



# Financial Review **First Half Year 2022**

28 July 2022



# Key Financial Group Figures

Continuing operations	2022		First Half	
	CHF m	% of sales	CHF m	2021 % of sales
Sales	2563	100.0	2034	100.0
Local currency growth (LC):	29%			
<i>Organic growth</i> <sup>2</sup>	25%			
<i>Acquisitions/divestitures</i>	4%			
Currencies	-3%			
Gross profit <sup>1</sup>	758	29.6	641	31.5
EBITDA** <sup>1</sup>	436	17.0	336	16.5
EBITDA before exceptional items**	448	17.5	346	17.0
Operating result <sup>1</sup>	290	11.3	205	10.1
Operating income before exceptional items**	311	12.1	215	10.6
Net result from continuing operations <sup>1</sup>	189	7.4	105	5.2
Basic earnings per share (CHF/share)	0.52		0.28	
Net result total <sup>3</sup>	386		157	
Return on invested capital (ROIC)** <sup>1, 4</sup>	10.9%		8.0%	
Net operating cash flow <sup>3</sup>	-17		15	
<b>Discontinued operations:</b>				
Sales	-		449	
Net result from discontinued operations <sup>1</sup>	197		52	
<b>Other key figures total Group:</b>		<b>30.06.2022</b>	31.12.2021	
Net debt	931		1535	
Equity (including non-controlling interests)	2907		2544	
Gearing	32%		60%	
Number of employees	11 245		13 374	

<sup>1</sup> The first half 2021 amounts restated compared to the last publication

<sup>2</sup> Throughout this statement the term "organic growth" is used to mean volume and price effects excluding the impacts of changes in FX rates and acquisitions/divestitures

<sup>3</sup> Total Group, including discontinued operations

<sup>4</sup> 30.06.2022 (12-month rolling) vs. 30.06.2021 (12-month rolling)

\*\*See Definition of Terms of Financial Measurements on pages 5 and 6

# Financial discussion – First Half Year

## CONTINUING OPERATIONS SALES AND NET RESULTS FIRST HALF YEAR 2022

In 2019, Clariant decided to sell the Masterbatches and Pigments businesses in the continuing effort to upgrade the Group's portfolio to a higher degree of specialization. Hence, these activities were reclassified to discontinued operations, and the assets and liabilities pertaining to the two Business Units were reclassified to "assets held for sale" and "liabilities directly associated with assets held for sale." The sale of Clariant's Masterbatches business to Avient Corporation (formerly PolyOne Corporation) was completed on 1 July 2020. The sale of Clariant's Pigments business to a consortium of Heubach Group and SK Capital Partners was completed on 3 January 2022 (see Note 7).

**Sales** increased by 29 % in local currency. In Swiss francs, sales increased by 26 %.

**The gross margin** in the first half of 2022 was 29.6 % of sales, compared to 31.5 % recorded in the prior-year period, due to the strong increase in raw material prices and product mix effects.

**Selling, general and administrative costs** decreased in the first half of 2022 to 16.0 % of sales, compared to 18.4 % recorded in the prior-year period, driven by higher absolute sales in the first half of 2022.

**Research and development costs** of CHF 79 million in the first half of 2022 were slightly higher than the CHF 77 million recorded a year ago.

**Income from associates and joint ventures** of CHF 21 million in the first half of 2022 was slightly higher than the CHF 15 million recorded in the corresponding period of the previous year, driven by the participation in InfraServ Hoechst.

**Net financial expense** remained in the same range at CHF 36 million in the first half of 2022, compared to CHF 39 million in the first half of 2021, resulting from a decrease in interest expenses on financing activities, which was offset by negative foreign exchange results.

**Tax expense** of CHF 65 million increased in the first half of 2022, compared to CHF 61 million tax expenses recorded in the prior-year period, due to a substantial increase in profit before taxes. The effective tax rate for the period was negatively impacted by tax losses, on which no deferred tax assets were recognized, and positively impacted by tax-exempt income and currency effects on tax

provisions. The effective tax rate declined to 26 % in the first half of 2022 from 37 % in the prior-year period.

**The net result from continuing operations** amounted to CHF 189 million in the first half of 2022 compared to CHF 105 million reported in the same period of 2021, due to sales growth and improved operating profitability.

**A net result from discontinued operations** of CHF 197 million was recorded in the first half of 2022, compared to CHF 52 million reported in the same period of 2021. This was primarily the result of the gain on the disposal of the Business Unit Pigments.

## BALANCE SHEET KEY FIGURES – JUNE 2022

**Total assets** decreased to CHF 6.806 billion as of 30 June 2022 from CHF 7.038 billion at the end of 2021, mainly due to the disposal of the Business Unit Pigments (see Note 7).

**Property, plant and equipment** logged in at CHF 1.774 billion, i.e., at a level comparable to CHF 1.790 billion recorded at the end of 2021.

**Right-of-use assets** decreased to CHF 264 million from CHF 281 million at the end of 2021, mainly due to depreciation and exchange rate differences.

**Intangible assets** decreased to CHF 1.261 billion from CHF 1.280 billion at the end of 2021, mainly as a result of amortization and exchange rate differences.

**Investments in associates and joint ventures** increased to CHF 308 million from CHF 211 million at the end of 2021, mainly due to the 20 % stake in the Heubach group created from the former Clariant and Heubach pigment activities.

**Financial assets** amounted to CHF 191 million, which was slightly below the CHF 198 million at the end of 2021.

**Deferred income tax assets** decreased to CHF 139 million from the CHF 163 million at the end of 2021, primarily due to a reduction in retirement benefit obligations and consequently the reduction in deferred tax assets.

**Short-term deposits** increased to CHF 265 million from CHF 12 million at the end of 2021. They include short-term deposits with an original maturity between 90 and 365 days.

