		702
2025		784
2026		782
2027		863
2028 – 2031		6,437
in EUR thousands		2021
Expected benefit payments		
2022		671
2023		648
2024		707
2025		755
2026		758
2027 – 2030		5,787

The weighted average duration of the defined benefit obligation is 12.22 years (2021: 16.10 years).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

27. Provisions

The development of provisions is as follows:

Development of provisions								T142
in EUR thousands	As of Jan 1, 2022	Additions	Amounts used	Unused amounts reversed	Interest accrued	Transfers	Foreign currency translation	As of Dec 31, 2022
Guarantees	3,203	5,030	-653	-97			15	7,498
Severance	12,913	163	-12,652	-1			-3	420
Early retirement	1,985	1,076	-794		-64			2,203
Other personnel-related obligations	3,648	1,131	-694	-524			-9	3,552
Outstanding invoices	1,651	2,479	-2,365	-126		-154	75	1,560
Others	3,585	623	-242	-119			138	3,985
Total provisions	26,985	10,502	-17,400	-867	-64	-154	216	19,218
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
Provisions – split current / non-current								T143
in EUR thousands	Dec 31, 2022			Dec 31, 2021				
	Total	thereof current	thereof non-current	Total	thereof current	thereof non-current		
Guarantees	7,498	7,187	311	3,203	2,860	343		
Severance	420	420		12,913	11,574	1,339		
Early retirement	2,203	841	1,362	1,985	637	1,348		
Other personnel-related obligations	3,552	1,407	2,145	3,648	1,541	2,107		
Outstanding invoices	1,560	1,560		1,651	1,651			
Others	3,985	3,503	482	3,585	3,197	388		
Total provisions	19,218	14,918	4,300	26,985	21,460	5,525		

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Provisions for 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. The increase as of December 31, 2022, mainly resulted from a single item in the Americas region due to production defects from previous years.

Provisions for 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 12.4 million were paid out of the provisions (2021: EUR 8.1 million).

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Provisions for partial retirement

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 is based on actuarial valuations taking into consideration assumptions such as a discount rate of 3.32% p. a. (2021: -0.09% 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 840 thousand for fiscal year 2023.

Other personnel-related provisions

Other personnel-related provisions are as follows:

		Dec 31, 2022			Dec 31, 2021		
		Total	thereof current	thereof non-current	Total	thereof current	thereof non-current
Provisions – other personnel-related		T144					
in EUR thousands	Note						
NOVA-LTI	(25)	—			70		70
ESG-LTI	(25)	—			—		—
STI - Board Members	(25)	532	532		578	578	
Matching Stock Program (MSP)	(25)	—			26	26	
LTI - Management	(25)	1,706		1,706	1,534		1,534
Anniversary provisions		200		200	260		260
Other personnel-related		1,114	875	239	1,180	937	243
		3,552	1,407	2,145	3,648	1,541	2,107

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 3.81% p. a. (2021: 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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		T145	
in EUR thousands		Dec 31, 2022	Dec 31, 2021
Non-current			
Government grants		349	637
Other liabilities		322	180
		671	817
Current			
Government grants		452	742
Non-income tax liabilities		5,133	3,293
Social liabilities		4,637	4,360
Personnel-related liabilities (e.g., vacation, bonuses, premiums)		29,039	28,871
Other liabilities		697	420
		39,958	37,686
Total other non-financial liabilities		40,629	38,503

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., EBIT), 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, whereby EUR 801 thousand have not been received yet. 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. Income of EUR 863 thousand was thus recognized in fiscal year 2022 (2021: EUR 723 thousand).

The additional government grants received in the amount of EUR 14 thousand mainly related to government grants in connection with the corona pandemic (2021: EUR 1,093 thousand).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

29. Non-current assets held for sale

Within the Americas segment, the sale of land, including office and production buildings, 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 EUR 9,823 thousand (USD 10,350 thousand). The sale is expected to be completed in the first quarter 2022. The assets concerned were reclassified to 'assets held for sale' in the Consolidated Statement of Financial Position as of June 30, 2021, and the scheduled depreciation on these assets was discontinued. The property was sold in the first quarter of fiscal year 2022. The purchase price amounted to EUR 9,823 thousand (USD 10,350 thousand) and the derecognized net asset value to EUR 6,043 thousand.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 in the amount of EUR 76,615 thousand (2021: EUR 108,386 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, 2022, reverse factoring liabilities in the amount of EUR 22,538 thousand are recognized (Dec 31, 2021: EUR 18,307 thousand). [NOTE 21. \(E\) 'TRADE AND OTHER PAYABLES'](#). The cash flows from the trade receivables sold as part of the factoring and ABS programs are shown under the cash flow from operating activities as this corresponds to the economic substance of the transactions.

The cash flows from the reverse factoring programs for the settlement of the original trade accounts payable are presented under cash flow from operating activities, as this corresponds to the economic substance of the transactions.

Interest payments of EUR 767 thousand (2021: EUR 619 thousand) in connection with the factoring, ABS and reverse factoring programs are included in cash flows from financing activities.

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'](#).

The cash inflow from operating activities includes payments for share-based payments in the amount of EUR 579 thousand (2021: EUR 365 thousand), which resulted from the payment from the STI for the Management Board of NORMA Group in the current fiscal year (2021: cash compensation of the Matching Stock Program).

The correction of expenses due to measurement of derivatives in the amount of EUR 5,036 thousand (2021: income in the amount of EUR 1,804 thousand) relates to fair value gains and losses recognized within the income statement assigned to the cash flows from financing activities.

The restated other non-cash income (-) / expenses (+) include income from the currency translation of external financing liabilities and intercompany monetary items in the amount of EUR -5,317 thousand (2021: expenses in the amount of EUR 109 thousand).

Furthermore, non-cash income/expenses in fiscal year 2022 include non-cash interest expenses from the application of the effective interest method in the amount of EUR 206 thousand (2021: EUR 254 thousand) and income from share-based payments in the amount of EUR 2 thousand (2021: expenses in the amount of EUR 406 thousand).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 44,485 thousand (2021: net cash outflows in the amount of EUR 45,157 thousand).

