



INTERIM REPORT

21/2020

**OUR KNOW-HOW
FOR YOUR SAFETY**

NABALTEC GROUP

KEY FIGURES

FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

in EUR million	06/30/2020 (IFRS)	06/30/2019 (IFRS)	Change
Revenues			
Total revenues	81.8	97.4	-16.0%
thereof			
Functional Fillers	57.8	66.3	-12.8%
Specialty Alumina	24.0	31.1	-22.8%
Foreign share (%)	74.0	76.4	
Employees ¹ (number of persons)	497	507	-2.0%
Earnings			
EBITDA	9.8	19.0	-48.4%
EBIT	2.1	12.4	-83.1%
Consolidated result after taxes	0.1	7.6	-98.7%
Earnings per share (EUR)	0.02	0.86	-97.7%
Financial position			
Cash flow from operating activities	13.7	14.7	-6.8%
Cash flow from investing activities	-7.2	-9.0	-20.0%
Assets, equity and liabilities			
Total assets	224.9	239.6	-6.1%
Equity	98.2	98.9	-0.7%
Non-current assets	158.8	158.8	0.0%
Current assets	66.1	80.8	-18.2%

¹ on the reporting date 30 June, including trainees

NABALTEC AG

Nabaltec AG, with registered office in Schwandorf, a chemicals business which has received multiple awards for innovativeness, manufactures, develops and distributes highly specialized products based on aluminum hydroxide and aluminum oxide on an industrial scale through its product segments, "Functional Fillers" and "Specialty Alumina."



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OUR PRODUCT SEGMENTS

PRODUCT SEGMENTS

FUNCTIONAL FILLERS

In the product segment “Functional Fillers,” Nabaltec produces highly specialized aluminum hydroxide-based products for a wide variety of applications, and is among the leading manufacturers in the world in this area. In addition to current market trends, the development of eco-friendly flame retardants and additives is driven above all by the specific requirements of its customers.

EUR **122.2** MILLION

REVENUES 2019

EUR **22.1** MILLION

EBITDA 2019

EUR **11.9** MILLION

EBIT 2019

SPECIALTY ALUMINA

In the product segment “Specialty Alumina,” Nabaltec manufactures innovative materials for a wide variety of industries based on aluminum oxide and occupies a leading position in the global market. The company is constantly investing in optimizing its production facilities, in innovative technologies and in improving production processes in order to enable the company to consistently supply tailor-made qualities which meet customers’ needs.

EUR **56.8** MILLION

REVENUES 2019

EUR **10.3** MILLION

EBITDA 2019

EUR **6.7** MILLION

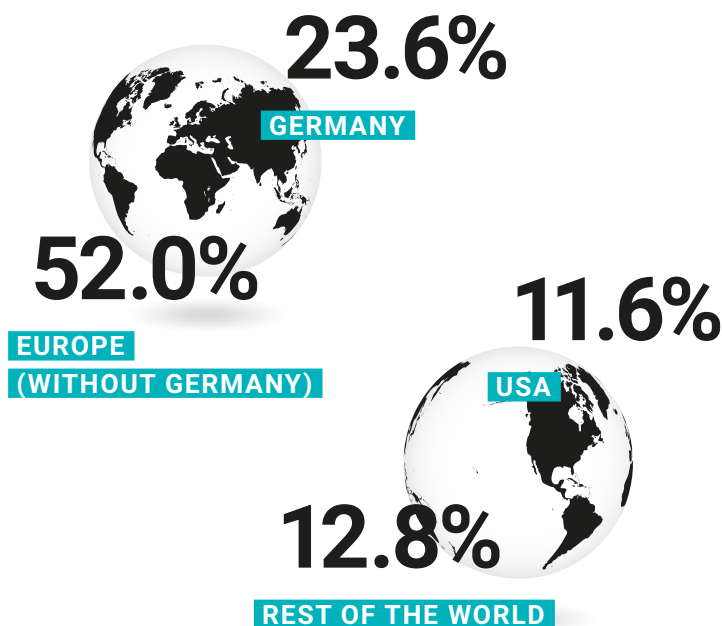
EBIT 2019

SUSTAINABLE PRACTICES

Nabaltec products have an extremely diverse range of applications and are the preferred choice whenever utmost quality, safety, eco-friendliness and durability are required. The combination of these characteristics creates outstanding prospects for growth for Nabaltec's various specialty chemical products and is the basis for the company's many years of steadily growing financial success.

