SIMONA

SHAPING THE WORLD

Group interim report for the first half of 2022

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GROUP INTERIM REPORT FOR THE FIRST HALF OF 2022

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Group Interim Management Report

1. BUSINESS REVIEW

1.1 Macroeconomic and sector-specific environment

Over the course of the first half of 2022, the global economy was dominated by the armed conflict in Ukraine and the rate of inflation. The recovery experienced in the majority of world economies on the back of a waning COVID-19 pandemic has thus come to an abrupt end – a situation exacerbated by COVID-19-induced problems in global supply chains. Consumer confidence and expectations with regard to production output have deteriorated significantly since March 2022.

In the first quarter, which was not yet fully impacted by the war in Ukraine, gross domestic product (GDP) in the euro area grew slightly (0.6 per cent) compared to the previous quarter. Compared to the same quarter last year, which was still heavily affected by the COVID-19 pandemic, growth stood at 5.4 per cent.

Germany saw a slight upturn in its gross domestic product over the course of the first quarter. Here, GDP expanded by 0.2 per cent compared to the previous quarter and by 3.8 per cent compared to the same quarter last year. Meanwhile, the US economy contracted in the first quarter. Annualised, it recorded a downturn of 1.4 per cent, which was attributable to lower demand on the back of inventories built up in the previous year and a higher foreign trade deficit. In contrast, private domestic consumption and investments trended higher in the first quarter. Despite severe restrictions in an effort to combat the COVID-19 pandemic, China's economy grew at a faster rate than expected. GDP rose by 4.8 per cent in the first quarter. Since March, however, its economy has lost much of its forward momentum.

Production output within the German plastics processing industry had already showed signs of malaise in the fourth quarter of 2021. In the first quarter of 2022, production declined by 1.4 per cent. It was only thanks to an upturn in the drugs industry that Germany's chemical-pharmaceutical sector was able to achieve production growth of 0.5 per cent in the first half of 2022. Excluding the pharmaceutical business, production declined by 3.0 per cent. Industry revenue in the first half of the year increased by 22.0 per cent compared to the previous year, which was attributable almost exclusively to prices. In March, order intake in the German mechanical and plant engineering sector fell short of the previous year's level for the first time – down by 4.0 per cent. This was mainly due to more pronounced supply chain problems following further closures at Chinese ports. At 7.0 per cent, incoming orders were still in positive territory in the first quarter of the year. The global market for aircraft interiors, meanwhile, continues to show signs of recovery on the back of dynamic growth in air travel. Having said that, business within this area still remains far from its pre-crisis level. Revenue generated by the German construction industry as a whole rose by 5.6 per cent in real terms in the first quarter due to favourable weather conditions. In April, however, the industry was impacted by problems with the supply of building materials, prompting a decline in revenue by 9.5 per cent in real terms. Following the outbreak of war in Ukraine, the plastics industry was hit by sharp increases in the cost of raw materials, energy, transport services and packaging.

1.2 Course of business

The SIMONA Group generated sales revenue of €365.2 million in the first six months of 2022. Compared to the first half of 2021 (€259.9 million), this represents an increase in revenue of 40.5 per cent. In the second quarter of 2022, revenue amounted to €192.0 million, which corresponds to revenue growth of 38.7 per cent compared to the same quarter last year (€138.4 million). Revenue growth was driven primarily by higher prices implemented for the purpose of offsetting cost increases in all regions; the overall sales volume within the Group was up slightly in the period under review. Group revenue includes revenue generated by PEAK Pipe Systems Limited (PEAK), based in Chesterfield, United Kingdom, which was acquired on 28 February 2022 and consolidated for the first time.

EMEA
The region comprising EMEA saw sales revenue expand by 36.2 per cent to €238.1 million (previous year: €174.9 million). This includes revenue from the acquisition of PEAK Pipe Systems Limited (PEAK), which was consolidated for the first time. The EMEA region's share of total revenue fell from 67.3 to 65.2 per cent, which was attributable mainly to the recovery of business in the Americas after the pandemic. EBIT in the EMEA region fell from €16.2 million in the previous year to €10.8 million in the period under review.

Americas
The region comprising the Americas saw sales revenue rise by a significant 55.4 per cent to €102.3 million (previous year: €65.9 million). In the Americas, too, growth was driven not only by a 7 per cent expansion in sales volumes but also, to a large extent, by higher prices. Our subsidiary SIMONA Boltaron in particular succeeded in boosting both sales volumes and revenues as the aviation industry recovered. This region's share of total revenue increased from 25.4 to 28.0 per cent. In the Americas region, EBIT almost doubled from €9.1 million in the previous year to €15.9 million; the previous year's figure had included funding assistance of €2.5 million (Paycheck Protection Program relating to COVID-19 support provided by the US government).

Asia-Pacific
The Asia-Pacific region achieved revenue growth to €24.8 million (previous year: €19.1 million). In this context, the Industry business line made the largest contribution on the back of consistently buoyant demand in the well-established industrial sector, especially within the semicon and solar power markets. The share of total revenue attributable to this region declined slightly from 7.4 to 6.8 per cent. The Asia-Pacific region recorded EBIT of €2.2 million (previous year: €1.5 million).

Revenues within the business lines
The Industry business line generated revenue of €147.3 million (previous year: €120.4 million), which corresponds to growth of 22.3 per cent. The Advertising & Building business line achieved revenue of €55.9 million (previous year: €35.8 million; +56.1 per cent). The Infrastructure business line saw revenue increase to €56.6 million (previous year: €34.9 million; +62.0 per cent). The Mobility business line generated revenue of €36.4 million (previous year: €25.2 million; +44.7 per cent). The remaining revenues from various other fields of application and trade are summarised under „Others" and amount to €69.0 million (previous year: €43.6 million).

1.3 Financial performance

Earnings
In the first half of 2022, Group earnings before interest and taxes (EBIT) rose from €27.0 million a year ago to €28.7 million in the period under review. The EBIT margin fell from 10.4 per cent in the previous year to 7.9 in the reporting period. EBITDA rose from €36.1 million to €39.1 million. The EBITDA margin declined from 13.9 per cent in the previous year to 10.7 per cent.

Group ROCE for the first six months stands at 5.7 per cent (previous year: 7.4 per cent); due to factors relating to the reporting date, ROCE as at 30 June 2022 is below the figure for the annual period as a whole (31 December 2021: 13.3 per cent).