Of the investments in property, plant and equipment as well as intangible assets in the amount of EUR 53,177 thousand (2021: EUR 47,435 thousand), EUR 36,530 thousand (2021: EUR 29,653 thousand) relate to expenses for the expansion of operating capacity and EUR 16,647 thousand (2021: EUR 17,782 thousand) to expenses for the maintenance as well as for the improvement of operating capacity or processes.

Cash flows from financing activities include payments for dividends to the shareholders of NORMA Group SE in the amount of EUR 23,897 thousand (2021: EUR 22,304 thousand), for interest (2022: EUR 11,106 thousand; 2021: EUR 10,093 thousand) as well as repayments from derivatives in the amount of EUR 5,364 thousand (2021: repayments in the amount of EUR 279 thousand).

Furthermore, net payments of loans in the amount of EUR 1,813 thousand (2021: net payments in the amount of EUR 25,275 thousand) [NOTE 5. \(C\) 'LIQUIDITY RISKS'](#), proceeds from liabilities from ABS and factoring in the amount of EUR 1,736 thousand (2021: repayments in the amount of EUR 409 thousand) and repayments of lease liabilities in the amount of EUR 13,941 thousand (2021: EUR 10,497 thousand) are reported under cash flows from financing activities. [NOTE 20 'LEASES'](#) and [21. \(E\) 'FINANCIAL LIABILITIES AND NET DEBT'](#)

In the same period of the previous year, cash flows from financing activities also included repayments of purchase price liabilities in the amount of EUR 2,236 thousand.

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 163,726 thousand on December 31, 2022 (Dec 31, 2021: EUR 179,276 thousand), as well as cash equivalents with a value of EUR 4,944 thousand (Dec 31, 2021: EUR 6,443 thousand).

Cash from China, India, Russia, Brazil, Korea and Malaysia (Dec 31, 2022: EUR 41,317 thousand, Dec 31, 2021: EUR 61,669 thousand) cannot currently be distributed due to restrictions on capital movements.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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

T146

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	Interest rate swaps – cash flow hedge	Foreign currency derivatives – fair value hedge	Retained earnings	Other Reserves	Non-controlling interests	
Balance as of Jan 1, 2022		69,490	393,747	6,976	30,815	247	1,193	416,296	9,768	335	1,034,598
Changes in cash flow from financing activities											
Loan proceeds	(21. (e))	56,750		1,735	3,454						61,939
Loan repayments	(21. (e))	-57,016	-5,000								-62,016
Inflow (+) / outflow (-) from hedging derivatives	(21. (f))						-5,364				-5,364
Interest paid		-9,490			-1,106	257					-10,339
Repayment of debts from leases	(21. (e))				-13,941						-13,941
Dividends paid	(24)							-23,897		-133	-24,030
Total change in cash flow from the financing activities	(30)	-9,756	-5,000	1,735	-11,593	257	-5,364	-23,897	—	-133	-53,751

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Reconciliation of changes in assets and liabilities to cash flows from financing activities

T147

	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	
in EUR thousands												
Balance as of Jan 1, 2021		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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

(continued) Reconciliation of changes in assets and liabilities to cash flows from financing activities

		Financial liabilities				Derivatives held to hedge financial liabilities (assets (-) / liabilities (+))		Equity			Total	
	Note	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
in EUR thousands												
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME											
	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
224	CONSOLIDATED STATEMENT OF CASH FLOWS											
	New leases				8,180				n/a	n/a	n/a	8,180
	Transfer	3,500	-3,500						n/a	n/a	n/a	—
	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	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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

31. Segment reporting

Segment reporting

T148

in EUR thousands	EMEA		Americas		Asia-Pacific		Total segments		Central functions		Consolidation		Consolidated Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
Total revenue	522,445	500,141	585,624	465,246	188,779	179,417	1,296,848	1,144,804	42,371	36,553	-96,205	-89,450	1,243,014	1,091,907
thereof inter-segment revenue	33,253	37,751	11,382	8,488	9,199	6,658	53,834	52,897	42,371	36,553	-96,205	-89,450		
Revenue from external customers	489,192	462,390	574,242	456,758	179,580	172,759	1,243,014	1,091,907	—	—	—	—	1,243,014	1,091,907
Contribution to consolidated Group sales	40.0%	42.0%	46.0%	42.0%	14.0%	16.0%	100%	100%						
Adjusted gross profit ¹	267,043	280,450	310,042	246,416	89,089	87,362	666,174	614,228	n/a	n/a	-1,729	-1,786	664,445	612,442
Adjusted EBITDA¹	35,823	66,687	97,895	71,935	29,736	34,213	163,454	172,835	-5,935	-5,080	-280	-165	157,239	167,590
Adjusted EBITDA margin ^{1,2}	6.9%	13.3%	16.7%	15.5%	15.8%	19.1%							12.6%	15.3%
Depreciation without PPA depreciation ³	-19,983	-19,327	-20,193	-16,313	-9,233	-8,559	-49,409	-44,199	-965	-859			-50,374	-45,058
Adjusted EBITA¹	15,840	47,360	77,702	55,622	20,503	25,654	114,045	128,636	-6,900	-5,939	-280	-165	106,865	122,532
Adjusted EBITA margin ^{1,2}	3.0%	9.5%	13.3%	12.0%	10.9%	14.3%							8.6%	11.2%
Amortization without PPA amortization ³	-2,090	-3,443	-3,284	-2,913	-551	-607	-5,925	-6,963	-1,976	-1,809			-7,901	-8,772
Adjusted EBIT¹	13,750	43,917	74,417	52,709	19,952	25,047	108,119	121,673	-8,875	-7,749	-280	-164	98,964	113,760
Adjusted EBIT margin ^{1,2}	2.6%	8.8%	12.7%	11.3%	10.6%	14.0%							8.0%	10.4%
Assets ⁴	644,561	624,263	721,827	658,745	268,156	284,078	1,634,544	1,567,086	270,319	261,868	-344,183	-330,728	1,560,680	1,498,226
Liabilities ⁵	242,004	211,869	288,077	276,107	56,372	53,646	586,453	541,622	575,564	578,424	-306,693	-290,404	855,324	829,642
CAPEX ⁶	18,028	21,494	23,500	16,329	14,598	11,418	56,126	49,241	348	3,385	-212	-1,689	56,262	50,937
Number of employees ⁷	3,344	3,592	1,467	1,436	1,293	1,280	6,104	6,308	129	124	n/a	n/a	6,233	6,432

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).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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'. An overview of the adjustments and a reconciliation of reported to adjusted net income can be found in [NOTE 7 'ADJUSTMENTS'](#).