**Assets held for sale** amounted to CHF 1 million as of 30 June 2022.



This mainly relates to plant and equipment held for sale in Italy and in the US. The assets of the Business Unit Pigments were disposed.

**Non-current financial debts** decreased to CHF 745 million at the end of June 2022 from CHF 958 billion at the end of 2021, and **current financial debts** decreased to CHF 536 million at the end of June 2022 from CHF 709 million at the end of 2021. The decrease in non-current financial debts and in current financial debts is mainly due to the combined effect of several transactions and reclassifications. There were the early repayments of the bridging loan in the amount of EUR 250 million on 3 January 2022 and of EUR 13 million of certificates of indebtedness on 28 April 2022. On 23 May 2022, certificates of indebtedness in the amount of EUR 102 million reached maturity and were repaid. Certificates of indebtedness in the amount of EUR 224 million will mature in 2023 and were therefore reclassified from non-current to current financial debts.

**Equity** increased to CHF 2.907 billion at the end of June 2022 from CHF 2.544 billion at the end of 2021. This was the effect of the net profit for the period of CHF 386 million, the positive effect of the net investment hedge amounting to CHF 14 million, and the positive net impact of CHF 64 million of the revaluation of pension obligations, consisting of an actuarial gain on retirement benefit obligations and a negative return on pension plan assets, net of deferred tax. These effects were partially offset by the reduction of share capital in the amount of CHF 133 million due to the distribution approved on 24 June 2022, a negative currency translation effect of CHF 20 million, and the dividends paid to non-controlling interests amounting to CHF 9 million.

**Net debt** decreased to CHF 931 million at the end of June 2022, compared to CHF 1 535 million at the end of 2021. This figure includes current and non-current financial debts, lease liabilities, cash and cash equivalents, short-term deposits, and financial instruments with positive fair values reported under other current assets, including the part reported under liabilities directly associated with “assets held for sale.”

**Gearing**, which reflects net financial debt in relation to equity, including non-controlling interests, decreased to 32 % from 60 % at the end of 2021 as a result of the decrease in net debt.

**CASH FLOW**

**Cash flow** from operating activities before changes in working capital and provisions increased to CHF 440 million, compared to CHF 398 million for the first half of 2021.

**Working capital and provisions** increased by CHF 398 million in the first half of 2022, compared to an increase of CHF 321 million in the first half of 2021. To a large extent, this effect is due to increased raw material prices, which in return increased the values of inventories.

**Cash generated from operating activities** before tax payments was at CHF 42 million in the first half of 2022, compared to CHF 77 million for the first half of 2021. The decrease was mainly due to increased net working capital.

**Investments in property, plant and equipment (PPE)** and **investments in intangible assets** were CHF 88 million and CHF 1 million, respectively, in the first half of 2022, compared to CHF 130 million and CHF 3 million, respectively, for the first half of 2021.

**Financing activities** mainly include repayments of financial debts, lease liabilities, the related interests paid and received as well as the distribution to non-controlling interests.



# Definition of Terms of Financial Measurements (unaudited)

The following financial measurements are supplementary financial indicators. They should be considered in addition to, not as a substitute for, operating income, net income, operating cash flow, and other measures of financial performance and liquidity reported in accordance with International Financial Reporting Standards (IFRS).

## EBITDA

– (Earnings Before Interest, Taxes, Depreciation, and Amortization) is calculated as operating income plus depreciation of PPE, plus impairment and amortization of intangible assets, and can be reconciled from the Condensed Financial Statements as follows:

### EBITDA (Continuing)

CHF m	First Half	
	2022	2021
Operating result <sup>1</sup>	290	205
+ Depreciation of PPE	88	84
+ Impairment	9	-
+ Depreciation of Right-of-use assets	28	25
+ Amortization of intangible assets	21	22
<b>EBITDA</b>	<b>436</b>	<b>336</b>

### EBITDA before exceptional items

– is calculated as EBITDA plus expenses for restructuring, impairment and transaction-related costs, less impairment and gain/loss on disposals.

### EBITDA before exceptional items (Continuing)

CHF m	First Half	
	2022	2021
EBITDA	436	336
+ Restructuring, impairment and transaction-related costs <sup>1, 2</sup>	45	10
- Impairment (reported under Restructuring, impairment and transaction-related costs)	-9	-
+ Gain/ Loss from the disposal of activities not qualifying as discontinued operations <sup>3</sup>	-24	-
<b>EBITDA before exceptional items</b>	<b>448</b>	<b>346</b>

### Operating income before exceptional items

– is calculated as operating income plus restructuring, impairment and transaction-related costs and gain/loss on disposals.

### Operating income before exceptional items (Continuing)

CHF m	First Half	
	2022	2021
Operating result <sup>1</sup>	290	205
+ Restructuring, impairment and transaction-related costs <sup>1, 2</sup>	45	10
+ Gain/ Loss from the disposal of activities not qualifying as discontinued operations <sup>3</sup>	-24	-
<b>Operating income before exceptional items</b>	<b>311</b>	<b>215</b>

<sup>1</sup> The first half 2021 amounts restated compared to the last publication

<sup>2</sup> Restructuring, impairment and transaction-related costs 2022: CHF 45 million (2021: CHF 10 million), of which: Cost of goods sold CHF 10 million (2021: CHF 1 million); Selling, general and administrative costs CHF 34 million (2021: CHF 9 million); Research and development gain CHF 1 million (2021: CHF 0 million expenses)

<sup>3</sup> Gain/Loss from the disposal of activities not qualifying as discontinued operations 2022: CHF 24 million (2021: CHF 0 million gain) reported under Selling, general and administrative costs



**Return on invested capital**

– is calculated by dividing NOPLAT after exceptional items by the average net capital employed. NOPLAT is calculated by taking the operating income after exceptional items adjusted by the expected tax rate. Net capital employed also considers operating cash and lease liabilities.