Beyond economic aspects, however, Nabaltec also attaches particular importance to ecological and social responsibility. Over the years, a certified environmental management system, an occupational health and safety management system and an energy management system have been introduced.

REVENUE SHARES 2019



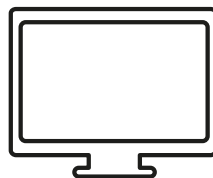
EMPLOYEES

Sustainable employee development is important to Nabaltec AG in order to be prepared for future personnel challenges and in order to position itself as an attractive employer. As a family-friendly company which has been recognized multiple times, Nabaltec is committed to promoting young talent and values work / life balance.



INNOVATIONS

Nabaltec AG is regularly awarded national and international prizes and distinctions for innovation. 2020, for example, the company received the "Axia Best Managed Companies Award" for outstandingly managed mid-sized companies, due in part to its highly innovative practices.



CONTACT IR

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**NABALTEC AG
ON THE INTERNET**
www.nabaltec.de/en

FOREWORD

OF THE CEO



From left to right:
Dr. Michael Klimes, Johannes Heckmann (CEO), Günther Spitzer

*Ladies and Gentlemen,
Dear Shareholders and Business Partners,*

As expected, the Covid-19 pandemic caused the market environment to worsen considerably, particularly in the second quarter

As we expected, the market environment for our customers, and therefore for us as well, worsened considerably in the second quarter due to the impact of the Covid-19 pandemic. The resulting slump in demand, above all in Europe and the US, had a very strong impact on our revenues, which were down by 25.7% in the second quarter from the same period of last year. As a result, revenues were down 16.0% in the first half of the year, to EUR 81.8 million.

Negative impact on earnings contained by immediate cost-cutting measures

The very strong performance of our boehmite product range continued unchanged, with revenues up 49.0% in the first half of the year, but this growth did little to offset the very broad-based revenue slump, which extended to nearly all product ranges.

Near break-even in operating profit in the second quarter even with additional non-recurring effects

The challenging market environment in the second quarter of 2020 demanded quick action. In addition to specific measures to protect against the Covid-19 pandemic, we implemented extensive cost-cutting measures. For example, we took advantage of the opportunity offered by the collective bargaining agreement to cut working hours while at the same time reducing pay. We also made efforts to minimize our utilization of outside services and temporary employees.

As a result, we were able to contain the negative impact on earnings in the very difficult second quarter. However, two non-recurring factors combined to create an additional financial burden of around EUR 2.1 million: the need to write down inventories in the US and the write-off of equipment which was no longer needed following closure of the mullite production plant at the Schwandorf site. But even with these non-recurring factors included, we were still nearly able to break even in the second quarter in terms of operating profit (EBIT: EUR –0.4 million), as well as posting EBIT of EUR 2.1 million over the first six months of 2020.

We have remained very cautious with respect to our estimates for the rest of 2020. We are still unable to issue a specific revenue and earnings forecast based on reliable data. Our product range with the greatest potential for the future, boehmite, will continue to post strong growth in the coming quarters. Although we resolved to discontinue our mullite product range, we are seeing an extraordinary effect in which customers are continuing to stock up on this product. But the fact remains that all product ranges are facing a very difficult situation, as our key target industries continue to go through a very challenging period.

Relevant target industries going through a challenging period in 2020; still unable to issue a revenue and earnings forecast

Our production sites in the US are in a very difficult position due to the coronavirus. After the investments which have been made in the US in recent years, market conditions have now changed. The revenue share earned by our US subsidiary Nashtec in the automotive industry has traditionally been higher than in Europe, making it more difficult to pull off a quick recovery. Production at our subsidiary Naprotec in Chattanooga began on schedule in March. We had no choice but to begin production despite the Covid-19 pandemic so that we could initiate customer approval processes, even though these processes are now possible only on a very limited basis and under more difficult conditions. Accordingly, we do not expect a noticeable impact on revenues from new production in 2020.

Nabaltec's balance sheet structure is very solid and robust: we have strong liquidity and have actually been able to further roll back debt in the first six months of the year. If we set aside the two non-recurring factors, the second quarter of 2020 has demonstrated that we can remain profitable even in a very difficult environment.