The direction taken by earnings in the first half of 2022 compared to the previous year was mainly characterised by earnings growth in the Americas and Asia-Pacific, while the EMEA region recorded a decline in earnings. With the exception of the subsidiary in Russia, the European distribution companies recorded positive operating results in the period under review, almost all of which were above the prior-year figures. The Americas doubled its earnings again in the first half of 2022. The Asia-Pacific region also achieved earnings growth and, as in the previous year, made a positive contribution to earnings.

Commodity prices continued to rise steadily and significantly in the first six months of 2022, reaching an interim high at the beginning of the second quarter. Energy expenses amounted to €10.9 million (previous year: €5.8 million) at Group level and €6.8 million for SIMONA AG.

Staff costs totalled €54.8 million (previous year: €47.1 million). This includes the first-time inclusion of employees of PEAK Pipe Systems Limited (PEAK), United Kingdom, acquired at the end of February 2022.

Amortisation/write-downs of intangible assets and depreciation/write-downs of property, plant and equipment as well as right-of-use assets under leases were up on the previous year's figure (€9.1 million) at €10.4 million. This includes depreciation of right-of-use assets under lease arrangements in the amount of €0.9 million.

At €55.3 million, other expenses were significantly higher compared to the prior-year figure (€38.3 million). While operating costs (maintenance and costs for temporary labour) and selling expenses (outgoing freight and packaging) rose sharply mainly as a result of prices, administrative expenses were only slightly higher.

1.4. Financial position

Total assets as at 30 June 2022 rose by €124.5 million to €633.0 million compared to 31 December 2021.

Changes to assets

Intangible assets amounted to €98.7 million (31 December 2021: €55.5 million), consisting mainly of goodwill from acquisitions as well as customer bases. The significant year-on-year increase is due in particular to the addition of goodwill relating to PEAK Pipe Systems Limited (PEAK), Chesterfield, United Kingdom, acquired on 28 February 2022, at a preliminary amount of €17.4 million, as well as the company's acquired customer base of €9.5 million.

Property, plant and equipment amounted to €168.7 million (31 December 2021: €154.9 million). Investments in property, plant and equipment totalled €15.4 million at Group level. Depreciation and write-downs of property, plant and equipment amounted to €8.3 million.

Inventories of raw materials and consumables (€65.4 million; 31 December 2021: €57.2 million) as well as finished goods and merchandise (€79.6 million; 31 December 2021: €61.4 million) were up on the figure posted at the end of 2021, primarily as a result of prices.

Trade receivables increased by €42.8 million to €125.1 million as a result of revenue growth (31 December 2021: €82.4 million).

Other assets and tax assets amounted to €23.3 million (31 December 2021: €19.1 million). Cash and cash equivalents amounted to €55.8 million at the end of the reporting period (31 December 2021: €54.1 million; cf. statement of cash flows).

Changes to equity and liabilities

Equity and current liabilities increased in the period under review, while non-current liabilities were down.

Group equity totalled €336.5 million, which was up considerably on the figure posted as at 31 December 2021 (€262.0 million). The period under review saw a dividend payment for the 2021 financial year (€10.2 million), contrasting with the inflow of profit for the period of €21.8 million. In addition, equity was up by €44.6 million overall at the end of the reporting period due to the revaluation of pension provisions as a result of an increase in the IFRS actuarial interest rate from 1.21 per cent as at year-end 2021 to 3.62 per cent as well as the slight increase in plan assets.

Despite the pronounced increase in equity in nominal terms, the Group equity ratio rose only slightly to 53 per cent compared to year-end 2021 due to the growth in total assets (31 December 2021: 52 per cent).

Non-current and current provisions for pensions totalled €74.2 million (31 December 2021: €135.7 million), down considerably as at 30 June 2022 following the threefold increase in the IFRS actuarial interest rate.

Trade payables amounted to €51.3 million, the increase being attributable in particular to higher procurement prices (31 December 2021: €34.3 million).

Non-current and current other provisions amounted to €5.6 million and were slightly down on the year-end figure for 2021.

Current and non-current liabilities stood at €296.4 million in total, up €50.0 million on the figure recorded on 31 December 2021.

Investments

Group capital expenditure on property, plant and equipment amounted to €15.4 million in the period under review (previous year: €10.4 million). This relates primarily to investments in plant and machinery within the EMEA region and China. The Group made net investments in property, plant and equipment of €7.1 million (previous year: €2.7 million).

1.5. Financial management and cash flows

At the end of the reporting period, the Group had undrawn borrowing facilities of €20.1 million (31 December 2021: €36.7 million) from domestic and foreign banks.

Cash and cash equivalents

Compared to 31 December 2021, cash and cash equivalents rose slightly by €1.8 million and mainly consist of short-term bank deposits totalling €55.8 million (31 December 2021: €54.1 million). The change is attributable to negative operating cash flow on the back of higher raw material prices, an increase in customer receivables and, in the opposite direction, a change in liabilities. These changes are presented in the statement of cash flows.

Cash flows

In the first half of the year, the outflow of cash from operating activities (gross cash flow) was €–1.4 million (previous year: outflow of €–1.3 million). Despite the increase in earnings, the outflows from the expansion of inventories and the increase in receivables from customers in particular were more pronounced. The cash outflow from investing activities amounted to €–50.2 million (previous year: €–25.4 million). This includes the acquisition of the shareholding in PEAK Pipe Systems Limited (PEAK), based in Chesterfield, United Kingdom. The cash inflow attributable to financing activities was €51.8 million (previous year: inflow of €1.9 million) and mainly includes an inflow from financing associated with the acquisition in the United Kingdom, the utilisation of existing credit lines and, in the opposite direction, the dividend payment for the 2021 financial year.

Net finance cost

Based on finance income of €6.0 million and finance cost of €4.8 million, net finance income in the first half of 2022 amounted to €1.2 million (previous year: net finance income of €0.1 million). Finance income includes a monetary gain of €3.2 million due to the application of IAS 29 (hyperinflation) in respect of the Turkish subsidiary. The net finance result includes a foreign exchange loss of €–0.8 million (previous year: gain of €0.6 million).

1.6 Non-financial indicators

Employees

Since the beginning of the year, the number of employees within the SIMONA Group has increased by 65 to 1,675 (31 December 2021: 1,549), primarily as a result of the acquisition of PEAK Pipe Systems Limited (PEAK), Chesterfield, United Kingdom. The headcount in Germany stands at 823 (31 December 2021: 815).