**Return on invested capital (Continuing)**

CHF m	30.06.2022	30.06.2021
Operating result <sup>1, 2</sup>	525	349
– Adjusted by the expected tax rate (26%)	-137	-91
<b>Net operating profit less adjusted taxes</b>	<b>388</b>	<b>258</b>
Total equity	2907	2454
– Cash, cash equivalents and Short-term deposits	-617	-826
– Assets held for sale	-1	-888
+ Current and non-current financial debts	1281	1866
+ Lease current and non-current liabilities	267	224
+ Liabilities directly associated with assets held for sale	-	288
+ Operating cash (2% of sales)* <sup>3</sup>	98	79
<b>Net invested capital</b>	<b>3935</b>	<b>3197</b>
<b>Average net invested capital <sup>4</sup></b>	<b>3566</b>	<b>3242</b>
<b>Return of invested capital <sup>1</sup></b>	<b>10.9%</b>	<b>8.0%</b>

**Net debt**

– is the sum of current and non-current financial debt less cash and cash equivalents, short-term deposits and financial derivatives with positive fair values.

**Net debt**

CHF m	30.06.2022	31.12.2021
Non-current financial debt	745	958
+ Lease liabilities	267	282
+ Current financial debt	536	709
– Cash and cash equivalents	-352	-415
– Short-term deposits	-265	-12
– Financial instruments with positive fair values	-	-1
+ Net debt reported as held for sale	-	14
<b>Net debt</b>	<b>931</b>	<b>1535</b>

<sup>1</sup> The first half 2021 amounts restated compared to the last publication

<sup>2</sup> operating result 12-month rolling

<sup>3</sup> operating cash 12-month rolling

<sup>4</sup> average net invested capital per 30.06.2022 concerns average of balance sheets values per 30.06.2022 and per 30.06.2021

# Condensed financial statements of the Clariant Group (unaudited)

## CONSOLIDATED BALANCE SHEETS

ASSETS	30.06.2022		31.12.2021	
	CHF m	%	CHF m	%
<b>Non-current assets</b>				
Property, plant and equipment	1774		1790	
Right-of-use assets	264		281	
Intangible assets	1261		1280	
Investments in associates and joint ventures	308		211	
Financial assets	191		198	
Employee benefits	77		76	
Deferred income tax assets	139		163	
<b>Total non-current assets</b>	<b>4014</b>	<b>59.0</b>	<b>3999</b>	<b>56.8</b>
<b>Current assets</b>				
Inventories	933		691	
Trade receivables	831		729	
Other current assets	361		316	
Current income tax receivables	49		48	
Short-term deposits	265		12	
Cash and cash equivalents	352		415	
<b>Total current assets</b>	<b>2791</b>	<b>41.0</b>	<b>2211</b>	<b>31.4</b>
Assets held for sale	1	-	828	11.8
<b>Total assets</b>	<b>6806</b>	<b>100.0</b>	<b>7038</b>	<b>100.0</b>
<b>EQUITY AND LIABILITIES</b>				
	CHF m	30.06.2022 %	CHF m	31.12.2021 %
<b>Equity</b>				
Share capital	863		996	
Treasury shares (par value)	-8		-8	
Other reserves	-1072		-1140	
Retained earnings	2941		2510	
<b>Total capital and reserves attributable to Clariant shareholders</b>	<b>2724</b>		<b>2358</b>	
Non-controlling interests	183		186	
<b>Total equity</b>	<b>2907</b>	<b>42.7</b>	<b>2544</b>	<b>36.1</b>
<b>Liabilities</b>				
<b>Non-current liabilities</b>				
Financial debts	745		958	
Deferred income tax liabilities	29		30	
Retirement benefit obligations	494		593	
Non-current lease liabilities	220		233	
Provision for non-current liabilities	152		152	
Other liabilities	59		58	
<b>Total non-current liabilities</b>	<b>1699</b>	<b>25.0</b>	<b>2024</b>	<b>28.8</b>
<b>Current liabilities</b>				
Trade payables and other liabilities	1176		985	
Financial debts	536		709	
Current income tax liabilities	267		257	
Current lease liabilities	47		49	
Provision for current liabilities	174		223	
<b>Total current liabilities</b>	<b>2200</b>	<b>32.3</b>	<b>2223</b>	<b>31.6</b>
Liabilities directly associated with assets held for sale	-	-	247	3.5
<b>Total liabilities</b>	<b>3899</b>	<b>57.3</b>	<b>4494</b>	<b>63.9</b>
<b>Total equity and liabilities</b>	<b>6806</b>	<b>100.0</b>	<b>7038</b>	<b>100.0</b>



**CONSOLIDATED INCOME STATEMENTS**

	2022		First Half	
	CHF m	%	CHF m	2021 Restated %
Sales <sup>1</sup>	2 563	100.0	2 034	100.0
Costs of goods sold	- 1 805	70.4	- 1 393	68.5
<b>Gross profit</b>	<b>758</b>	<b>29.6</b>	<b>641</b>	<b>31.5</b>
Selling, general and administrative costs	- 410	16.0	- 374	18.4
Research and development <sup>1</sup>	- 79	3.1	- 77	3.8
Income from associates and joint ventures <sup>1</sup>	21	0.8	15	0.7
<b>Operating result</b>	<b>290</b>	<b>11.3</b>	<b>205</b>	<b>10.1</b>
Finance income	8	0.3	6	0.3
Finance costs	- 44	1.7	- 45	2.2
<b>Income before taxes</b>	<b>254</b>	<b>9.9</b>	<b>166</b>	<b>8.2</b>
Taxes <sup>1</sup>	- 65	2.5	- 61	3.0
<b>Net result from continuing operations</b>	<b>189</b>	<b>7.4</b>	<b>105</b>	<b>5.2</b>
<b>Attributable to:</b>				
Shareholders of Clariant Ltd	172		91	
Non-controlling interests	17		14	
<b>Net result from discontinued operations</b>	<b>197</b>		<b>52</b>	
<b>Attributable to:</b>				
Shareholders of Clariant Ltd	197		50	
Non-controlling interests	-		2	
<b>Net result total <sup>1</sup></b>	<b>386</b>		<b>157</b>	
<b>Attributable to:</b>				
Shareholders of Clariant Ltd <sup>1</sup>	369		141	
Non-controlling interests <sup>1</sup>	17		16	
<b>Basic earnings per share attributable to the shareholders of Clariant Ltd (CHF/share):</b>				
Continuing operations <sup>1</sup>	0.52		0.28	
Discontinued operations <sup>1</sup>	0.60		0.15	
<b>Total <sup>1</sup></b>	<b>1.12</b>		<b>0.43</b>	
<b>Diluted earnings per share attributable to the shareholders of Clariant Ltd (CHF/share):</b>				
Continuing operations	0.52		0.27	
Discontinued operations	0.60		0.15	
<b>Total</b>	<b>1.12</b>		<b>0.42</b>	