'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.

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. As of December 31, 2022, this amounted to EUR 28,802 thousand in assets (Dec 31, 2021: EUR 25,129 thousand) and EUR 59,731 thousand in liabilities (Dec 31, 2021: EUR 63,326 thousand).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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		T149
in EUR thousands		
	2022	2021
Germany	151,986	167,041
USA	486,826	383,416
China	114,191	114,319
Poland	85,792	67,371
Other countries	404,219	359,760
	1,243,014	1,091,907

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		T150
in EUR thousands		
	Dec 31, 2022	Dec 31, 2021
Germany	106,347	112,841
USA	416,948	392,441
China	61,352	57,879
India	56,520	61,850
France	45,608	49,651
Other countries	211,696	212,866
	898,471	887,528

32. Contingent liabilities

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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		T151	
in EUR thousands		Dec 31, 2022	Dec 31, 2021
Property, plant and equipment		12,845	5,396
		12,845	5,396

As in the previous year, there are no material commitments concerning intangible assets.

34. Related party transactions

Remuneration of members of the Management Board

Remuneration of the members of the Management Board according to IFRS is as follows:

Remuneration of members of the Management Board (IFRS)		T152	
in EUR thousands		2022	2021
Short-term benefits		1,447	1,519
Post-employment benefits		1,153	1,214
Termination benefits		800	–
Share-based payment		460	929
Total remuneration according to IFRS		3,860	3,662

Provisions for the remuneration of the members of the Management Board are as follows:

Provisions / liabilities for remuneration of the Management Board members			T153	
in EUR thousands			Dec 31, 2022	Dec 31, 2021
Share-based payments	Note (25)		532	648
Post-employment benefit plans	(26)		3,966	5,238
Termination Benefits			800	–
Total			5,298	5,886

Details regarding the individual provisions can be found in the respective notes.

Details regarding the remuneration of the Management Board can be found in the [REMUNERATION REPORT](#).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 645 thousand in the fiscal year 2022 (2021: EUR 561 thousand).

35. Additional disclosures pursuant to Section 315e (1) of the German Commercial Code (HGB)

Total remuneration of the executive bodies

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:

Remuneration of Management Board members		T154	
in EUR thousands	2022	2021	
Member of the Management Board	2,684	2,448	
thereof non-performance-related cash remuneration of the Management Board	1,447	1,519	
thereof fair value of share-based payment allocated to the Management Board in the fiscal year as of allocation date	1,237	929	
Total remuneration of former members of the Management Board	800	—	
Compensation of the Supervisory Board	645	561	

The defined benefit obligation of pension commitments to prior members of the Management Board and their dependents was EUR 1,014 thousand as of December 31, 2022 (2021: EUR 923 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		T155	
in EUR thousands	2022	2021	
Auditing services	535	468	
Other confirmation services	91	26	
Other services	28	47	
	654	541	

The other assurance services relate to the audit of the non-financial statement, assurance services for financial covenants, and the European Market Infrastructure Regulation (EMIR) audit in accordance with Section 20 WpHG.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Other services include fees in connection with the support of the self-assessment of the Supervisory Board.

Headcount

The average headcount breaks down as follows:

Average headcount	T156	
Number	2022	2021
Direct labor	3,017	3,201
Indirect labor	1,085	1,116
Salaried	2,131	2,115
	6,233	6,432

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.

Scope of 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 0.55 per share to the shareholders. The total dividend payment would thus amount to EUR 17,524,320.

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. Exceptions under Section 264, Paragraph 3 of the German Commercial Code (HGB)

In 2022, 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
>	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

37. Events after the balance sheet date

Up until March 14, 2023, 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, 2022.

APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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 presents an overview of all voting rights notifications that have been sent to the Company as of March 14, 2023. 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](#).

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
>	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
>	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Voting rights notification						T157
Notifying party	Achievement of voting rights	exceeded reporting threshold	Share in %	Shares	Pursuant to WpHG	
Schroders plc, London, United Kingdom	February 13, 2023	more than 3%	3.06	973,463	§§ 33, 34 WpHG	
AVGP Limited, St Helier, Jersey	January 31, 2023	less than 3%	2.79	887,684	§§ 33, 34 WpHG	
Joseph van Caldenborgh ¹	January 6, 2023	more than 5%	5.003	1,594,204	§§ 33, 34 WpHG	
Nicolaas Hoek ²	January 6, 2023	less than 5%	5.003	1,594,204	§§ 33, 34 WpHG	
KBI Global Investors Ltd.	January 6, 2023	more than 3%	3.002	956,529	§§ 33, 34 WpHG	
Impax Asset Management Group plc, London, United Kingdom	November 30, 2022	less than 5%	4.96	1,581,418	§§ 33, 34 WpHG	
DWS Investment GmbH, Frankfurt, Germany	October 31, 2022	less than 3%	1.81	575,774	§§ 33, 34 WpHG	
Igor Kuzniar ³	October 27, 2022	more than 5%	5.50	1,751,000	§§ 33, 34 WpHG	
Tweedy, Browne Company LLC, Wilmington, Delaware, USA	October 13, 2022	more than 3%	3.03	966,214	§§ 33, 34 WpHG	
T. Rowe Price International Funds, Inc., Baltimore, Maryland, USA	September 30, 2022	less than 3%	2.56	814,871	§§ 33, 34 WpHG	
Allianz Global Investors GmbH, Frankfurt, Germany	August 10, 2022	less than 5%	4.97	1,585,009	§§ 33, 34 WpHG	
Ameriprise Financial, Inc., Wilmington, Delaware, USA	August 2, 2022	less than 3%	2.74	873,554	§§ 33, 34 WpHG	
Ministry of Finance on behalf of the State of Norway, Oslo, Norway ⁴	July 26, 2022	more than 3%	3.21	1,017,336	§§ 33, 34 WpHG and § 38 WpHG	
Allianz SE, München, Germany	July 6, 2022	less than 3%	2.996	954,515	§§ 33, 34 WpHG	
Aberdeen Asset Managers Limited, Aberdeen, United Kingdom	June 24, 2022	less than 3%	2.96	944,367	§§ 33, 34 WpHG	
Union Investment Privatfonds GmbH, Frankfurt, Germany	May 6, 2022	more than 3%	3.02	963,000	§§ 33, 34 WpHG	
Threadneedle (Lux), Bertrange, Luxembourg	April 13, 2022	less than 3%	2,90	922,553	§§ 33, 34 WpHG	

1. In the consideration of the entire corporate chain, Joseph van Caldenborgh holds 5.00% via SPICE Two Investment Coöperatief U.A. (Amsterdam, Netherlands).