Solid balance sheet structure for continuing growth even in a difficult environment

Schwandorf, August 2020

Yours,



JOHANNES HECKMANN
CEO

NABALTEC SHARE

THE SECOND QUARTER OF 2020



ISIN/WKN: DE000A0KPPR7/A0K PPR

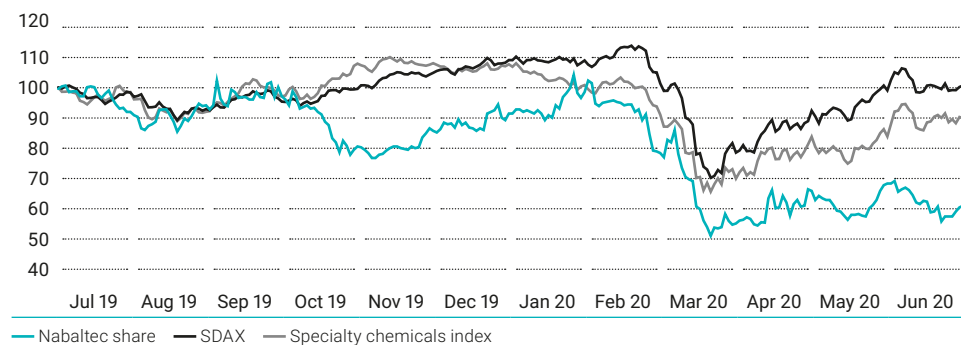
NABALTEC SHARE HAS BEEN LISTED IN THE FRANKFURT STOCK EXCHANGE SINCE 24 NOVEMBER 2006 AND HAS BEEN TRADED IN THE SCALE MARKET SEGMENT SINCE MARCH 2017.

Performance of Nabaltec share was flat in the second quarter

The performance of Nabaltec share was flat in the second quarter, and was unable to keep pace with the performance of the relevant comparison indices, the SDAX and the specialty chemicals index, which rebounded somewhat faster from their drastic losses following the outbreak of the coronavirus pandemic.

Nabaltec share was up at the start of the year and climbed to EUR 37.70 on 24 January 2020, their high for the first half. But the outbreak of the coronavirus pandemic in Europe and Germany led to substantial losses in the equities markets, which affected Nabaltec share as well. On 18 March 2020, Nabaltec share fell to its 2020 low of EUR 18.15. The markets have rebounded through the quarterly reporting date of 30 June 2020 and Nabaltec share was trading at EUR 21.80 at the end of the reporting period.

PERFORMANCE OF NABALTEC SHARE (XETRA, INDEXED)



KEY DATA FOR NABALTEC SHARE (XETRA)

	First 6 months of 2020	Year 2019
Number of shares	8,800,000	8,800,000
Market capitalization (cutoff date, in EUR million)	191.84	290.40
Average price (in EUR)	25.92	31.50
High (in EUR)	37.70	37.00
Low (in EUR)	18.15	21.90
Closing price (cutoff date, in EUR)	21.80	33.00
Average daily turnover (in shares)	4,877	4,454
Earnings per share (in EUR)	0.02	1.22

The average XETRA daily turnover of Nabaltec share was 4,877 shares in the first six months of 2020, up from an average of 4,454 shares in 2019.

Earnings per share (EPS) amounted to EUR 0.02 in the first six months of 2020 compared to an EPS of EUR 0.86 in the first six months of 2019.

Earnings per share of EUR 0.02 in the first half of 2020

Analyst recommendations from Hauck & Aufhäuser Bank for Nabaltec share continue to be positive. The bank issued a “buy” recommendation in all of its analyses in the first half of the year. Its price target was most recently lowered to EUR 34.50 in a study dated 13 May 2020, with the “buy” recommendation unchanged. Baader Bank rated Nabaltec share a “buy” in the second quarter, with a price target of EUR 28.00.

“Buy” recommendation from Hauck & Aufhäuser Bank with a price target of EUR 34.50

The analyst recommendations for Nabaltec share can be found online in the Investor Relations/Share section of www.nabaltec.de/en.

As of 30 June 2020, the majority of Nabaltec’s 8,800,000 shares continued to be held by the Heckmann and Witzany families. The Heckmann family held 28.20% of the company’s capital stock and the Witzany family held 27.17%. The remaining 44.63% of shares are in free float.

CONSOLIDATED INTERIM MANAGEMENT REPORT

AS OF 30 JUNE 2020

COURSE OF BUSINESS

Negative impact on earnings contained through immediate cost-cutting measures

As expected, Nabaltec AG's market environment worsened significantly in the second quarter due to the impact of the Covid-19 pandemic and the slump in demand caused revenues to drop by around one quarter from the same period of last year. In addition to specific measures to protect against the Covid-19 pandemic, Nabaltec acted quickly to implement extensive cost-cutting measures. In April 2020, Nabaltec took advantage of the opportunity offered by a collective bargaining agreement to cut weekly hours. Specifically, working time was reduced by 12%, with an equivalent reduction in pay. Salaries were cut by the same amount for all non-collective employees, as well as management board members. Efforts were also made to minimize spending on outside services and temporary employees.