<sup>1</sup> The first half 2021 amounts remained unchanged since last publication



## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CHF m	<b>First Half</b>	
	<b>2022</b>	2021
<b>Net result</b>	<b>386</b>	<b>157</b>
<b>Other comprehensive income:</b>		
<i>Remeasurements:</i>		
Actuarial gain/loss on retirement benefit obligations	367	-23
Return on retirement benefit plan assets, excluding amount included in interest expense	-275	70
Fair value adjustment on financial assets	-	1
<b>Total items that will not be reclassified subsequently to the income statement, gross</b>	<b>92</b>	<b>48</b>
Deferred tax on remeasurements and fair value adjustment on financial assets	-28	-13
<b>Total items that will not be reclassified subsequently to the income statement, net</b>	<b>64</b>	<b>35</b>
Net investment hedge	14	-18
Cash flow hedges	-1	-
Currency translation differences	-20	118
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities	73	-
<b>Total items that may be reclassified subsequently to the income statement</b>	<b>66</b>	<b>100</b>
Related tax	-	-
<b>Total items that may be reclassified subsequently to the income statement, net</b>	<b>66</b>	<b>100</b>
<b>Other comprehensive income for the period, net of tax</b>	<b>130</b>	<b>135</b>
<b>Total comprehensive income for the period</b>	<b>516</b>	<b>292</b>
<b>Attributable to:</b>		
Shareholders of Clariant Ltd	501	273
Non-controlling interests	15	19
<b>Total comprehensive income for the period</b>	<b>516</b>	<b>292</b>
<b>Total comprehensive income attributable to shareholders of Clariant Ltd arising from:</b>		
Continuing operations <sup>1</sup>	228	218
Discontinued operations <sup>1</sup>	273	55
<b>Total comprehensive income attributable to shareholders of Clariant Ltd<sup>1</sup></b>	<b>501</b>	<b>273</b>

<sup>1</sup> The first half 2021 amounts restated compared to the last publication



## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

CHF m	Other reserves						First Half			
	Total share capital	Treasury shares (par value)	Share premium reserves	Hedging reserves	Cumulative translation reserves	Total other reserves	Retained earnings	Total attributable to equity holders	Non-controlling interests	Total equity
Balance 31 December 2020 as previously reported	1228	-9	259	1	-1360	-1100	2123	2242	139	2381
Restatement (see Note 3)							35	35		35
<b>Balance 1 January 2021 restated</b>	<b>1228</b>	<b>-9</b>	<b>259</b>	<b>1</b>	<b>-1360</b>	<b>-1100</b>	<b>2158</b>	<b>2277</b>	<b>139</b>	<b>2416</b>
Net result							141	141	16	157
Net investment hedge					-18	-18		-18		-18
<i>Remeasurements:</i>										
Actuarial gain/ loss retirement benefit obligations							-23	-23		-23
Return on retirement benefit plan assets, excluding amount included in interest expense							70	70		70
Deferred tax on remeasurements							-13	-13		-13
Currency translation differences					115	115		115	3	118
Fair value adjustment on financial assets							1	1		1
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>97</b>	<b>97</b>	<b>176</b>	<b>273</b>	<b>19</b>	<b>292</b>
Reduction in share capital	-232							-232		-232
Dividends to non-controlling interests									-16	-16
Transaction with non-controlling interests									-1	-1
<i>Employee share &amp; option scheme:</i>										
Effect of employee services							5	5		5
Treasury share transactions		-1					-9	-10		-10
<b>Balance 30 June 2021 restated</b>	<b>996</b>	<b>-10</b>	<b>259</b>	<b>1</b>	<b>-1263</b>	<b>-1003</b>	<b>2330</b>	<b>2313</b>	<b>141</b>	<b>2454</b>
Balance 1 January 2022	996	-8	259	1	-1400	-1140	2510	2358	186	2544
Net result							369	369	17	386
Cash flow hedge				-1		-1		-1		-1
Net investment hedge					14	14		14		14
<i>Remeasurements:</i>										
Actuarial gain/ loss retirement benefit obligations							367	367		367
Return on retirement benefit plan assets, excluding amount included in interest expense							-275	-275		-275
Deferred tax on remeasurements							-28	-28		-28
Currency translation differences					-18	-18		-18	-2	-20
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities					73	73		73		73
<b>Total comprehensive income for the period</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-1</b>	<b>69</b>	<b>68</b>	<b>433</b>	<b>501</b>	<b>15</b>	<b>516</b>
Reduction in share capital	-133							-133		-133
Dividends to non-controlling interests									-9	-9
Effect on Disposal									-9	-9
<i>Employee share &amp; option scheme:</i>										
Effect of employee services							-1	-1		-1
Treasury share transactions							-1	-1		-1
<b>Balance 30 June 2022</b>	<b>863</b>	<b>-8</b>	<b>259</b>	<b>-</b>	<b>-1331</b>	<b>-1072</b>	<b>2941</b>	<b>2724</b>	<b>183</b>	<b>2907</b>