2. In the consideration of the entire corporate chain, Nicolaas Hoek holds 5.00% via SPICE Two Management B.V. (Amsterdam, Netherlands).

3. In the consideration of the entire corporate chain, Igor Kuzniar holds 5.50% via Teleios Capital Partners LLC (Zug, Switzerland).

4. In the consideration of the entire corporate chain, Ministry of Finance on behalf of the State of Norway holds 3.19% via Norges Bank (Oslo, Norway) and 0.02% in shares on loan (right to recall).

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 224 CONSOLIDATED STATEMENT OF CASH FLOWS
- 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 226 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- > APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 346 ASSURANCE OF LEGAL REPRESENTATIVES
- 347 INDEPENDENT AUDITOR'S REPORT

- 6 FURTHER INFORMATION

Corporate Bodies of NORMA Group SE

Management Board members

Miguel Ángel López Borrego

Diploma in Business Administration
Chief Executive Officer (CEO) since January 1, 2023

- No further mandates in supervisory boards or comparable bodies

Dr. Friedrich Klein

Master's degree in Mechanical Engineering
Chief Operating Officer (COO) since October 1, 2018

- No further mandates in supervisory boards or comparable bodies

Annette Stieve

Diploma in Business Administration
Chief Financial Officer (CFO) since October 1, 2020

- No further mandates in supervisory boards or comparable bodies

Dr. Michael Schneider

Diploma in Business Administration
Chief Executive Officer (CEO) until December 31, 2022

- 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)

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 224 CONSOLIDATED STATEMENT OF CASH FLOWS
- 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 226 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- > APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

- 346 ASSURANCE OF LEGAL REPRESENTATIVES
- 347 INDEPENDENT AUDITOR'S REPORT

- 6 FURTHER INFORMATION

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 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)
- 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)

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 until November 2022
Member since 2021 (office function suspended since January 1, 2023)

- 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)

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
>	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
347	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Mark Wilhelms

Chief Financial Officer of Stabilus SE, Koblenz, Germany, until September 2022
Member since 2018

- Member of the Supervisory Board of Novem Group SA, Luxembourg / Vorbach, Germany (listed on the stock exchange)
- Member of the Supervisory Board of Kongsberg Automotive ASA, Zurich, Switzerland (listed on the stock exchange)

Maintal, March 14, 2023

NORMA Group SE

Miguel Ángel López Borrego
Chief Executive Officer (CEO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

Annette Stieve
Chief Financial Officer (CFO)

ASSURANCE 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 14, 2023

NORMA Group SE

The Management Board

Miguel Ángel López Borrego
Chief Executive Officer (CEO)

Dr. Friedrich Klein
Chief Operating Officer (COO)

Annette Stieve
Chief Financial Officer (CFO)

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
 - 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
 - 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
 - 224 CONSOLIDATED STATEMENT OF CASH FLOWS
 - 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
 - 226 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 - 341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
 - > ASSURANCE OF LEGAL REPRESENTATIVES
 - 347 INDEPENDENT AUDITOR'S REPORT
- 6 FURTHER INFORMATION

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
>	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

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 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, 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, including the remuneration report pursuant to § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act], including the related disclosures, included in section „Remuneration Report 2022“ for the financial year from 1 January to 31 December 2022.

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 § 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 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, 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

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
>	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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.

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 2022. 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 402.3 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. 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 macroeconomic conditions, 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.

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 224 CONSOLIDATED STATEMENT OF CASH FLOWS
- 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 226 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 346 ASSURANCE OF LEGAL REPRESENTATIVES
- > INDEPENDENT AUDITOR'S REPORT

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 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.

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, which we obtained prior to the date of our auditor's report
- the separate non-financial report to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB, which we obtained prior to the date of our auditor's report
- all remaining parts of the annual report, which are expected to be made available to us after the date of the auditor's 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.

6 FURTHER INFORMATION

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
>	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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 (i.e., fraudulent financial reporting and misappropriation of assets) 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.

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

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 224 CONSOLIDATED STATEMENT OF CASH FLOWS
- 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 226 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 346 ASSURANCE OF LEGAL REPRESENTATIVES
- > INDEPENDENT AUDITOR'S REPORT

- 6 FURTHER INFORMATION

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.
- 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
>	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

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, actions taken to eliminate threats or safeguards applied.

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 SE_KA+LB_ESEF-2022-12-31.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 for-mat"). 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 within 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 in the 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 2022 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 (06.2022)) 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).

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 221 CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
- 222 CONSOLIDATED STATEMENT OF FINANCIAL POSITION
- 224 CONSOLIDATED STATEMENT OF CASH FLOWS
- 225 CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
- 226 NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 341 APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
- 346 ASSURANCE OF LEGAL REPRESENTATIVES
- > INDEPENDENT AUDITOR'S REPORT

- 6 FURTHER INFORMATION

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 statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 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 work 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 opinion 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
221	CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
222	CONSOLIDATED STATEMENT OF FINANCIAL POSITION
224	CONSOLIDATED STATEMENT OF CASH FLOWS
225	CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
226	NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
341	APPENDIX TO THE NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
346	ASSURANCE OF LEGAL REPRESENTATIVES
>	INDEPENDENT AUDITOR'S REPORT
6	FURTHER INFORMATION

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 17 May 2022. We were engaged by the supervisory board on 19 January 2023. 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 filed in the company register – 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 the engagement

The German Public Auditor responsible for the engagement is Stefan Hartwig.