Consolidated revenues of EUR 81.8 million over the first six months; Second-quarter sales weighed down by the impact of the Covid-19 pandemic

Nabaltec posted EUR 36.4 million in revenues in the second quarter, down from EUR 49.0 million in the same period of last year, a drop of 25.7%. Total revenues over the first six months of 2020 came out to EUR 81.8 million, down 16.0%. The slump in revenues was largely attributable to the impact of the Covid-19 pandemic, which has been associated with a steep drop in sales, particularly since April 2020.

Second-quarter revenues in the "Functional Fillers" product segment were EUR 26.1 million, down from EUR 33.8 million in the year before. Total revenues in the segment amounted to EUR 57.8 million over the first six months of 2020, compared to EUR 66.3 million in the same period of last year (down 12.8%).

Revenues in the "Specialty Alumina" product segment amounted to EUR 10.3 million in the second quarter of 2020, down from EUR 15.2 million in the same quarter of last year. Over the first half of the year, total revenues in the "Specialty Alumina" segment came to EUR 24.0 million, compared to EUR 31.1 million in the first half of 2019. The slump in the "Specialty Alumina" segment was exacerbated by the weakening in the refractory industry, as the demand situation in the European steel industry is currently worsening.

Export ratio of 74.0% in the first half of 2020

Nabaltec's export ratio was 74.0%, down slightly from the year before (76.4%). Although the overall export ratio was lower, the Asian revenue share actually increased over the same period of last year, which was a reflection of revenue growth in the boehmite product range.

Consolidated operating profit (EBIT) came to EUR –0.4 million in the second quarter of 2020 (same period of last year: EUR 6.6 million). Over the first six months of 2020, EBIT came in at EUR 2.1 million, down from EUR 12.4 million the year before. The EBIT margin (EBIT as a percentage of total performance) was 2.7% in the first half of 2020. Consolidated earnings were weighed down by the negative impact of the pandemic as well as by non-recurring effects in the amount of EUR 2.1 million. These included the write-off of equipment which was no longer needed following closure of the mullite production plant at the Schwandorf site, as well as write-downs of inventories in the US.

EBIT of EUR 2.1 million in the first six months of 2020; EBIT margin (EBIT as a percentage of total performance) of 2.7%

Earnings before interest, taxes, depreciation and amortization (EBITDA) amounted to EUR 3.7 million in the second quarter, down from EUR 10.1 million in the same period of 2019. EBITDA dropped to EUR 9.8 million over the first half of 2020, down 48.4% from the same period of last year, when EBITDA came in at EUR 19.0 million. The EBITDA margin (EBITDA as a percentage of total performance) was 12.6% in the first half of 2020.

Net financial income amounted to EUR –1.1 million in the first six months of 2020, compared to EUR –1.3 million in the same period of last year.

Earnings before taxes amounted to EUR 1.0 million in the first six months of 2020, compared to EUR 11.1 million in the same six-month period of last year. Consolidated after-tax earnings came to EUR 0.1 million in the first half of 2020, compared to EUR 7.6 million in the first half of 2019. This corresponds to earnings per share of EUR 0.02 in the first half of 2020. By way of comparison, earnings per share amounted to EUR 0.86 in the same period of last year.

Nabaltec's total performance was EUR 77.9 million in the first six months of 2020, down from EUR 97.8 million in the same period of last year (down 20.3%). Total performance in the second quarter was EUR 35.7 million, down from EUR 49.8 million in the same period of last year (down 28.3%). This change can be attributed to the reduction in inventories of finished products and work in progress, as well as the fact that revenue performance lagged behind the previous year.

The cost of materials ratio (cost of materials as a percentage of total performance) climbed from 45.6% to 47.4% in the reporting period. Discounts had a negative impact on cost of materials, as did the financial burdens arising from the non-recurring effects described above. The gross profit margin (gross profit as a percentage of total performance) was 53.5% in the first six months of the year, down from 55.1% in the first half of 2019.

The personnel expense ratio (personnel expenses as a percentage of total performance) climbed from 18.6% in the first half of last year to 22.2% in the first half of 2020. Cost-cutting measures resulted in a reduction in personnel expenses by EUR 1.1 million from the previous quarter. The number of employees as of the reporting date, 30 June 2020, decreased from 507 last year to 497 in the reporting quarter.