2. EVENTS AFTER THE REPORTING PERIOD

Between the end of the first half of 2022 and the preparation of the consolidated interim report, no events of particular significance occurred that would necessitate a change to measurements or recognised amounts.

3. REPORT ON OPPORTUNITIES AND RISKS

3.1 Report on opportunities

The global economic recovery has been stalled by high inflation, the war in Ukraine, supply chain problems and far-reaching measures to contain the COVID-19 virus in China. Against the backdrop of a global threat of recession and the associated low level of confidence among companies in the short to medium term, the propensity to invest within the industries served by SIMONA has fallen.

While industrial demand in the key sales markets remained stable in the first quarter, it has been trending lower since the second quarter.

The direction taken by opportunities and risks in the short and medium term will be determined by the aforementioned factors that pose a threat to the economy as well as by the aspect of an impending gas shortage, which could potentially impact SIMONA‘s production and, quite possibly, prompt a surge in commodity prices.

The debate on the environmental impact of plastics, particularly in Europe, may have a negative effect not only on business but also on the recruitment of skilled personnel. Critical debate surrounding CO2 emissions within the aviation sector may also have a detrimental effect on the market for aircraft interiors in the long term.

Opportunities continue to arise from the use of plastics as a sustainable and cost-effective alternative to heavier or non-recyclable materials. The use of plastics can help to reduce CO2 emissions or enable the treatment of drinking water or the transport of renewable energies over long distances. These areas of application call for highly functional plastics with customised properties. SIMONA‘s strategy is aimed at continuously evolving product characteristics from a technological perspective by leveraging its in-house R&D capabilities, in addition to extending its portfolio of materials. Certification in accordance with ISCC (International Sustainability and Carbon Certification), which was awarded at the beginning of July, enables SIMONA to use sustainable raw materials in production that meet all the requirements for use in demanding areas of application in the fields of infrastructure and industry. More than 95 per cent of SIMONA products are already recyclable.

In the EMEA region, strategic projects and investments are being implemented to further raise efficiency levels and competitiveness, while also facilitating further growth. Building on its product range of pipes and fittings for water, gas and energy supply, SIMONA PEAK Pipe Systems, United Kingdom, an entity acquired at the beginning of 2022, will help to achieve growth targets in the infrastructure market in EMEA.

In the Americas, meanwhile, SIMONA will be in a position to expand its product range tailored to the exacting design standards of aircraft interiors for the purpose of targeting additional fields of application. Products that promote a circular economy and are produced with recycled material are also being developed for this market. Owing to the recovery in air travel, opportunities in the core market of aircraft interiors have become more pronounced again. Thanks to numerous product developments, SIMONA sees good potential in the Americas within the market for outdoor plastic furniture, boat building and bathroom interiors.

In the region covering Asia-Pacific, SIMONA continues to see good opportunities with regard to key technologies centred around environmental management, semiconductors and chemical processes and aquaculture.

Overall, SIMONA is of the opinion that the potential for opportunities in the medium to long term remains at a good level. Compared to the previous year, the opportunities for SIMONA‘s business have deteriorated slightly due to the global threat of recession. The effects, particularly as a result of an impending energy crisis and the resulting distortions within commodities and sales markets, cannot be reliably forecast at present.

3.2 Risk report

Risk management system

In view of their global business activities, both SIMONA AG and the SIMONA Group are exposed to a wide range of risks. In this context, risk is defined as an event, an action and/or the failure to act with the potential for adverse effects on the company. Risk strategy is an integral part of the corporate strategy of SIMONA and coexists alongside the business strategy. The risk culture of SIMONA is characterised by risk awareness in respect of decision-making processes and embraces the principles of diligent action based on prudence. In identifying opportunities at an early stage and applying diligence with regard to the exposure to corporate or business risks, SIMONA endeavours to safeguard its existence as a going concern and protect its enterprise value. Risk controlling is aimed at avoiding, mitigating or transferring risks. All remaining risks are covered accordingly by SIMONA. Risks are communicated as part of half-yearly risk reports to the Management Board and the Supervisory Board.

The risk management system includes the full range of guidelines and measures required to identify risk and to manage risk associated with commercial operations. The policies, the structural and procedural organisation as well as the processes of the internal control and risk management system operated in respect of financial reporting have been incorporated in guidelines and organisational instructions. They are revised regularly to account for the latest external and internal developments.

On the basis of a risk map, the risk management system of SIMONA controls the following material risks associated with the Group. The management of opportunities and risks is centred around the aspects of effect and probability of occurrence. Material individual risks are considered to be those displaying a significant risk profile with an expected damage in excess of €5.0 million when viewed over the medium term. The expected value is computed as the product of the effect/impact and the probability of occurrence; it is used solely for prioritising and focusing risk reporting on fields of risk of material importance. A probability of occurrence of over 50 per cent is considered high, while one of less than 50 per cent is deemed low.

Prompted by the revision of the IDW auditing standard „Die Prüfung des Risikofrüherkennungssystems IDW PS 340 n.F“ („The Audit of the Early Risk Detection System“), the risk inventory was revised internally in 2021. At the same time, the procedural description and risk management guideline were revised. Identified risks are assessed in terms of their probability of occurrence and potential impact on the Group‘s risk-bearing capacity. As part of a stress test scenario, a risk aggregation is carried out on the basis of the expected value of the individual risks recorded in the risk inventory. In addition, a review of possible interdependencies is conducted. In this context, the maximum risk potential determined with regard to risk-bearing capacity is set in relation to the available cash (available cash plus unused credit lines).

SIMONA considers the following individual risks to be material:
- Macroeconomic and sales market risks
- Business strategy risks
- Financial risks
- Risks attributable to procurement and purchasing
- Investment risks
- Risks attributable to information technology

Unless otherwise stated, the aforementioned risks affect all segments to varying degrees.

Macroeconomic and sales market risks

The risks associated with the general business environment and the sector in which the company operates relate mainly to the economic performance of customer segments served by SIMONA. They also include political conflicts and the availability of raw materials. Among the primary sector-specific risks are the substitution of plastics with other materials, new developments within the competitive environment, the loss of key customers and changes to customer requirements. A diversified product portfolio, thorough monitoring of markets and structured procurement management provide the basis for risk mitigation. Benefiting from global production at multiple sites, including plants in the United States, China and the Czech Republic as well as newly acquired companies in Norway, Turkey and the United Kingdom, SIMONA is able to ensure a high degree of flexibility. At the same time, the Group can meet customer requirements in close proximity to their sites of operation and in a market-driven manner.