Frankfurt/Main, March 14, 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

sgd. Stefan Hartwig
Wirtschaftsprüfer
(German Public Auditor)

sgd. Jürgen Körbel
Wirtschaftsprüfer
(German Public Auditor)

Further Information

356	Glossary
364	List of Graphics
366	List of Tables
371	Overview by Quarter
372	10-Year Overview
375	Financial Calendar, Contact and Imprint

NUMBER OF DEFECTIVE PARTS PER MILLION (PPM) IN FY 2022:

2.9

- 40.8% compared to the previous year

- 1 INTRODUCTION
- 2 TO OUR SHAREHOLDERS
- 3 CORPORATE RESPONSIBILITY REPORT
- 4 CONDENSED MANAGEMENT REPORT
- 5 CONSOLIDATED FINANCIAL STATEMENTS
- 6 FURTHER INFORMATION
 - > GLOSSARY
 - 363 LIST OF GRAPHICS
 - 365 LIST OF TABLES
 - 370 OVERVIEW BY QUARTER
 - 371 10-YEAR OVERVIEW
 - 374 FINANCIAL CALENDAR, CONTACT AND IMPRINT

FURTHER INFORMATION

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
>	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

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.

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.

CSRD

Corporate Sustainability Reporting Directive, EU directive on CSR reporting that will become mandatory for companies in stages from the 2024 financial year.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
>	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

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.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
>	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

ESRS

European Sustainability Reporting Standards; standards for CSR reporting according to CSRD.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
>	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

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 alphanumeric 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.



1 INTRODUCTION

2 TO OUR SHAREHOLDERS

**3 CORPORATE
RESPONSIBILITY REPORT**

**4 CONDENSED
MANAGEMENT REPORT**

**5 CONSOLIDATED
FINANCIAL STATEMENTS**

6 FURTHER INFORMATION

> GLOSSARY

363 LIST OF GRAPHICS

365 LIST OF TABLES

370 OVERVIEW
BY QUARTER

371 10-YEAR OVERVIEW

374 FINANCIAL CALENDAR,
CONTACT AND
IMPRINT

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
>	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

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.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
>	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

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.

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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
>	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

List of Graphics

Graphic		Page
Introduction		
G001	NORMA Group worldwide	8
To Our Shareholders		
G002	Index-based comparison of NORMA Group's share price performance in 2022 with DAX, MDAX, SDAX and MSCI World Automobiles	15
G003	Share price development of the NORMA Group share since the IPO compared to the SDAX	16
G004	Distribution of trading activity in 2022	16
G005	Free float by region	17
G006	Analyst recommendations	20
Corporate Responsibility Report		
G007	Materiality matrix - Corporate Responsibility Strategy	44
G008	CR Roadmap 2023	45
G009	Materiality matrix Governance	51
G010	NORMA Group's Compliance Management System	53
G011	Materiality matrix Environment	60
G012	Environmental strategy	62
G013	Development of greenhouse gas emissions (scope 1 and 2) from gas, electricity and district heating, in tons of CO ₂ equivalents	65
G014	Development of specific energy consumption in kilowatt hours per EUR thousand of revenues	65
G015	Water consumption (revised) in liter per EUR thousand of revenue	68
G016	Materiality matrix - Social	71
G017	Development of the accident rate in reportable accidents per 1,000 employees	74
G018	Development of training hours in hours per employee	75
G019	Competency model	76
G020	Development of proportion of women among permanent staff in %	78
Condensed Management Report		
G021	NORMA Group (simplified structure)	102
G022	Organizational structure of NORMA Group	105
G023	Strategic goals of NORMA Group	109
G024	Important financial control parameters	111
G025	Integration of the innovation process into the Strategic Business Units	116
G026	Development of 2022 sales in EUR million	133
G027	Sales by segment	138
G028	Asset and capital structure in EUR million	139
G029	Maturity profile by financial instrument in EUR	143
G030	Maturity profile by currency in EUR	144
G031	Development of nickel prices and the alloy surcharge 1.4301	151
G032	Purchasing turnover in 2022 by material groups	153

- 1 INTRODUCTION**

- 2 TO OUR SHAREHOLDERS**

- 3 CORPORATE RESPONSIBILITY REPORT**

- 4 CONDENSED MANAGEMENT REPORT**

- 5 CONSOLIDATED FINANCIAL STATEMENTS**

- 6 FURTHER INFORMATION**

- 356 GLOSSARY
- 363 LIST OF GRAPHICS
- > [LIST OF TABLES](#)
- 370 OVERVIEW BY QUARTER
- 371 10-YEAR OVERVIEW
- 374 FINANCIAL CALENDAR, CONTACT AND IMPRINT

(continued) Graphic

G033	Development of personnel figures at NORMA Group	155
G034	Breakdown of employees by group	156
G035	Marketing expenses 2022 by segment	158
G036	Risk management system of NORMA Group	178
G037	Components of the remuneration system	195
G038	Percentages of remuneration components (target remuneration)	200
G039	Mechanism of the STI	202
G040	Target amounts and payout amounts of the STI	203
G041	Temporal sequence of the NOVA-LTI	205
G042	Target amounts and payout amounts of the NOVA-LTI	206
G043	Mechanism of the ESG-LTI	207

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
363	LIST OF GRAPHICS
>	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

List of Tables

Table		Page
Introduction		
T001	2021 financial figures	5
To our Shareholders		
T002	Voting rights notifications	17
T003	Analysts covering NORMA Group	19
T004	Key figures for NORMA Group	21
T005	Responsibilities of the Management Board	32
T006	Other mandates of the Supervisory Board members	35
T007	Directors' Dealings	37
Corporate Responsibility Report		
T008	NORMA Group's performance in sustainability ratings	49
T009	Volumes of various forms of waste	69
T010	Table 1: Sales KPI (Key Performance Indicator)	85
T011	Table 2: Capex KPI	88
T012	Table 3: Opex KPI	91
T013	Content of non-financial disclosure	93
T014	Governance / Integrity	94
T015	Environment	95
T016	Social	96
Condensed Management Report		
T017	NORMA Value Added (NOVA)	113
T018	Capital employed	113
T019	Assumptions for the calculation of WACC	113
T020	Financial control parameters	115
T021	Non-financial control parameters	115
T022	R&D Figures	118
T023	GDP growth rates (real)	120
T024	Engineering: real change in industry sales	122
T025	Automotive Industry: global production and development of sales	123
T026	Construction Industry: development of European construction output	124
T027	Comparison of target and actual values	129
T028	Adjustments	132
T029	Effects on Group sales	133
T030	Development of sales channels	133
T031	Return on capital employed (ROCE)	134
T032	Development of segments	138
T033	Strategic investment highlights 2022	147