## CONSOLIDATED STATEMENTS OF CASH FLOWS

CHF m	<b>2022</b>		<b>First Half</b>
			2021
Net result		386	157
<b>Adjustment for:</b>			
Depreciation and amortization	137		131
Impairment and reversal of impairment	9		-
Impairment of working capital	14		13
Income from associates and joint ventures	-21		-26
Tax expense <sup>1</sup>	63		71
Net financial income and costs	24		30
Gain / Loss from the disposal of activities not qualifying as discontinued operations	-24		-
Gain / Loss on disposal of discontinued operations	-198		-2
Other non-cash items	32		12
<b>Total reversal of non-cash items</b>		<b>36</b>	<b>229</b>
Dividends received from associates and joint ventures		35	37
Payments for restructuring		-17	-25
<b>Cash flow before changes in working capital and provisions</b>		<b>440</b>	<b>398</b>
Changes in inventories		-264	-218
Changes in trade receivables		-118	-116
Changes in trade payables		7	43
Changes in other current assets and liabilities <sup>1</sup>		7	-1
Changes in provisions (excluding payments for restructuring) <sup>1</sup>		-30	-29
<b>Cash generated from operating activities</b>		<b>42</b>	<b>77</b>
Income taxes paid		-59	-62
<b>Net cash generated from operating activities</b>		<b>-17</b>	<b>15</b>
Investments in property, plant and equipment	-88		-130
Investments in intangible assets	-1		-3
Sale of property, plant and equipment and intangible assets	3		29
Changes in short-term deposits	-253		218
Changes in other financial assets	-		-1
Business acquisitions	-		-56
Proceeds from the disposal of associates and financial assets	1		3
Proceeds from the disposal of discontinued operations	579		-
Proceeds associated to disposals of activities not qualifying as discontinued operations	131		-
<b>Net cash provided by/used in investing activities</b>		<b>372</b>	<b>60</b>
Purchase of treasury shares	-4		-10
Dividends paid to non-controlling interest	-9		-16
Proceeds/ payments associated to transactions with non-controlling interests	-		-1
Proceeds from financial debts	40		39
Repayments of financial debts	-404		-15
Repayments of lease liabilities	-26		-25
Interest paid	-18		-17
Interest paid for leases	-6		-5
Interest received	8		4
<b>Net cash provided by/used in financing activities</b>		<b>-419</b>	<b>-46</b>
Currency translation effect on cash and cash equivalents		1	11
<b>Net change in cash and cash equivalents</b>		<b>-63</b>	<b>40</b>
<b>Cash and cash equivalents at the beginning of the period</b>		<b>415</b>	<b>737</b>
<b>Cash and cash equivalents at the end of the period</b>		<b>352</b>	<b>777</b>

<sup>1</sup> The first half 2021 amounts restated compared to the last publication



# Notes to the condensed financial statements (unaudited)

## 1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are the interim condensed consolidated financial statements (hereafter “the interim consolidated financial statements”) of Clariant Ltd, a company registered in Switzerland, and its subsidiaries (hereafter “the Group”) for the six-month period ended on 30 June 2022. They are prepared in accordance with the International Accounting Standard 34 (IAS 34 Interim Financial Reporting) and were approved by the Board of Directors on 26 July 2022. These interim consolidated financial statements should be read in conjunction with the Consolidated Financial Statements for the year ended 31 December 2021 (hereafter “the annual financial statements”) as they provide an update of information reported previously. The accounting policies applied are consistent with the ones applied at year-end 2021.

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect amounts of revenues, expenses, assets, and liabilities, as well as the disclosure of contingent liabilities at the date of the consolidated financial statements. If, in the future, such estimates and assumptions, which are based on management’s best judgment at the date of the consolidated financial statements, deviate from the actual circumstances, the original estimates and assumptions will be modified as appropriate in the year in which the circumstances change.

## 2. NEW ACCOUNTING STANDARDS

The following standards, interpretations, and amendments are effective from 1 January 2022:

- Amendments to IFRS 1, IFRS 9, and IAS 41 – Annual Improvements to IFRS Standards 2018–2020;
- Amendment to IAS 16 – Property, Plant and Equipment: Proceeds before Intended Use;
- Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract;
- Amendments to IFRS 3 – Reference to the Conceptual Framework; and
- Amendments to IFRS 16 – Covid-19-Related Rent Concessions beyond 30 June 2021.

The amendments listed above did not have any impact on the Group’s financial accounts.

## 3. CORRECTION OF ERRORS

As a result of information received internally, Clariant undertook an investigation that focused on the recognition and measurement of certain provisions and accruals, reviewing whether these were incorrectly recognized and/or measured with the aim of steering the company’s results to meet internal and external targets. The investigation was performed by independent advisors and external counsel appointed by the company.

As a result of this investigation, Clariant was required to restate previously published financial statements, including the annual financial statements for the financial year ended 31 December 2020, the unaudited First Half Year financial statements for the periods ended 30 June 2020 and 30 June 2021, as well as the unaudited quarterly reporting during those years. Errors that relate back to periods before 1 January 2020 were corrected in the opening balance sheet of the 2020 Annual Financial Statements.

The identified deviations from previously reported figures resulting from the restatement of the 2020 financial statements are mainly due to over- or understated provisions and accruals. The correction of errors was performed in accordance with IAS 8. The restatements reflect adjustments to correct errors in provisions and accruals, deferred tax assets and liabilities that were affected by the corrections, and the corresponding increases/decreases of costs of goods sold and operating expenses in the income statement.

The errors corrected in the unaudited first half year financial statements for the period ended 30 June 2021 resulted in a decrease in net income by CHF 2 million. The nature and impact of these adjustments are described in more detail and are also listed in the table below.