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Although the overall economic risks associated with the COVID-19 pandemic have decreased due to the milder course of the Omicron variant and a higher rate of vaccination around the globe, the risk as a whole must still be classified as high due to the possible emergence of new variants and the effects of the worldwide relaxation of hygiene and safety measures.

Following Russia's invasion of Ukraine, geopolitical risks have reached a dimension that had hardly seemed imaginable in the past. SIMONA has imposed a ban on deliveries to Russia that covers all plants. The medium-term risks emanating from this conflict cannot yet be estimated and must be considered very high. Risks relating to the business environment and industry within the EMEA region are dominated by the rate of inflation and the Russia-Ukraine war. In the Americas region, risk exposure is also to be seen within the context of inflation rates and the direction taken by the dollar exchange rate. In the Asia-Pacific region, the principal risks stem from future political relations and the stance taken by China in its dealings with Russia. As regards the aspect of changes to sales markets, the decline in revenue in the medium term is projected at approx. €10.0 to 25.0 million, with a probability of occurrence of under 50 per cent.

Business strategy risks

In particular, they include the risk of misjudging future market developments and are estimated to result in revenue shortfalls of around EUR 5.0 to 10.0 million. Measures aimed at risk prevention mainly include close monitoring of the market and competitive environment as well as regular strategy meetings with key accounts and between the company's senior management and sales organisation. The probability of adverse effects occurring from exposure to business strategy risks is at present considered to be below 50 per cent.

Financial risks

These encompass, above all, currency risks, market price risks, exposure to variability in cash flows and default risks, including risks associated with voidability of insolvency, risks of a change in interest rates and risks associated with the company pension scheme.

The principal aim of risk management is to mitigate risks attributable to ongoing operating and finance-related transactions. Depending on the risk, the aim is to restrict individual risks as required by means of derivative financial instruments and non-derivative hedging instruments.

Dependence on the euro within the Group was scaled back further through the corporate acquisitions in recent years as well as the expansion of production and the company's market position in the United States. However, SIMONA continues to be exposed to considerable risk in respect of the USD exchange rate. In addition, currency risks at the subsidiary in Turkey have increased significantly due to the direction taken by the Turkish lira as a hyperinflationary currency. In the medium term, currency risk is estimated at €4.0 to 6.0 million in terms of a dilutive or accretive effect on earnings, with a probability of occurrence of over 50 per cent.

The risk of bad debts and insolvencies is extremely high, particularly due to current macroeconomic trends. In this context, thorough assessments of credit ratings and continuous monitoring within this area help to mitigate risk as a whole as well as risk associated with individually identifiable items. At €1.2 million, as in the previous year the potential risk roughly corresponds to the value of receivables of SIMONA AG in the EMEA region that are more than 60 days overdue. Default-related risk associated with specific customers is limited by credit insurance and the cut-off of deliveries in the case of outstanding payments. Deliveries to Russia have been stopped throughout the Group in response to the war in Ukraine. In addition, there are the risks with regard to voidability of insolvency, which are covered by appropriate insurance. The carrying amounts of inventories are assessed on a regular basis, and adjustments in the form of allowances are made for specific unsaleable products. Inventories relating to Russian and Ukrainian customers that can currently no longer be delivered are allocated to general stock, provided they are not customised products. Customised products are accounted for as impaired to the extent that a default by the customer can be assumed or, where possible, reclassified.

Risks associated with interest rate changes are currently considered to be elevated. Interest payable in connection with KfW loans as well as financing in respect of the acquisition in the United Kingdom is based on fixed interest rates. Therefore, there are no risks associated with interest rate changes in this area. The variable-interest overdraft facilities of SIMONA AG are subject to higher interest rate risks to the extent that they are utilised.

The risks associated with occupational pension schemes are considered to be material and the probability of their occurrence is deemed to be high. Risks that are difficult to gauge in the long term, such as future levels of pay and pensions as well as risks relating to higher life expectancy, have been categorised as material. The risks from pension obligations that may result from a change in the aforementioned parameters of +/–0.5 per cent cumulatively amount to approximately €30.0 to 45.0 million. They also include risks or encumbrances that are difficult to predict with regard to liquidity and equity, risks associated with investments and volatility of plan assets as well as fluctuating costs in respect of contributions to the German Pensionssicherungsverein. The volatility of plan assets is estimated at around €3.0 to 10.0 million, which is attributable primarily to the share performance of SIMONA AG stock in recent years. Plan assets were up slightly at the end of the reporting period. SIMONA AG shares were up €1.2 million year on year.

Risks attributable to procurement and purchasing

These risks are related primarily to potential disruptions or outages with regard to suppliers of raw materials and additives as well as volatile price trends within the markets for raw materials. The direction taken by the price of input commodities (naphtha propylene and ethylene) that are of relevance to raw materials used by the company does not necessarily coincide with the price trend for crude oil. Prices for raw materials, especially commodities, continued to rise during the reporting period and peaked at the end of the first quarter.

Persistent supply-side bottlenecks continue to exert downward pressure on German industry, particularly the automotive industry, the electrical industry and mechanical engineering sector. They also acted as a decelerating factor with regard to industrial value creation in the reporting period and will continue to do so in the second half of 2022. Thus, a shortage in microchips, components and raw materials will continue to affect production for a considerable time to come.

Although the impact of the pandemic on economic activity as a whole is now less pronounced, business may again decelerate amid new containment measures introduced in autumn and winter as well as ongoing staff shortages. These two factors may also have an even more pronounced and protracted effect than expected on the mechanisms of critical supply chains.

The risks to growth prospects are further exacerbated by geopolitical tensions in Eastern Europe. Even though the procurement situation for our raw materials (including logistics, bottlenecks) has improved slightly over the course of the year to date, the company continues to be exposed to latent risks associated with supply and risks relating to price hikes. High raw material prices and increases in raw material prices are passed on to the sales market to the greatest extent possible. This, however, may prompt the cancellation of orders or the withdrawal from projects.

A 10 per cent increase in raw material prices that cannot be passed on to the sales market would result in an increase in raw material costs – and thus a strain on earnings – of around €5.0 million. The probability of occurrence is estimated at over 50 per cent due to the persistently critical situation within the commodity markets.