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
363	LIST OF GRAPHICS
>	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

(continued) Table

T034	Core workforce by segment	156
T035	Sales by Regions	160
T036	Income statement for the period from January 1 to December 31, 2022	161
T037	Assets	162
T038	Equity and liabilities	163
T039	Forecast for GDP growth	167
T040	Engineering: real change in industry sales	168
T041	Automotive industry: global production and development of sales	169
T042	Construction industry: development of European construction output	170
T043	Forecast for fiscal year 2023	175
T044	Risk and opportunity profile of NORMA Group	193
T045	Fixed non-performance dependent remuneration components, design, reference to the strategy	197
T046	Variable performance dependent remuneration components, design, reference to the strategy	198
T047	TSR comparison group	202
T048	Assumptions for the calculation of the weighted average cost of capital	204
T049	Calculation of the NOVA figure	206
T050	NOVA-Bonus / LTI	208
T051	Management Board remuneration granted and owed pursuant to Sec. 162 (1) sentence 2 no. 1 German Stock Corporation Act (AktG)	210
T052	Overview of the promised pensions of the Board members	211
T053	GCGC: Remuneration granted	211
T054	GCGC - Inflow	212
T055	Remuneration granted and owed pursuant to Sec. 162 (1) sentence 2 no. 1 German Stock Corporation Act (AktG)	214
T056	Comparative presentation of the annual change (so-called vertical comparison) pursuant to Sec. 162 (1) sentence 2 no. 2 German Stock Corporation Act (AktG)	216
Consolidated Financial Statements		
T057	Consolidated Statement of comprehensive income	221
T058	Consolidated Statement of financial position	222
T059	Equity and Liabilities	223
T060	Consolidated Statement of Cash flows	223
T061	Consolidated Statement of changes in Equity	224
T062	Exchange rates	227
T063	Valuation methods	231
T064	Change in scope of consolidation	246
T065	List of Group companies of NORMA Group as of Dec 31, 2022	247
T066	Overview of financial risks	249
T067	Foreign exchange risk	250
T068	Credit risk exposure from cash and cash equivalents and other financial assets	252
T069	Maturity structure of non-derivative financial liabilities	254
T070	Maturity structure of derivative financial instruments	254

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
363	LIST OF GRAPHICS
>	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

(continued) Table

T071	Profit and loss net of adjustments	259
T072	Revenue by distribution channel	261
T073	Revenue by category	261
T074	Raw materials and consumables used	262
T075	Other operating income	262
T076	Other operating expenses	263
T077	Employee benefits expense	264
T078	Financial income and costs	265
T079	Net foreign exchange gains / losses	266
T080	Earnings per share	266
T081	Income taxes	266
T082	Tax reconciliation	267
T083	Income tax charged / credited to other comprehensive income	268
T084	Movement in deferred tax assets and liabilities	269
T085	Deferred income tax assets	269
T086	Deferred income tax liabilities	270
T087	Temporary usability of tax loss carry forwards	271
T088	Temporary usability of unrecognized tax loss carry forwards	271
T089	Development of goodwill and other intangible assets	272
T090	Goodwill and other intangible assets – carrying amounts	274
T091	Significant individual intangible asset	274
T092	Change in goodwill	275
T093	Goodwill allocation per segment	275
T094	Goodwill per segment – key assumptions	276
T095	Development of property, plant and equipment	277
T096	Property, plant and equipment – carrying amounts	279
T097	Right of use – carrying amounts	280
T098	Maturity of lease liabilities as of Dec 31, 2022	281
T099	Maturity of lease liabilities as of Dec 31, 2021	281
T100	Leases in the statement of profit or loss	282
T101	Financial instruments – classes and categories	283
T102	Trade and other receivables	285
T103	Trade receivables	286
T104	Credit risk exposure trade receivables	286
T105	Impairment reconciliation	287
T106	Gains / losses arising from derecognition IFRS 7.20A	287
T107	Other financial assets	290
T108	Trade and other payables	291
T109	Borrowings	292
T110	Maturity bank borrowings 2022	292

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
363	LIST OF GRAPHICS
>	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

(continued) Table

T111	Maturity bank borrowings 2021	293
T112	Other financial liabilities	294
T113	Maturity financial liabilities	295
T114	Net debt	296
T115	Derivative financial instruments	297
T116	The effects of cash flow hedge accounting on financial position and performance	298
T117	Change in hedging reserve before tax	299
T118	The effects of fair value hedge accounting on financial position and performance	300
T119	Gains and losses fair value hedges	302
T120	Financial instruments – fair value hierarchy	302
T121	Financial instruments – net gains and losses	304
T122	Interest expenses / income from financial assets and liabilities (IFRS 7.20(b))	304
T123	Offsetting of financial instruments	305
T124	Inventories	306
T125	Other non-financial assets	307
T126	Development of retained earnings	308
T127	Development of other reserves	309
T128	Development of NOVA-LTI 2022	311
T129	Development of NOVA-LTI 2021	311
T130	Development of ESG-LTI 2022	312
T131	Development of ESG-LTI 2021	312
T132	Development of the MSP option rights	313
T133	Development of LTI	315
T134	Expense from share-based payment transactions	316
T135	Components pension liability	318
T136	Reconciliation of the net defined benefit liability	318
T137	Reconciliation of the changes in the DBO	319
T138	Reconciliation of changes in the fair value of plan assets	320
T139	Breakdown of plan assets	320
T140	Actuarial assumptions	321
T141	Expected payments from post-employment benefit plans	322
T142	Development of provisions	323
T143	Provisions – split current / non-current	323
T144	Provisions – other personnel-related	325
T145	Other non-financial liabilities	326
T146	Reconciliation of changes in assets and liabilities to cash flows from financing activities	330
T147	Reconciliation of changes in assets and liabilities to cash flows from financing activities	332
T148	Segment reporting	334
T149	External sales per country	336
T150	Non-current assets per country	336

- 1 INTRODUCTION

- 2 TO OUR SHAREHOLDERS

- 3 CORPORATE RESPONSIBILITY REPORT

- 4 CONDENSED MANAGEMENT REPORT

- 5 CONSOLIDATED FINANCIAL STATEMENTS

- 6 FURTHER INFORMATION

- 356 GLOSSARY
- 363 LIST OF GRAPHICS
- 365 LIST OF TABLES
- > OVERVIEW BY QUARTER
- 371 10-YEAR OVERVIEW
- 374 FINANCIAL CALENDAR, CONTACT AND IMPRINT