The results of the investigation had no impact on the sales and cash and cash equivalents reported in 2021.

The following types of transaction required a correction:

- Overstatement of restructuring provisions
- Overstatement of provisions for variable salaries
- Overstatement of a provision in connection with an investigation by the EU
- Overstatement of provisions set up in connection with the disposal of business activities
- Overstatement of provisions and accruals for expenses of various types (e.g., legal obligations and plant maintenance)



## IMPACT OF THE CORRECTIONS ON THE ELEMENTS OF THE FINANCIAL STATEMENTS

Impact of the corrections on the elements of the financial statements

	Amounts re-ported before correction in CHF m	Amounts reported after correction in CHF m	Difference in CHF m
<b>Income statement First Half 2021</b>			
Continuing operations			
Costs of goods sold	- 1 394	- 1 393	1
Selling, general & administrative	- 372	- 374	- 2
Taxes	- 60	- 61	- 1
<b>Net result from continuing operations</b>	<b>107</b>	<b>105</b>	<b>- 2</b>
<b>Net result of discontinued operations</b>	<b>50</b>	<b>52</b>	<b>2</b>
<b>Net result</b>	<b>157</b>	<b>157</b>	<b>-</b>
Diluted earnings per share 2021 attributable to the shareholders of Clariant Ltd (CHF/share)			
Continuing operations	0.28	0.27	- 0.01
Discontinuing operations	0.14	0.15	0.01
<b>Total</b>	<b>0.42</b>	<b>0.42</b>	<b>-</b>
Cash Flow statement First Half 2021			
Tax expense	70	71	1
Changes in other current assets and liabilities	- 2	- 1	1
Changes in provisions (excluding payments for restructuring)	- 27	- 29	- 2
<b>Total</b>	<b>41</b>	<b>41</b>	<b>-</b>

### 4. SEASONALITY OF OPERATIONS

The Group operates in industries where significant seasonal or cyclical variations in total sales are not experienced during the financial year.

### 5. REVENUE RECOGNIZED OVER A PERIOD OF TIME

Revenue recognized over a period of time in 2022 amounted to CHF 25 million, compared to CHF 25 million in the prior year. It arose almost exclusively in the Business Area Natural Resources.

### 6. FAIR VALUE MEASUREMENT

IFRS 13, Fair Value Measurement, requires the disclosure of fair value measurements for financial instruments measured at fair value in the balance sheets in accordance with the fair value measurement hierarchy. The fair value hierarchies are defined as follows:

- Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices)

- Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs)

All derivative financial instruments held by the Group at the end of June 2022 are classified as “Level 2” as defined by IFRS 13, Fair Value Measurement. The valuation of forward exchange rate contracts is based on the discounted cash flow model, using observable inputs such as interest curves and spot rates. FX options are valued based on a Black-Scholes model, using major observable inputs such as volatility and exercise prices.

Clariant is also the owner of a number of small-scale participations in companies engaged in activities closely related to those of Clariant. These shareholdings are valued at fair value through other comprehensive income using “Level 3” methods to determine the fair value. Their valuation is based on multiples of projected earnings and discounted cash flows. The participations amounted to a total value of CHF 191 million on 30 June 2022, compared to CHF 198 million at the end of 2021, and are reported as part of financial assets. The change in value was mainly due to exchange rate differences.



There are no long-term financial liabilities valued at fair value. The fair value of financial liabilities approximates their carrying value, except for the straight bonds. Fair values of straight bonds are determined by quoted market prices (Level 1 in the fair value hierarchy) and amounted to CHF 533 million at the end of June 2022, compared to their carrying value of CHF 535 million. There were no transfers between the levels in 2022 or 2021.

## 7. DISCONTINUED OPERATIONS

In 2019, Clariant announced its intention to sell the Business Units Pigments and Masterbatches and the Business Line Health Care Packaging, which operated as a part of the Business Unit Masterbatches. As a result, these activities were reclassified to discontinued operations in 2019.

On 31 October 2019, Clariant sold its Healthcare Packaging business to Arsenal Capital Partners, a private equity firm located in New York, USA. On 1 July 2020, Clariant sold the Business Unit Masterbatches to the US-based Avient Corporation (formerly PolyOne Corporation).

On 3 January 2022, Clariant sold the Business Unit Pigments to US-based SK Capital Partners and the German-based Heubach group. The total consideration of the sale net of cash transferred amounted to CHF 711 million, including a 20 % stake in the combined group newly created from the former Clariant and Heubach pigment activities, plus an earn-out of CHF 50 million if certain numbers of operating profit (EBITDA) were achieved in 2021. At the time of the publication of this report, discussions with the buyer of Pigments regarding the achievement of the targeted EBITDA are still ongoing. The contract foresees the payment of the full earn-out if the EBITDA target is met and no payment at all if the target is not met. No graduation in between is foreseen.

Cash flow and net result from this disposal were as follows:

in CHF m	2022
Total cash proceeds received as of 30 June 2022	614
Less cash and cash equivalents transferred	-35
<b>Proceeds from the disposal of discontinued operations</b>	<b>579</b>
Outstanding amounts	16
Equity investment	116
<b>Total consideration for the sale</b>	<b>711</b>
Net assets sold, including disposal-related expenses	-440
<b>Gain on the disposal from discontinued operations</b>	<b>271</b>
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities	-73
<b>Gain on the disposal from discontinued operations before taxes</b>	<b>198</b>
Taxes (current and deferred)	-1
<b>Gain on the disposal from discontinued operations after taxes</b>	<b>197</b>

The 2022 net result from discontinued operations in the amount of CHF 197 million consists almost exclusively of the disposal gain of Pigments.

## 8. DISPOSALS OF SUBSIDIARIES AND ASSOCIATES

On 14 April 2022, Clariant sold the 50 % participation in the joint venture Scientific Design Company to the joint venture partner SABIC for a net consideration of USD 138 million, resulting in a disposal gain of CHF 23 million, reported in Operating Result.