Other operating expenses were down from EUR 16.7 million in the same period of last year to EUR 14.6 million in the first six months of 2020. This was largely due to a decrease in freight costs and commissions for commercial agents as a result of the demand situation, as well as a decrease in outside services. The ratio of other operating expenses to total performance increased from the year before, from 17.1% to 18.7%.

Cash flow from operating activity was EUR 13.7 million in the first half of 2020, compared to EUR 14.7 million in the first six months of 2019. Changes in working capital had a strong impact on operating cash flow, as did steep cuts in inventories.

Spending on investments decreased relative to the same period of last year, from EUR 9.0 million to EUR 7.2 million. Cash flow from financing activity came in at EUR –13.4 million, compared to EUR –2.7 million in the same period of last year, due to repayment of the loan against borrower's note.

Nabaltec Group's cash and cash equivalents amounted to EUR 22.2 million as of 30 June 2020.

Total assets decreased from EUR 239.6 million on 31 December 2019 to EUR 224.9 million. Non-current assets amounted to EUR 158.8 million, on par with their level as of 31 December 2019. Current assets were down, due in particular to cuts to inventories and a reduction in cash on hand following repayment of a loan against borrower's note, which was paid off using cash and a new bank loan, which was obtained under more favorable terms.

On the liabilities side of the balance sheet, the equity ratio increased from 41.3% on 31 December 2019 to 43.7% on 30 June 2020. Non-current liabilities on 30 June 2020 amounted to EUR 107.0 million, up from EUR 86.7 million on 31 December 2019. Current liabilities were down from the end of 2019, dropping from EUR 53.9 million to EUR 19.7 million. The decrease in current liabilities is explained by repayment of the first tranche of the 2015 loan against borrower's note in April 2020, in the amount of EUR 31 million, while the increase in non-current liabilities is due to receipt of a new loan in the amount of EUR 20 million.

EMPLOYEES

As of the reporting date, 30 June 2020, Nabaltec Group had 497 employees (including trainees). On the same date of last year, this number was 507 employees. The trainee ratio was 9.7%, a traditionally high level for Nabaltec.

Trainee ratio at a high level, 9.7%

OUTLOOK

The intensified measures which have been taken all over the world in an effort to contain the coronavirus pandemic and the associated uncertainty, with the economic impact unforeseeable, are continuing to have a negative impact on Nabaltec's business as well.

In light of this situation, and the fact that the further development of the pandemic and the associated negative impact on customer demand, supply chains and production are currently unforeseeable, Nabaltec AG's Management Board suspended the forecast for Financial Year 2020 which was published on 5 March 2020 upon publication of the Annual Report on 30 April 2020. The current situation does not allow for a new forecast.

2020 forecast suspended for now

Otherwise, the other statements made in the forecast report of the 2019 consolidated management report retain their validity.

REPORT ON OPPORTUNITIES AND RISKS

No significant changes were evident in the first half of 2020 to the risk situation presented in the 2019 consolidated management report.

Schwandorf, 7 August 2020

The Management Board

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/ – 06/30/2020	04/01/ – 06/30/2020	01/01/ – 06/30/2019	04/01/ – 06/30/2019
Revenues	81,817	36,376	97,409	48,956
Change in inventories of finished goods and work in progress	-4,111	-802	-22	670
Own work capitalized	182	77	390	193
Total performance	77,888	35,651	97,777	49,819
Other operating income	655	163	724	208
Cost of materials	-36,878	-17,735	-44,588	-22,777
Gross earnings	41,665	18,079	53,913	27,250
Personnel expenses	-17,273	-8,089	-18,203	-9,068
Depreciation	-7,690	-4,083	-6,604	-3,434
Other operating expenses	-14,622	-6,287	-16,681	-8,118
Operating profit (EBIT)	2,080	-380	12,425	6,630
Interest and similar income	63	22	75	40
Interest and similar expenses	-1,150	-490	-1,398	-703
Net income from ordinary activities (EBT)	993	-848	11,102	5,967
Taxes on income	-845	-205	-3,528	-1,895
Net after-tax earnings	148	-1,053	7,574	4,072
Earnings per share (in EUR)	0.02	-0.12	0.86	0.46

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

in TEUR	01/01/ – 06/30/2020	04/01/ – 06/30/2020	01/01/ – 06/30/2019	04/01/ – 06/30/2019
Net after-tax earnings	148	-1,053	7,574	4,072
Items which may be reclassified to profit and loss				
Currency translation (after taxes)	109	-972	197	-535
Net income from hedge accounting (after taxes)	293	325	9	116
Total	402	-647	206	-419
Items which will not be reclassified to profit and loss				
Actuarial gains and losses	0	0	0	0
Total	0	0	0	0
Other comprehensive income	402	-647	206	-419
Total comprehensive income	550	-1,700	7,780	3,653