Investment risks

Investment risks mainly include the risk of misinvestment in machinery and in foreign investments. Potential investment risks are currently estimated at around €10.0 to 15.0 million, while the probability of occurrence is projected to be under 50 per cent.

Risks attributable to information technology

Ongoing monitoring and optimisation of existing information technology are essential to the safety and reliability of business processes. With this in mind, refinements to measures already implemented within the area of information security are considered particularly important. The primary risks involved relate to the availability, reliability and efficiency of information technology systems, including a failure of the IT infrastructure, loss of data and attacks on IT systems. SIMONA addresses risks relating to information technology through its in-house IT department as well as by commissioning specialised companies and making regular investments in the latest hardware and software. SIMONA responds to growing demands placed on system protection as part of its safety management programme. This mainly includes investments in the latest firewall and antivirus systems as well as other software systems. In addition, a penetration test was conducted and evaluated by a specialised company. A significant loss in revenue caused by a temporary system failure is estimated at around €10.0 million, while cost exposure is projected to be around €2.0 to 3.0 million. The probability of occurrence, especially through external attacks on IT systems, has continued to increase significantly and is estimated at over 50 per cent.

As part of a stress test scenario, a review revealed that the risk-bearing capacity at SIMONA Group level is adequate.

At the end of the first half of the financial year, we are of the opinion that the overall risk situation for the Group has further deteriorated compared to that at the end of the 2021 financial year. In particular, the effects of the war between Russia and Ukraine as well as those relating to inflationary trends are not yet foreseeable. Additionally, it should be noted that the COVID-19 pandemic may continue to have a significant impact that cannot be reliably predicted at present. At the time of preparing this report, there were no identifiable risks that might jeopardise the existence of the SIMONA Group and SIMONA AG as a going concern.

4. REPORT ON EXPECTED DEVELOPMENTS

Economic conditions

The general outlook for the global economy has been clouded significantly by the war in Ukraine, exacerbated by the threat of an energy crisis, high rates of inflation in most industrialised countries and lingering problems in global supply chains due to the COVID-19 pandemic. The International Monetary Fund (IMF) now expects growth of just 3.6 per cent in 2022, thus significantly lowering its forecast for the second time in a row. As regards the eurozone, the IMF has issued a growth projection of 2.8 per cent. The IMF expects the US economy to expand by 3.7 per cent and China by 4.4 per cent. It would appear likely that global investment activity will decline in the course of the economic slowdown.

Sector-specific conditions

Following the decline in production output in the plastics processing industry during the first quarter, the coming months are unlikely to see any signs of recovery. The chemical-pharmaceutical industry anticipates a downturn in production of 1.5 per cent for the year as a whole. Excluding the pharmaceutical sector, production output is actually expected to contract by as much as 4.0 per cent. As regards the mechanical engineering sector in Germany, the VDMA association has significantly lowered its forecast for 2022. After a projected 7 per cent increase in production, the association now predicts growth of just 4 per cent. Benefiting from the global upturn in air travel, the market for aircraft interiors is back on track for growth. Having said that, this sector will still fall short of its pre-crisis level in the current financial year. According to Hauptverband der Deutschen Bauindustrie, Germany‘s central federation of the construction industry, the direction taken by revenue calculated in real terms is likely to range between stagnation and a decline of 2 per cent in the current year.

Future performance

The first half of 2022 was characterised by further growth in volume as well as an increase in raw material prices and a general hike in costs. Despite the challenging economic environment and the risk of recession in the second half of the year, SIMONA has raised its Group revenue forecast for 2022 from the previous level of €590 to 610 million to between €650 and 670 million. The ability to achieve this goal will be influenced to a significant extent by further developments with regard to gas supply in Germany, the effects of an impending recession and the associated trajectory of commodity prices. Costs are expected to trend higher yet again in the second half of the year. Nevertheless, SIMONA retains its guidance for a Group EBIT margin of 6 to 8 per cent in the 2022 financial year as a whole.

Forward-looking statements and forecasts

This Group interim management report contains forward-looking statements that are based on the current expectations, presumptions and forecasts of the Management Board of SIMONA AG as well as on information currently available to the Management Board. These forward-looking statements shall not be interpreted as a guarantee that the future events and results to which they refer will actually materialise. Rather, future circumstances and results depend on a multitude of factors. These include various risks and imponderables, as well as being based on assumptions that may conceivably prove to be incorrect. SIMONA AG shall not be obliged to adjust or update the forward-looking statements made in this report.

Responsibility Statement

We hereby declare that, to the best of our knowledge, the combined management report includes a fair review of the development and performance of the business and the position of the SIMONA Group and SIMONA AG, together with a description of the principal opportunities and risks associated with the expected development of the Group and SIMONA AG.

Kirn, July 2022

SIMONA Aktiengesellschaft
The Management Board

Matthias Schönberg   Dr. Jochen Hauck   Michael Schmitz

Group Income Statement of SIMONA AG for the first half of 2022

in € '000	Note	01/01/ – 30/06/2022	01/01/ – 30/06/2021
Revenue		365,248	259,907
Other income		3,153	4,759
Changes in inventories of finished goods and work in progress		10,860	2,804
Cost of materials		230,035	145,984
Staff costs		54,839	47,053
Amortisation/write-downs of intangible assets and depreciation/write-downs of property, plant and equipment as well as right-of-use assets under leases		10,439	9,134
Other expenses		55,251	38,334
Earnings before interest and taxes (EBIT)		**28,698**	**26,964**
Finance income		6,003	1,284
Finance costs		4,805	1,220
Earnings before taxes (EBT)		**29,896**	**27,028**
Income taxes	[5]	8,076	7,066
Profit for the period		**21,820**	**19,963**
Of which attributable to:			
Owners of the parent company		22,197	19,999
Non-controlling interests		–377	–36

EARNINGS PER SHARE: IN €

in EUR			
– basic, calculated on the basis of profit for the period attributable to ordinary shareholders of the parent company		3.70	3.33
– diluted, calculated on the basis of profit for the period attributable to ordinary shareholders of the parent company		3.70	3.33