(continued) Table

T151	Commitments	337
T152	Remuneration of members of the Management Board (IFRS)	337
T153	Provisions / liabilities for remuneration of the Management Board members	337
T154	Remuneration of Management Board members	338
T155	Fees for the auditor	338
T156	Average headcount	339
T157	Voting rights notification	342
Information		
T158	Overview by Quarters	371
T159	10-Year Overview	372
T160	Financial calendar 2023	375

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
>	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

Overview by Quarters¹

		Q1 2022	Q2 2022	Q3 2022	Q4 2022	T158
Income statement						
Group sales	EUR million	304.4	317.9	318.6	302.1	
Cost of materials ratio ²	%	40.6	49.1	47.3	49.7	
Personnel cost ratio ²	%	25.6	25.0	24.1	24.8	
Adjusted EBIT ²	EUR million	30.3	22.3	27.0	19.3	
Adjusted EBIT margin ²	%	10.0	7.0	8.5	6.4	
EBIT	EUR million	24.8	16.8	21.4	13.6	
EBIT margin	%	8.1	5.3	6.7	4.5	
Financial result	EUR million	-1.5	-3.0	-3.4	-4.7	
Adjusted profit for the period ²	EUR million	20.9	14.1	13.7	7.4	
Adjusted earnings per share ²	EUR	0.66	0.44	0.43	0.23	
Profit for the period	EUR million	16.7	10.0	9.4	3.1	
Earnings per share	EUR	0.53	0.31	0.29	0.10	
Balance sheet³						
Total assets	EUR million	1,554.8	1,600.0	1,649.8	1,560.7	
Equity	EUR million	693.3	715.0	753.8	705.4	
Equity ratio	%	44.6	44.7	45.7	45.2	
Net debt	EUR million	361.0	382.8	396.6	349.8	
Cash flow						
Cash flow from operating activities	EUR million	-16.2	23.4	12.4	57.0	
Cash flow from investing activities	EUR million	-3.7	-10.9	-17.3	-12.6	
Cash flow from financing activities	EUR million	-1.1	-29.0	-6.9	-17.6	
Net operating cash flow	EUR million	-16.7	26.4	-3.8	59.4	

¹Minor deviations may occur due to commercial rounding for the full year compared with the summation of the corresponding quarterly amounts.

²Since 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.

³Figures as at balance sheet date end of quarter.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
>	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

10-Year Overview

		2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
T159											
Order situation											
Order book ¹	EUR millions	569.6	508.4	391.3	358.3	379.2	329.1	302.4	295.8	279.6	236.7
Income statement											
Revenue	EUR millions	1,243.0	1,091.9	952.2	1,100.1	1,084.1	1,017.1	894.9	889.6	694.7	635.5
thereof EMEA	EUR millions	489.2	462.4	409.5	486.0	494.8	485.9	432.0	416.0	394.5	388.0
thereof Americas	EUR millions	574.2	456.8	385.5	450.8	441.5	411.3	381.6	395.3	237.8	191.5
thereof Asia-Pacific	EUR millions	179.6	172.8	157.2	163.4	147.8	119.9	81.3	78.2	62.5	56.0
Engineered Joining Technology (EJT)	EUR millions	698.8	620.7	552.6	665.5	684.6	638.2	535.9	540.3	481.0	443.9
Standardized Joining Technology (SJT)	EUR millions	535.3	464.3	395.5	430.2	393.8	372.3	354.5	344.1	211.5	193.6
Cost of materials ratio	%	48.0	45.8	43.8	43.4	43.6	41.2	39.4	40.8	41.7	42.4
Personnel cost ratio	%	24.9	26.1	31.3	27.5	25.9	26.5	27.3	26.3	27.1	26.7
Adjusted EBITA ²	EUR millions	106.9	122.5	54.6	144.8	173.2	174.5	157.5	156.3	121.5	112.6
Adjusted EBITA margin ²	%	8.6	11.2	5.7	13.2	16.0	17.2	17.6	17.6	17.5	17.7
EBITA	EUR millions	105.6	121.0	51.1	127.9	164.8	166.8	150.4	150.5	113.3	112.1
EBiTA margin	%	8.5	11.1	5.4	11.6	15.2	16.4	16.8	16.9	16.3	17.6
Adjusted EBIT ²	EUR millions	99.0	113.8	45.3	136.1	164.5	166.0	147.7	147.9	116.2	107.7
Adjusted EBIT margin ²	%	8.0	10.4	4.8	12.4	15.2	16.3	16.5	16.6	16.7	16.9
EBIT	EUR millions	76.5	92.1	20.1	96.7	133.5	137.8	120.0	124.8	97.8	99.5
EBIT margin	%	6.2	8.4	2.1	8.8	12.3	13.5	13.4	14.0	14.1	15.7
Financial result	EUR millions	-12.6	-12.4	-14.8	-15.5	-11.7	-16.1	-14.6	-17.2	-14.5	-15.6
Adjusted tax rate ²	%	35.2	28.6	20.3	27.1	24.9	30.0	28.9	32.1	33.3	32.6
Adjusted profit for the period ²	EUR millions	56.0	72.3	24.3	87.8	114.8	105.0	94.6	88.7	71.5	62.1
Adjusted earnings per share ²	EUR	1.75	2.27	0.77	2.76	3.61	3.29	2.96	2.78	2.24	1.95
Profit for the period	EUR millions	39.2	56.1	5.5	58.4	91.8	119.8	75.9	73.8	54.9	55.6
Earnings per share	EUR	1.23	1.76	0.18	1.83	2.88	3.76	2.38	2.31	1.72	1.74

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
>	10-YEAR OVERVIEW
374	FINANCIAL CALENDAR, CONTACT AND IMPRINT

(continued)