CONSOLIDATED BALANCE SHEET

AS OF 30 JUNE 2020

ASSETS

in TEUR	06/30/2020	12/31/2019
Non-current assets	158,795	158,831
Intangible assets		
Concessions, proprietary rights and similar rights and assets, as well as licenses to such rights and assets (including advance payments)	457	502
Property, plant and equipment	155,187	155,563
Land, leasehold rights and buildings, including buildings on unowned land	46,345	47,237
Technical equipment and machinery	97,394	90,902
Other fixtures, fittings and equipment	4,093	4,079
Advance payments and assets under construction	7,355	13,345
Financial assets	78	78
Shares in affiliated companies	78	78
Deferred tax assets	3,073	2,688
Current assets	66,079	80,761
Inventories	33,096	40,502
Raw materials and supplies	19,724	23,871
Work in process	1,198	1,029
Finished goods and merchandise	12,174	15,602
Other assets and accounts receivable	10,807	11,275
Trade receivables	5,760	5,582
Receivables from income taxes	429	0
Other assets	4,618	5,693
Cash and cash equivalents	22,176	28,984
TOTAL ASSETS	224,874	239,592

LIABILITIES

in TEUR	06/30/2020	12/31/2019
Shareholders' equity	98,175	98,945
Subscribed capital	8,800	8,800
Capital reserve	47,029	47,029
Earnings reserve	9,699	9,699
Profit carry-forward	49,772	40,391
After-tax earnings	148	10,701
Other changes in equity with no effect on profit and loss	-17,273	-17,675
Non-current liabilities	107,039	86,711
Pension reserves	46,671	46,373
Other provisions	1,400	1,378
Accounts payable to banks	58,968	38,960
Current liabilities	19,660	53,936
Accounts payable from income taxes	797	3,122
Other provisions	179	187
Accounts payable to banks	1,020	31,924
Trade payables	10,413	13,395
Other accounts payable	7,251	5,308
TOTAL LIABILITIES	224,874	239,592

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ – 06/30/2020	01/01/ – 06/30/2019
Cash flow from operating activity		
Earnings before taxes	993	11,102
+ Depreciation of fixed assets	7,690	6,604
-/+ Other income/expenses with no effect on cash flow	0	0
-/+ Income/loss from the disposal of assets	-1	0
- Interest income	-63	-75
+ Interest expenses	1,150	1,398
Net operating income before changes in working capital	9,769	19,029
+/- Increase/decrease in provisions	164	76
-/+ Increase/decrease in trade receivables and other assets not attributable to investment or financing activity	897	-4,844
+/- Increase/decrease in inventories	7,407	-3,319
+/- Increase/decrease in trade payables and other liabilities not attributable to investment or financing activity	-366	5,740
Cash flow from operating activity before taxes	17,871	16,682
- Income taxes paid	-4,128	-1,953
Net cash flow from operating activity	13,743	14,729

CONSOLIDATED CASH FLOW STATEMENT

in TEUR	01/01/ - 06/30/2020	01/01/ - 06/30/2019
Cash flow from investing activities		
+ Payments received from the disposal of property, plant and equipment	10	0
- Payments made for investments in property, plant and equipment	-7,177	-8,834
- Payments made for investments in intangible assets	-44	-125
Net cash flow from investment activity	-7,211	-8,959
Cash flow from financing activity		
- Dividends	-1,320	-1,760
- Payments received from taking out financial loans	20,000	0
- Payments made for the repayment of financial loans	-31,000	0
- Interest paid	-1,109	-1,011
+ Interest received	14	26
Net cash flow from financing activity	-13,415	-2,745
Net change in cash and cash equivalents	-6,883	3,025
Change in funds due to changes in exchange rates	75	4
Funds at start of period	28,984	30,289
Funds at end of period	22,176	33,318

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

Shareholders' equity attributable to shareholders of Nabaltec AG

in TEUR	Subscribed capital	Capital reserve	Earnings reserve
Balance per 01/01/2019	8,800	47,029	9,699
Resolved dividend payments	—	—	—
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 06/30/2019	8,800	47,029	9,699
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 12/31/2019	8,800	47,029	9,699
Resolved dividend payments	—	—	—
Actuarial gains and losses	—	—	—
Currency translation	—	—	—
Net income from hedge accounting	—	—	—
Other comprehensive income	—	—	—
Net income after taxes	—	—	—
Net income	—	—	—
Balance per 06/30/2020	8,800	47,029	9,699