Group Statement of Comprehensive Income of SIMONA AG for the first half of 2022

in € '000	Note	01/01/ – 30/06/2022	01/01/ – 30/06/2021 (adjusted)
Profit for the period		**21,820**	**19,963**
Items that will not be reclassified to profit or loss:			
Remeasurement of defined benefit obligations		63,291	15,159
Deferred taxes on remeasurement of defined benefit obligations		–18,661	–4,467
Items that may be reclassified subsequently to profit or loss:			
Exchange differences on translating financial statements of subsidiaries		8,943	–370
Exchange differences on translating net investments		1,032	728
Deferred taxes from currency translation		–187	–183
Other comprehensive income recognised directly in equity		**54,417**	**10,868**
Total comprehensive income		**76,237**	**30,829**
Total comprehensive income attributable to:			
Owners of the parent company		77,112	31,049
Non-controlling interests		–875	–220

Group Statement of Financial Position of SIMONA AG for the first half of 2022

ASSETS

in € '000	Note	30/06/2022	31/12/2021
Intangible assets		98,714	55,456
Property, plant and equipment	[7]	168,722	154,941
Financial assets		274	598
Investments accounted for using the equity method		964	977
Right-of-use assets under leases		8,616	2,029
Deferred tax assets		1,377	17,753
Non-current assets		**278,666**	**231,754**
Inventories	[8]	148,879	120,948
Trade receivables		125,133	82,363
Other assets		13,598	10,913
Income tax assets		9,654	8,172
Other financial assets		1,219	300
Cash and cash equivalents	[9]	55,821	54,055
Current assets		**354,303**	**276,751**
Total assets		**632,970**	**508,505**

EQUITY AND LIABILITIES

in € '000	Note	30/06/2022	31/12/2021
Equity attributable to owners of the parent company			
Issued capital		15,500	15,500
Capital reserves		15,274	15,274
Revenue reserves		274,747	219,120
Other reserves		23,528	6,580
Treasury stock		–597	–597
		328,451	**255,877**
Non-controlling interests		8,091	6,161
Equity		**336,542**	**262,038**
Financial liabilities		3,292	5,005
Provisions for pensions		72,329	133,806
Other provisions		4,004	4,082
Liabilities under leases		7,183	1,181
Other financial liabilities		13,860	12,048
Deferred tax liabilities		22,696	14,921
Non-current liabilities		**123,363**	**171,042**
Financial liabilities	[10]	77,605	8,920
Provisions for pensions		1,872	1,872
Other provisions		1,627	2,115
Trade payables		51,331	34,326
Income tax liabilities		5,786	4,086
Liabilities under leases		1,376	880
Other financial liabilities		1,309	3,038
Other liabilities		32,159	20,189
Current liabilities		**173,064**	**75,426**
Total equity and liabilities		**632,970**	**508,505**

Group Statement of Cash Flows of SIMONA AG for the first half of 2022

in € '000	Note	01/01/–30/06/2022	01/01/–30/06/2021 (adjusted)
Earnings before taxes (EBT)		29,896	27,028
Income taxes paid		–7,520	–9,148
Finance income and cost (excl. interest expense relating to pensions)		360	99
Amortisation/write-downs of intangible assets and depreciation/write-downs of property, plant and equipment as well as right-of-use assets under leases		10,439	9,134
Other non-cash expenses and income		535	–1,312
Result from disposal of non-current assets		179	40
Change in inventories		–24,954	–21,243
Change in trade payables		–40,478	–29,278
Change in other assets		–3,504	–2,623
Change in pension provisions		1,940	2,474
Change in liabilities and other provisions		31,703	23,551
Net cash used in/from operating activities		**–1,404**	**–1,278**
Investments in intangible assets and property, plant and equipment		–15,413	–10,388
Acquisition of subsidiaries and other business units less net cash acquired	[13]	–35,927	–15,397
Proceeds from the disposal of non-current assets		1,134	335
Payments relating to the investment of cash funds for short-term cash management		–13	0
Interest received		33	42
Net cash used in investing activities		**–50,186**	**–25,408**
Proceeds from borrowings	[10]	64,315	10,966
Repayment of financial liabilities		–1,713	–1,713
Repayment of lease liabilities		–776	–374
Payment of prior-year dividend	[6]	–9,690	–6,840
Payment of prior-year dividend to non-controlling interests		–104	0
Interest paid		–238	–123
Net cash from/used in financing activities		**51,793**	**1,916**
Effect of foreign exchange rate changes on liquidity		1,563	933
Change in cash and cash equivalents		**1,766**	**–23,837**
Cash and cash equivalents at 1 January	[9]	54,055	85,349
Cash and cash equivalents at 30 June		55,821	61,512
Change in cash and cash equivalents		**1,766**	**–23,837**

Group Statement of Changes in Equity of SIMONA AG for the first half of 2022

in € '000	Note	EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT COMPANY: Issued capital	Capital reserves	Revenue reserves	Other reserves: Currency translation differences	Treasury stock	Total	NON-CONTROLLING INTERESTS	TOTAL EQUITY
Balance at 01/01/2021		**15,500**	**15,274**	**163,142**	**818**	**–597**	**194,137**	**2,612**	**196,749**
Amount recognised directly in equity as part of the Statement of Comprehensive Income		0	0	10,692	358	0	11,050	–184	10,866
Profit for the period		0	0	19,999	0	0	19,999	–36	19,963
Total comprehensive income		**0**	**0**	**30,691**	**358**	**0**	**31,049**	**–220**	**30,829**
Dividend payment	[6]	0	0	–6,840	0	0	–6,840	0	–6,840
Changes in the scope of consolidation		0	0	0	0	0	0	4,944	4,944
Other changes		0	0	–127	–184	0	–311	–324	–635
Balance at 30/06/2021		**15,500**	**15,274**	**186,866**	**992**	**–597**	**218,035**	**7,012**	**225,048**
Balance at 01/01/2022		**15,500**	**15,274**	**219,120**	**6,580**	**–597**	**255,877**	**6,161**	**262,038**
Amount recognised directly in equity as part of the Statement of Comprehensive Income		0	0	44,940	9,976	0	54,916	–498	54,417
Profit for the period		0	0	22,197	0	0	22,197	–377	21,820
Total comprehensive income		**0**	**0**	**67,137**	**9,976**	**0**	**77,113**	**–875**	**76,237**
Dividend payment	[6]	0	0	–9,690	0	0	–9,690	–104	–9,794
Hyperinflation IAS 29		0	0	0	6,588	0	6,588	2,823	9,411
Other changes		0	0	–1,821	385	0	–1,436	86	–1,350
Balance at 30/06/2022		**15,500**	**15,274**	**274,746**	**23,528**	**–597**	**328,451**	**8,091**	**336,542**

Notes to the condensed consolidated interim financial statements of SIMONA AG for the first half of 2022

[1] Company information

SIMONA AG is a stock corporation (Aktiengesellschaft) founded in Germany – registered office at Teichweg 16, 55606 Kirn, Germany. Its shares are traded within the General Standard of the Frankfurt and Berlin Stock Exchanges. The company has been entered in the Commercial Register at the District Court of Bad Kreuznach (HRB 1390).