## 9. COVID-19

The COVID-19 pandemic continues to affect the world economy and, as a consequence, also the environment of Clariant and the company itself. Clariant pursues measures to minimize the COVID-19 impacts by ensuring people safety first while supporting its communities and concurrently running business continuity, cash, and cost programs. Business continuity was able to be preserved through stringent safety and contingency measures that minimized disruptions caused by temporary production site closures, as well as through close cooperation with customers and suppliers along the value chain. Management together with the Business Units is continuously modeling and assessing the situation and executing stringent cash and cost programs.

## 10. WAR IN UKRAINE

On 4 March 2022, Clariant announced that it would suspend all business in Russia with immediate effect in response to the Russian armed forces' invasion of Ukraine. Clariant's operations in Russia include a sales office and a laboratory in Moscow, which contribute approximately 2 % to the company's annual sales.



Also as a result of the war in Ukraine, Clariant was forced to put all business activities in that country on hold. The operations concerned comprise a catalyst plant, which contributed about 0.2 % to the company's annual sales.

### **11. RESTRUCTURING, IMPAIRMENT AND TRANSACTION-RELATED COSTS**

In the first six months of 2022, as a result of the restructuring measures announced in June 2022, Clariant recorded restructuring expenses for the continuing operations in the amount of CHF 8 million. Additionally, as part of continuing operations, an impairment has been recorded in the amount of CHF 9 million, of which CHF 5 million is related to Ukraine, and transaction-related cost in the amount of CHF 28 million.

During the same period in the previous year, restructuring, impairment, and transaction-related costs pertaining to the continuing operations amounted to CHF 10 million.

### **12. CONTINGENCIES**

A Clariant subsidiary in the United States has been named as a defendant, along with many others, in lawsuits involving per- and polyfluoroalkyl substances (PFAS). Clariant is monitoring the development of these cases, which relate to a line of business divested in 2013, and is defending all litigation matters related to PFAS. The initial trial on one of the PFAS litigation matters may occur no earlier than early 2023. As of this point in time, Clariant cannot assess if these litigation matters will have a material impact on Clariant's financial results.

After an internal complaint concerning misstatements relating to provision bookings, Clariant engaged external counsel to investigate the matter. The investigation found that the 2020 financial statements required restatement and that the quarterly reporting of key financial data for 2020 and 2021 required correction, as announced by the company on 27 April 2022. Clariant has made the required restatement and correction and is confident that the matter has been resolved (see Note 3). Nevertheless, uncertainties around the existence, timing, and amount of possible financial obligations of the company may exist. It cannot be ruled out that this matter could result in Clariant becoming subject to formal investigations, proceedings, or claims, and any fine or other sanction imposed, or other possible financial obligations arising in connection with the restatement or correction, or that the underlying behavior could adversely affect the company.

### **13. DISTRIBUTION FROM RESERVES**

On 24 June 2022, the General Meeting approved a distribution of CHF 0.40 per registered share through capital reduction by way of a par value reduction. The payment to shareholders is expected in September 2022 and is recorded under Trade payables and other current liabilities in the balance sheet of 30 June 2022.

### **14. FINANCIAL LIABILITIES**

On 3 January 2022, an interest-free bridging loan in the amount of EUR 250 million was repaid early. On 28 April 2022, the certificates of indebtedness in the amount of EUR 13 million was repaid early. On 23 May 2022, the certificates of indebtedness in the amount of EUR 15 million and EUR 87 million reached maturity and were repaid. All holders of certificates of indebtedness (Col) in a total amount of EUR 544 million and the banks extending a Revolving Credit Facility (RCF) in the amount of CHF 445 million are entitled to be presented the audited consolidated financial statements of the Clariant Group by 30 April and 31 March 2022, respectively, of the following year. In the case of a delay, Col holders can extraordinarily terminate their investment and require an early repayment. RCF banks, subject to a majority vote of all RCF banks are entitled to a cancellation of their commitment and, as the case may be, a repayment of any funds drawn under the RCF. Due to the investigation of Clariant's financial reporting (see Note 3) and the ensuing delay of the publication of the Integrated Report, the original deadlines could not be kept by Clariant. This led to negotiations with the holders of these financial instruments to extend the deadline for the presentation of the audited Financial Report 2021 until 30 June 2022. All ten banks extending the RCF consented to extend the deadline for the presentation of the audited Financial Report 2021, including the restatement for 2020, until 30 June 2022. Of the 101 holders of Cols, three holders announced that they would not consent to an extension of the deadline for the presentation of the audited Financial Report 2021, and one of those three holders demanded an early payment of EUR 13 million, which was repaid on 28 April 2022.

### **15. EVENTS AFTER THE BALANCE SHEET DATE**

On July 26th, 2022 the Board of Directors mandated management to enter into negotiations to sell Clariant's Quat business to Global Amines Ltd, a Joint Venture operated by Clariant together with Wilmar. The activities, pertaining to the Business Unit ICS, recorded sales in the amount of CHF 129 million in 2021 and comprise production assets in Germany, Brazil and Indonesia. The signing of the disposal contract is expected for August 2022.