	Profit carry-forward	Other changes in equity with no effect on profit and loss	Consolidated shareholders' equity
	42,151	-11,892	95,787
	-1,760	—	-1,760
	—	0	0
	—	197	197
	—	9	9
	—	206	206
	7,574	—	7,574
	7,574	206	7,780
	47,965	-11,686	101,807
	—	-6,875	-6,875
	—	508	508
	—	378	378
	—	-5,989	-5,989
	3,127	—	3,127
	3,127	-5,989	-2,862
	51,092	-17,675	98,945
	-1,320	—	-1,320
	—	0	0
	—	109	109
	—	293	293
	—	402	402
	148	—	148
	148	402	550
	49,920	-17,273	98,175

SEGMENT REPORTING

The operative segments are consistent with the business divisions of the Nabaltec Group. The risks as well as internal organization and reporting structure are mainly determined by the differentiation of the products.

BUSINESS SEGMENTS

Nabaltec is divided into two product segments, "Functional Fillers" and "Specialty Alumina." Each segment represents a strategic business division, the products and markets of which differ from those of the other.

The product segment "Functional Fillers" produces and distributes non-halogenated flame retardant fillers for the plastics and the wire & cable industry as well as additives.

The product segment "Specialty Alumina" produces and distributes ceramic raw material and ceramic bodies for numerous applications in technical ceramics as well as the refractory industry.

PERIOD FROM 1 JANUARY 2020 – 30 JUNE 2020

in TEUR	Functional Fillers	Specialty Alumina	Nabaltec Group
Revenues			
Third party revenue	57,828	23,989	81,817
Segment result			
EBITDA	7,503	2,267	9,770
EBIT	1,878	202	2,080

PERIOD FROM 1 JANUARY 2019 – 30 JUNE 2019

in TEUR	Functional Fillers	Specialty Alumina	Nabaltec Group
Revenues			
Third party revenue	66,303	31,106	97,409
Segment result			
EBITDA	13,762	5,267	19,029
EBIT	8,880	3,545	12,425

ABRIDGED CONSOLIDATED NOTES

FOR THE PERIOD FROM 1 JANUARY 2020 TO 30 JUNE 2020

1. GENERAL INFORMATION

Nabaltec AG, with registered office in Schwandorf, Germany¹, was formed by Company Agreement of 14 December 1994 with the corporate name Nabaltec GmbH and registered office in Schwandorf (entered into the Commercial Register of the Local Court of Amberg under Commercial Register No. B 3920). It acquired the specialty oxides business of VAW aluminium AG in 1995 and was transformed into a joint-stock company in 2006.

The corporate purpose pursuant to § 2 of the Articles of Association of Nabaltec AG is the manufacture of products based on mineral raw materials, particularly aluminum hydroxide and aluminum oxide, and the distribution of those products.

The shares of Nabaltec AG are listed in the Open Market (Scale) segment of the Frankfurt Stock Exchange since 24 November 2006.

2. BASIS OF PREPARATION

The consolidated financial statements of Nabaltec AG as of 30 June 2020 were prepared with due regard to all International Financial Reporting Standards (IFRS), International Accounting Standards (IAS) and interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and of the Standing Interpretations Committee (SIC) recognized by the European Union and applicable to the financial year.

The interim financial statements of Nabaltec AG for the period from 1 January to 30 June 2020 were prepared in conformance with IAS 34, "Interim Financial Reporting," as a shorter financial report. The shorter financial statements do not contain all information prescribed for the financial statements of the financial year and should be read in conjunction with the consolidated financial statements as at 31 December 2019.

The interim financial statements encompass the period from 1 January 2020 to 30 June 2020.

The consolidated financial statements are prepared in euro (EUR). Unless stipulated otherwise, all values are rounded up or down to the nearest thousand euro (TEUR) in accordance with the commercial rounding practice. Please note that differences can result from the use of rounded amounts and percentages.

The presentation in the balance sheet differentiates between current and non-current assets and liabilities, some of which are broken down further by their respective maturities in the notes to the financial statements.

The consolidated statement of comprehensive income has been prepared in accordance with the total expenditure format.

The interim financial statements have not been audited or reviewed by the auditor.