These condensed consolidated interim financial statements (consolidated interim financial statements) for the first half of 2022 were released for publication on 20 July 2022, following a resolution passed by the Management Board.

[2] Statement of compliance and basis of preparation

The consolidated interim financial statements for the first half of 2022 have been prepared in accordance with the provisions of IAS 34 „Interim Financial Reporting“ and, under Section 315a (1) HGB, pursuant to International Financial Reporting Standards (IFRS), to which they comply.

The consolidated interim financial statements have been prepared in euro. The reporting period covers the period from 1 January 2022 to 30 June 2022. The consolidated annual financial statements as at 31 December 2021 provide the basis for the consolidated interim financial statements, and reference shall be made to the aforementioned consolidated annual financial statements for further information.

For computational reasons, the tables presented in this document may include rounding differences equivalent to +/- one unit (€, %, etc.).

Summary of significant accounting policies

The accounting principles applied are consistent with those adopted in the previous financial year and with regard to the associated interim period.

Adjustment to prior-year disclosures

Owing to a change in assessment with regard to meeting the criteria of plan assets, the previous year’s figures as at 30 June 2021 have been restated in the Group statement of comprehensive income and Group statement of cash flows.

Application of IAS 29 - Financial Reporting in Hyperinflationary Economies

Owing to the pronounced rise in inflation rates in Turkey, the Group has applied IAS 29 to these interim financial statements in respect of SIMONA PLASTECH Levha Sanayi Anonim Şirketi, Düzce, Turkey. In this context, IAS 29 is applied as if Turkey had always been hyperinflationary. The financial statements of the aforementioned entity, whose functional currency is the Turkish lira, are adjusted to the current purchasing power at the end of the reporting period. Transactions relating to 2022 and non-monetary items are translated at the end of the reporting period to reflect the current price index at the reporting date. The National Consumer Price Index published by the Turkish Statistical Institute was used in order to make the requisite adjustments for these influencing factors. Its value was 42.35 per cent for the last 6 months as at 30 June 2022. The monetary gain in the amount of €3,198 thousand is recognised in the income statement within net finance income/cost. The three-year cumulative inflation rate in Turkey was 236.42 per cent as at 30 June 2022.

Scope of consolidated financial statements

The changes in the consolidated group compared with 31 December 2021 were as follows:

SIMONA PEAK Pipe Systems Limited, Chesterfield, United Kingdom, was fully consolidated for the first time with effect from 28 February 2022. As part of restructuring within the Americas region, the companies DANOH, LLC, Akron, USA, and 64 NORTH CONAHAN DRIVE HOLDING, LLC, Hazleton, USA, were merged into SIMONA AMERICA GROUP INC.

As at 30 June 2022, alongside the parent company the consolidated interim financial statements comprised 32 domestic and foreign entities.

[3] Seasonal effects on business activities

Owing to seasonal factors, all business segments are generally expected to generate lower revenue and lower operating results in the second half of the year than in the first six months. Lower revenue is mainly attributable to declining demand in the principal holiday months of July and August, as well as reduced customer inventory levels towards the end of the calendar year (December).

[4] Segment reporting

For company management purposes, the Group is organised according to geographic regions and has the three following reportable operating segments:

- EMEA (Europe, Middle East, Africa)
- Americas
- Asia-Pacific

All three segments generate their revenues mainly through the sale of semi-finished plastics and pipes, as well as fittings and finished parts.

Management assesses earnings before interest and taxes (EBIT) of these segments for the purpose of making decisions as to the distribution of resources and determining the profitability of the business units. Segment profitability is determined on the basis of operating results from operating activities before the effects of financing activities and excluding income tax effects.

As a matter of course, segment information is based on the same principles of presentation and the same accounting policies as those applied to the consolidated interim financial statements. Receivables, liabilities, revenues and expenses as well as profit/loss between the individual segments are eliminated as part of reconciliation. Internal transfer pricing between the business segments is determined on the basis of competitive market prices charged to unaffiliated third parties (regular way transaction). External sales revenue relates to the registered office of the revenue-generating business unit. Capital expenditure relates to additions to intangible assets as well as property, plant and equipment. Segment assets comprise assets that contribute to the achievement of operating profit. Depreciation/amortisation and write-downs relate to both intangible assets and property, plant and equipment.

The following table includes information relating to segment revenues, income and expenses as well as segment results. The differences in respect of the consolidated interim financial statements are presented in the reconciliation.

SEGMENT INFORMATION BY REGION FOR THE FIRST HALF OF 2022

	EMEA		Americas		Asia-Pacific		Total	
in € ,000	2022	2021	2022	2021	2022	2021	2022	2021
Revenues from external customers	238,145	174,894	102,348	65,876	24,756	19,137	365,248	259,907
Revenues from other segments	8,543	4,378	312	128	0	0	8,855	4,505
Segment revenues	**246,688**	**179,271**	**102,659**	**66,004**	**24,756**	**19,137**	**374,103**	**264,412**
Other income	638	2,870	113	2,506	1,648	987	2,398	6,363
Cost of materials	174,457	100,342	52,737	36,136	18,100	14,007	245,294	150,484
Staff costs	36,798	33,306	15,683	11,702	2,358	2,045	54,839	47,053
Depreciation, amorti-sation and write-downs	6,937	5,856	2,599	2,509	865	770	10,401	9,134
Other expenses	36,548	28,304	14,942	9,708	3,094	1,937	54,584	39,949
Earnings before inter-est and taxes (EBIT)	10,781	16,186	15,890	9,094	2,249	1,460	28,919	26,741
Earnings before taxes (EBT)	12,050	16,179	15,775	8,962	2,304	1,673	30,129	26,814
Segment capital expenditure	6,256	7,430	5,038	2,345	4,119	613	15,412	10,388
Non-current assets	169,104	116,180	91,202	77,933	15,746	9,671	276,052	203,784

NOTES TO GROUP INCOME STATEMENT

[5] Income taxes

The principal components of income tax expense reported in the consolidated income statement are as follows:

GROUP INCOME STATEMENT

in € ,000	2022	2021
Current tax		
Current tax expense	7,659	7,295
Adjustments of current tax attributable to previous periods	227	224
Deferred tax		
Origination and reversal of temporary differences	84	–514
Change in loss carryforwards and tax credits recognised	106	61
Income tax expense reported in Group income statement	**8,076**	**7,066**

[6] Dividend paid

In the first half-year the virtual Annual General Meeting of Shareholders passed a resolution on 10 June 2022 for a dividend of €1.70 per share (previous year: €1.20 per share) for all ordinary shares attributable to the parent company. The amount was paid out on 15 June 2022.