NORMA Value Added (NOVA)	EUR millions	-27.1	16.0	-46.4	17.3	60.8	54.9	53.1	48.3	n/a	n/a
Return on Capital Employed (ROCE) ³	%	9.7	11.9	4.6	13.0	17.2	18.9	17.7	19.3	n/a	n/a
R&D expense	EUR millions	40,6	38,0	29,0	31,2	30,5	29,4	28,8	25,4	25,7	21,9
R&D ration (related to sales)	%	3,3	3,5	3,1	4,7	4,5	4,6	5,4	4,7	5,3	4,9
Investment ratio in relation to sales (without acquisitions)	%	4,3	4,3	4,3	5,0	5,8	4,7	5,4	4,7	5,7	4,8
Balance sheet¹											
Total assets	EUR millions	1,560.7	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
Equity	EUR millions	705.4	668.6	589.5	629.5	602.4	534.3	483.6	429.8	368.0	319.9
Equity ratio	%	45.2	44.6	41.7	41.6	40.6	40.7	36.2	36.8	34.1	38.8
Net debt	EUR millions	349.8	318.5	338.4	420.8	400.3	344.9	394.2	360.9	373.1	153.5
Working capital	EUR millions	230.4	189.5	160.8	192.5	179.2	158.2	144.5	151.9	141.8	110.8
Working capital related to sales	%	18.5	17.4	16.9	17.5	16.5	15.6	16.1	17.1	20.4	17.4
Cash flow											
Cash flow from operating activities	EUR millions	76.6	108.4	133.5	137.1	130.8	146.0	149.2	128.2	96.4	115.4
Cash flow from investing activities	EUR millions	-44.5	-45.2	-39.1	-57.0	-129.5	-70.8	-133.8	-44.5	-265.1	-43.4
Cash flow from financing activities	EUR millions	-54.5	-71.1	-81.0	-93.2	31.3	-77.7	49.6	-70.4	57.7	51.7
Net operating cash flow	EUR millions	65.3	99.8	78.3	122.9	124.4	132.9	148.5	134.7	109.2	103.9
Non financial figures											
Core workforce ¹		6,175	6,191	6,635	6,523	6,901	6,115	5,450	5,121	4,828	4,134
Temporary workers ¹		2,532	2,012	2,155	1,998	1,964	1,552	1,214	1,185	1,147	813
Total workforce ¹		8,707	8,203	8,790	8,521	8,865	7,667	6,664	6,306	5,975	4,947
Number of invention applications ¹		21	25	22	22	32	33	k.A.	k.A.	k.A.	k.A.
Defective parts	Parts/million	2.9	4.9	5.1	6.1	7.1	16.1	32,0	k.A.	k.A.	k.A.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
356	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
>	FINANCIAL CALENDAR, CONTACT AND IMPRINT

(continued)

Average customer complaints per month per entity		3.7	5.1	4.7	6.4	7.0	9.0	8.0	k.A.	k.A.	k.A.
CO ₂ emissions (Scope 1 and 2) ⁶	t CO ₂	4,879	43,449	49,875	54,494	51,018	k.A.	k.A.	k.A.	k.A.	k.A.
Share data											
Last price ^{1,7}	EUR	17.00	33.88	41.90	38.00	43.20	56.00	40.60	51.20	39.60	36.10
Market capitalization ^{1,7}	EUR millions	542	1,079	1,334	1,211	1,376	1,783	1,292	1,630	1,263	1,150
Dividend ⁸	EUR	0.55	0.75	0.70	0.04	1.10	1.05	0.95	0.90	0.75	0.70
Payout ratio ⁸	%	31.3	33.0	91.7	1.5	30.5	31.9	32.0	32.3	33.4	35.9
Price-earnings ratio		13.8	19.3	232.7	20.8	15.0	14.9	17.0	22.1	23.0	20.7
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 of 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.

1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION
	356 GLOSSARY
	363 LIST OF GRAPHICS
	365 LIST OF TABLES
	370 OVERVIEW BY QUARTER
	371 10-YEAR OVERVIEW
	> FINANCIAL CALENDAR, CONTACT AND IMPRINT

Financial Calendar, Contact and Imprint

Financial calendar 2023

T160

Date	Event
May 9, 2023	Publication of Interim Statement Q1 2023
May 11, 2023	Ordinary Annual General Meeting 2023, Frankfurt / Main
Aug 8, 2022	Publication of Interim Report H1 2023
Nov 7, 2023	Publication of Interim Statement Q3 2022

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

Editor

NORMA Group SE

Edisonstraße 4
 63477 Maintal
 Phone: +49 6181 6102-740
 E-mail: info@normagroup.com
 Internet: www.normagroup.com

Contact

E-mail: ir@normagroup.com

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.



1	INTRODUCTION
2	TO OUR SHAREHOLDERS
3	CORPORATE RESPONSIBILITY REPORT
4	CONDENSED MANAGEMENT REPORT
5	CONSOLIDATED FINANCIAL STATEMENTS
6	FURTHER INFORMATION

356	GLOSSARY
363	LIST OF GRAPHICS
365	LIST OF TABLES
370	OVERVIEW BY QUARTER
371	10-YEAR OVERVIEW
>	FINANCIAL CALENDAR, CONTACT AND IMPRINT

Contact persons Investor Relations

Andreas Trösch

Vice President Investor Relations,
Group Communications and Corporate Responsibility
Phone: +49 6181 6102-741
E-mail: andreas.troesch@normagroup.com

Ivana Blazanovic

Senior Manager Investor Relations
Phone: +49 6181 6102-7603
E-mail: ivana.blazanovic@normagroup.com

Chiara von Eisenhart Rothe

Senior Manager Investor Relations
Phone: +49 6181 6102-748
E-mail: chiara.voneisenhartrothe@normagroup.com

Johannes Weiffenbach

Junior Manager Investor Relations
Phone: +49 6181 6102-742
E-mail: johannes.weiffenbach@normagroup.com

Corporate Responsibility

Kim Schmiedel

Manager Corporate Responsibility
Phone: +49 173 4718350
E-mail: kim.schmiedel@normagroup.com

Miriam Reith

Junior Manager Corporate Responsibility
Phone: +49 172 3728580
E-Mail: miriam.reith@normagroup.com

Design and Realization

MPM – Part of RYZE Digital
www.mpm.de

Editing

NORMA Group SE

Date of publication

March 28, 2023



NORMA Group SE

Edisonstraße 4
63477 Maintal, Germany

Phone: +49 6181 6102-740
E-mail: info@normagroup.com
Internet: www.normagroup.com