¹ Nabaltec AG, Alustraße 50 – 52, 92421 Schwandorf, Germany

SCOPE OF CONSOLIDATION

The scope of consolidation of Nabaltec AG as of 30 June 2020 has not changed compared to the consolidated financial statements as of 31 December 2019. The consolidated financial statements include the separate financial statements of Nabaltec AG, Schwandorf, as the parent company and its subsidiaries Nashtec LLC, Corpus Christi (USA), Nabaltec USA Corporation, Corpus Christi (USA), Naprotec LLC, Chattanooga (USA), and Nabaltec (Shanghai) Trading Co., Ltd., Shanghai (China).

NEW ACCOUNTING PROVISIONS

All accounting and valuation methods used in the preparation of the abridged financial statements correspond to the methods applied in the most recent consolidated financial statements as at 31 December 2019.

In addition to the Standards and Interpretations used on 31 December 2019, the following Standards and Interpretations were used for the first time and had no impact on the interim financial statements:

- Amendment to references to the Framework in IFRS
- Amendment to IAS 1 and IAS 8, "Definition of materiality"
- Amendments to IFRS 9, IAS 39 and IFRS 7
- Amendment to IFRS 3 "Definition of a business operation"

Until the publication of this interim financial statement, IASB and IFRS IC published further changes to standards. Future application requires adoption by the EU into European law.

- Amendments to IAS 1: "Classification of liabilities as current or non-current"
- Amendments to IAS 16: "Property, plant and equipment"
- Amendments to IAS 37: "Provisions, contingent liabilities and contingent assets"
- Amendments to IFRS 3: "Business combinations"
- Amendment to IFRS 4: "Extension of the temporary exemption from applying IFRS 9"
- Amendments to IFRS 16: "Covid-19-related rent concessions"
- Annual Improvements to International Financial Reporting Standards (2018–2020)

3. NOTES TO THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

REVENUES

We refer to the segment reports with respect to the revenue by product area. Information on revenue performance may be found in the management report. The clear drop in revenues in the second quarter of 2020 is largely due to the impact of the Covid-19 pandemic and the associated slump in sales since April 2020.

4. NOTES TO THE CONSOLIDATED BALANCE SHEET

PROPERTY, PLANT AND EQUIPMENT

The additions to property, plant and equipment in the first six months of 2020 were the result of investments, primarily in technical equipment and machinery to expand capacity and for further process optimization. In the second quarter of 2020, there was extraordinary depreciation in the amount of EUR 0.3 million for parts which were no longer needed due to closure of the mullite production site.

FINANCIAL ASSETS

Financial assets consist of the 100% interest in Nabaltec Asia Pacific K.K. The subsidiary is not fully consolidated on grounds of materiality. In the absence of an active market, the shares are measured at cost.

INVENTORIES

Inventories as of 30 June 2020 include necessary write-downs of raw materials, supplies and finished products in the amount of EUR 1.8 million.

SHAREHOLDERS' EQUITY

The change in the shareholders' equity of Nabaltec AG is presented in the consolidated statement of changes in equity.

CURRENT AND NON-CURRENT LIABILITIES

LIABILITIES TO BANKS

Liabilities to banks largely entail credits borrowed at standard market interest rates. The market value corresponds to the book value.

5. OTHER DISCLOSURES

OTHER FINANCIAL OBLIGATIONS

CONTINGENT LIABILITIES AND LEGAL LIABILITY RELATIONS

As of the cutoff date, there were no contingent liabilities, legal liability relations or other legal disputes for which provisions had not been previously made.

RELATED PARTY TRANSACTIONS

The group of related persons and enterprises did not change compared to the consolidated financial statements as at 31 December 2019.

No transactions with related persons and enterprises took place in the first six months of 2020. Such transactions are conducted at standard market prices and conditions.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

The effects of the ongoing corona pandemic after the balance sheet date cannot currently be reliably estimated in terms of its duration, course or future measures to contain it. At present, therefore, it is not possible to make any concrete statements about the future financial effects.

Schwandorf, 7 August 2020

The Management Board

FINANCIAL CALENDAR 2020

Baader Investment Conference, Munich	23 September
Interim Report 3/2020	26 November

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Statements relating to the future

This interim report contains statements relating to the future which are based on the Management Board's current estimations and prognosis as well as on information currently available. These statements relating to the future are not to be understood as guarantees of the predicted future developments and results.

The future developments and results are rather dependent on a number of risks and uncertainties and are based on assumptions which possibly may prove to be false. We do not accept any obligation to update these statements relating to the future.

Rounding

Due to computational reasons, rounding differences may appear in the percentages and figures in the tables, graphics and text of this report.



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