NOTES TO THE GROUP STATEMENT OF FINANCIAL POSITION

[7] Property, plant and equipment

In the period from 1 January to 30 June 2022, the Group purchased property, plant and equipment at a cost amounting to €22,117 thousand (previous year: €10,383 thousand), of which €6,713 thousand was attributable to first-time consolidation.

Other income includes gains of €97 thousand (previous year: €5 thousand) from the disposal of property, plant and equipment; other expense includes losses of €276 thousand (previous year: €44 thousand) from the disposal of property, plant and equipment.

	Reconciliation		Group
2022	2021	2022	2021
0	0	365,248	259,907
–8,855	–4,505	0	0
–8,855	**–4,505**	**365,248**	**259,907**
755	–1,604	3,153	4,759
–15,259	–4,500	230,035	145,984
0		54,839	47,053
0		10,439	9,134
667	–1,614	55,251	38,334
–221	223	28,698	26,964
–233	214	29,896	27,028
0	0	15,412	10,388
0	0	276,052	203,784

[8] Inventories

Compared to 31 December 2021, the amount attributable to inventory impairments rose by €635 thousand to €11,506 thousand in the first half of 2022.

[9] Cash and cash equivalents

For the purpose of preparing a cash flow statement, cash and cash equivalents shall be comprised of the following items:

in € ,000	30/06/2022	30/06/2021
Cash and cash equivalents	55,821	61,512
Current financial liabilities (overdraft)	–6,432	–10,966
	49,389	**50,546**

[10] Financial liabilities

In February 2022, the Group took on short-term borrowings of €45.0 million to finance the acquisition of PEAK Pipe Systems Limited (PEAK), based in Chesterfield, UK. The applicable interest rate is variable, calculated on the basis of three-month Euribor. The term in respect of provisional financing ends on 1 August 2022. Subsequently, provisional financing will be replaced by long-term bank financing with a term of five to seven years.

Furthermore, money market loans of €18.5 million were taken out, which have a term of up to three weeks and are subject to variable interest rates based on three-month Euribor, as well as short-term financing of €4.2 million with a term of less than one year.

OTHER INFORMATION

[11] Other financial commitments

As at 30 June 2022, purchase commitments arising from investment projects amounted to €23,135 thousand (previous year: €6,524 thousand), while commitments relating to raw material orders totalled €47,546 thousand (previous year: €34,138 thousand).

[12] Related-party disclosures

As part of its operating activities, SIMONA AG provides various services for the subsidiaries included in the consolidated interim financial statements. Conversely, the respective Group companies render services within the SIMONA Group in the context of their business purpose. These business transactions relating to the supply of goods and the rendering of services are made at market prices.

[13] Corporate acquisitions

Effective from 28 February 2022, the Group acquired 100.00 per cent of the voting equity interests in PEAK Pipe Systems Limited (PEAK), a non-listed entity headquartered in Chesterfield, United Kingdom. The entity was renamed SIMONA PEAK Pipe Systems Limited.

The acquisition underpins the SIMONA Group's strategic realignment, the aim being to achieve a strong focus on applications, in addition to supporting the Group in its efforts to achieve its growth targets in the infrastructure and aquaculture markets within the EMEA region. Furthermore, the Group's product portfolio in the UK will be expanded significantly, while its overall position in the market will be further improved.

The following information is taken from the preliminary Purchase Price Allocation.

The consideration (purchase price) amounts to a total of €45,495 thousand and was paid in full in cash. There is an earn-out clause to be calculated at the end of the financial year 2022 and 2023; it is based on the entity's EBITDA. The payment for the acquisition less acquired net cash and plus repaid bank loans amounts to €43,735 thousand. The following disclosures resulting from the purchase price allocation show the values of the principal groups of acquired and identifiable assets and liabilities at the acquisition date: intangible assets of €15,253 thousand, property, plant and equipment of €3,412 thousand, inventories of €3,122 thousand, trade receivables from customers of €5,924 thousand and other assets of €0 thousand, cash and cash equivalents of €7,808 thousand, trade payables and other liabilities of €14,829 thousand. The gross value of the acquired customer receivables amounts to €5,924 thousand. No impairments or uncollectible receivables were identifiable at the date of acquisition. Intangible assets were attributable mainly to customer relationships and brands. The Group applies the full goodwill method and has therefore recognised the entire goodwill resulting from the purchase price allocation in the amount of €17,919 thousand. It includes non-separable intangible assets such as expertise relating to personnel as well as anticipated synergy effects from the product portfolio and sales. Goodwill is not tax-deductible in the United Kingdom.

In the period from 28 February to 30 June 2022, the acquired entity generated consolidated revenues of €17,359 thousand and a profit for the period (including the effects of purchase price allocation) of €1,511 thousand. If the acquired company had been included in the consolidated financial statements since 1 January 2022, Group sales revenue would have been €23,924 thousand and the profit for the period would have been €2,923 thousand. The costs associated with the business combination total €218 thousand and are recognised in the income statement under other expenses.

[14] Events after the reporting period

No events occurred after the reporting period that would necessitate a change to measurements or recognised amounts.

[15] Disclosures relating to the Russia-Ukraine war

Due to the Russia-Ukraine war, receivables in the amount of €527 thousand were impaired at Group level.

[16] Disclosure in accordance with Section 37w(5) WpHG

The consolidated interim financial statements and the Group interim management report have been neither reviewed nor audited in accordance with Section 317 HGB.

[17] Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements, in accordance with German principles of proper accounting, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Kirn, July 2022

SIMONA Aktiengesellschaft
The Management Board

Matthias Schönberg Dr. Jochen Hauck Michael Schmitz

This document is published in German and as an English translation. Only the German original shall be deemed authoritative.

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