## 16. BUSINESS AREA FIGURES (CONTINUING OPERATIONS)

First Half CHF m	Sales to 3rd parties				EBITDA before exceptionals			EBITDA		
	2022	2021	% CHF	% LC	2022	2021 Restated	% CHF	2022	2021 Restated	% CHF
Care Chemicals	1 117	788	42	45	265	156	70	263	156	69
Catalysis	417	414	1	4	28	80	-65	27	80	-66
Natural Resources	1 029	832	24	27	189	138	37	190	138	38
<b>Business Areas total</b>	<b>2 563</b>	<b>2 034</b>			<b>482</b>	<b>374</b>		<b>480</b>	<b>374</b>	
Corporate	-	-			-34	-28		-44	-38	
<b>Total</b>	<b>2 563</b>	<b>2 034</b>	<b>26</b>	<b>29</b>	<b>448</b>	<b>346</b>	<b>29</b>	<b>436</b>	<b>336</b>	<b>30</b>

CHF m	Operating income before exceptionals			Operating income			Systematic depreciation of PPE and ROUA	
	2022	2021 Restated	% CHF	2022	2021 Restated	% CHF	2022	2021
Care Chemicals	225	121	86	223	121	84	34	32
Catalysis	-12	46	-126	-18	46	-139	35	28
Natural Resources	147	93	58	144	93	55	33	34
<b>Business Areas total</b>	<b>360</b>	<b>260</b>		<b>349</b>	<b>260</b>		<b>102</b>	<b>94</b>
Corporate	-49	-45		-59	-55		14	15
<b>Total</b>	<b>311</b>	<b>215</b>	<b>45</b>	<b>290</b>	<b>205</b>	<b>41</b>	<b>116</b>	<b>109</b>

## 17. BUSINESS AREA MARGINS (CONTINUING OPERATIONS)

First Half in %	Sales to 3rd parties (Share of Total)		EBITDA before exceptionals		EBITDA	
	2022	2021	2022	2021 Restated	2022	2021 Restated
Care Chemicals	43.6	38.7	23.7	19.8	23.5	19.8
Catalysis	16.3	20.4	6.7	19.3	6.5	19.3
Natural Resources	40.1	40.9	18.4	16.6	18.5	16.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>17.5</b>	<b>17.0</b>	<b>17.0</b>	<b>16.5</b>

in %	Operating income b. exceptionals		Operating income	
	2022	2021 Restated	2022	2021 Restated
Care Chemicals	20.1	15.4	20.0	15.4
Catalysis	-2.9	11.1	-4.3	11.1
Natural Resources	14.3	11.2	14.0	11.2
<b>Total</b>	<b>12.1</b>	<b>10.6</b>	<b>11.3</b>	<b>10.1</b>



## 18. CONDENSED EARNINGS PER SHARE DATA

	<b>First Half</b>	
	<b>2022</b>	2021 Restated
<b>Net result attributable to shareholders of Clariant Ltd (CHF m)</b>		
Continuing operations	172	91
Discontinued operations	197	50
<b>Total</b>	<b>369</b>	<b>141</b>
<b>Shares</b>		
<b>Number of registered shares at 30.06.2022 and 30.06.2021 respectively <sup>1</sup></b>	<b>331 939 199</b>	<b>331 939 199</b>
<b>Weighted average number of shares outstanding <sup>1</sup></b>	<b>329 196 036</b>	<b>329 500 230</b>
Adjustment for granted Clariant shares <sup>1</sup>	1 614 495	2 094 908
<b>Weighted average diluted number of shares outstanding</b>	<b>330 810 531</b>	<b>331 595 138</b>
<b>Basic earnings per share attributable to shareholders of Clariant Ltd (CHF/share)</b>		
Continuing operations	0.52	0.28
Discontinued operations	0.60	0.15
<b>Total</b>	<b>1.12</b>	<b>0.43</b>
<b>Diluted earnings per share attributable to shareholders of Clariant Ltd (CHF/share)</b>		
Continuing operations	0.52	0.27
Discontinued operations	0.60	0.15
<b>Total</b>	<b>1.12</b>	<b>0.42</b>

<sup>1</sup> The first half 2021 amounts restated compared to the last publication



## 19. FOREIGN EXCHANGE RATES

Rates used to translate the consolidated balance sheets (closing rates)	30.06.2022	31.12.2021	Change %
1 USD	0.96	0.91	5
1 EUR	1.00	1.03	-3
1 BRL	0.18	0.16	12
1 CNY	0.14	0.14	-
100 INR	1.21	1.23	-2
100 JPY	0.70	0.79	-11

Average sales-weighted rates used to translate the consolidated income statements and consolidated statements of cash flows	2022	2021	First Half Change %
1 USD	0.95	0.91	4
1 EUR	1.03	1.09	-6
1 BRL	0.19	0.17	12
1 CNY	0.15	0.14	7
100 INR	1.24	1.24	-
100 JPY	0.77	0.84	-8



# Clariant – what is precious to you?

Clariant is a focused, sustainable, and innovative specialty chemical company based in Muttenz, near Basel/Switzerland. On 31 December 2021, Clariant totaled a staff number of 11 537 and recorded sales of CHF 4.372 billion in the fiscal year for its continuing businesses.

Clariant's corporate strategy is led by the overarching purpose of 'Greater chemistry – between people and planet,' and reflects the importance of connecting customer focus, innovation, sustainability, and people.

The company reports in three Business Areas: Care Chemicals, Catalysis, and Natural Resources.

[www.clariant.com](http://www.clariant.com)

## CALENDAR OF CORPORATE EVENTS

27 October 2022	Third Quarter / Nine Month 2022 Reporting
01 March 2023	Fourth Quarter / Full Year 2022 Reporting
04 April 2023	Annual General Meeting

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## DISCLAIMER

This document contains certain statements that are neither reported financial results nor other historical information. This document also includes forward-looking statements. Because these forward-looking statements are subject to risks and uncertainties, actual future results may differ materially from those expressed in or implied by the statements. Many of these risks and uncertainties relate to factors that are beyond Clariant's ability to control or estimate precisely, such as future market conditions, currency fluctuations, the behavior of other market participants, the actions of governmental regulators and other risk factors such as: the timing and strength of new product offerings; pricing strategies of competitors; the Company's ability to

continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social, and regulatory framework in which the Company operates or in economic or technological trends or conditions, including currency fluctuations, inflation, and consumer confidence, on a global, regional, or national basis. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this document. Clariant does not undertake any obligation to publicly release any revisions to these forward-looking statements to reflect events or circumstances after the date of these materials.