AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR
SECOND QUARTER/FIRST HALF YEAR **|** 2023

Catalysts improvement on track, Care Chemicals and Additives impacted by macroeconomic challenges – Clariant achieved strong Operating Cash Flow

- **Q2 2023 sales decreased by 7 % in local currency, down 17 % in Swiss francs to CHF 1.084 billion**
- **Q2 2023 reported EBITDA margin at 16.1 % from 16.6 % in Q2 2022**
- **H1 2023 sales decreased by 3 % in local currency, down 11 % in Swiss francs to CHF 2.284 billion**
- **H1 2023 reported EBITDA margin at 15.0 % from 17.0 % in H1 2022**
- **H1 2023 Operating Cash Flow at CHF 78 million compared to CHF - 17 million in H1 2022**
- **Full Year 2023 Outlook: Full year sales between CHF 4.55 – 4.65 billion and reported EBITDA expected between CHF 650 – 700 million (14.3 % – 15.1 % reported EBITDA margin)**

“As indicated in early July, the challenging economic conditions affected the specialty chemicals sector and also impacted Clariant’s first-half year results. Our customers continued to bring their inventories down, and demand was weak in Care Chemicals and Additives, which impacted our profitability. We are pleased with our continued improvements in the Catalysts business, and we achieved further progress in reducing the negative sunliquid® impact on our results in the second quarter. Our stronger results in Catalysts partially offset the weaker trading results in the other business units. We implemented additional actions to align our cost base to a low volume environment, thereby increasing our 2025 targeted savings by CHF 10 million to a revised goal of CHF 170 million. We also continued our strong focus on cash, resulting in an improved operating cash flow by almost CHF 100 million compared to last year,” said Conrad Keijzer, Chief Executive Officer of Clariant.

Business Summary

	Second Quarter				First Half Year			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	1 084	1 301	- 17	- 7	2 284	2 563	- 11	- 3
EBITDA	175	216	- 19		342	436	- 22	
- margin	16.1 %	16.6 %			15.0 %	17.0 %		

Second Quarter 2023 Group Discussion

MUTTENZ, **July 28, 2023**

Clariant, a sustainability-focused specialty chemical company, today announced second quarter 2023 sales of CHF 1.084 billion, compared to CHF 1.301 billion in the second quarter of 2022. This corresponds to a 7 % decrease in local currency and 17 % lower sales in Swiss francs. Pricing was flat year-on-year, while volumes decreased by 5 %. Divestments (North American Land Oil and Quats businesses) as well as the consolidation of the US Attapulgite business had a net negative scope effect of 2 %. Currency impacted sales in the quarter by - 10 %. Sales growth was strong in the Business Unit Catalysts, which partially compensated for the weakness in the Care Chemicals and Adsorbents & Additives Business Units.

In the second quarter, local currency sales were down 10 % in the Europe, Middle East & Africa region. Care Chemicals and Adsorbents & Additives sales weakened, while Catalysts was strong in the Middle East. Sales in the Americas decreased by 11 %, primarily because the improvement in Adsorbents & Additives from the integration of the US Attapulgite business was unable to offset lower Care Chemicals sales (due in part to the disposal of the North American Land Oil business). Sales in Asia-Pacific were stable, despite an 8 % decline in China, as growth in Catalysts balanced out lower prices and volumes at Care Chemicals and Adsorbents & Additives.

Care Chemicals sales decreased by 17 % in local currency in the second quarter of 2023. This development was primarily driven by a volume decline with lower sales in both Consumer and Industrial Applications versus a challenging comparison base. Catalysts sales rose by 30 % in local currency with growth in all business segments. Adsorbents & Additives sales decreased by 12 % in local currency due to weaker demand for Additives in particular, against a very strong second quarter in 2022.

Group EBITDA decreased by 19 % to CHF 175 million, and the corresponding 16.1 % margin was below the 16.6 % reported in the second quarter of the previous year which included a CHF 22 million gain from the Scientific Design divestment. Positive profitability impacts included pricing measures in Catalysts and Adsorbents & Additives, as well as the preliminary CHF 62 million gain from the Quats disposal in Care Chemicals. Performance programs cost savings of approximately CHF 14 million addressed remnant cost from divested businesses and contributed positively to offset inflation. However, these factors did not offset the impact from lower volumes that negatively affected production utilization in certain businesses, together with restructuring charges of CHF 18 million, and a CHF 10 million negative operational impact from sunliquid®. Inventory devaluation resulting from lower raw material prices (- 12 %) in the second quarter of 2023 weighed on the profitability as well.

First Half Year 2023 Group Discussion

In the first half year 2023, sales were CHF 2.284 billion, compared to CHF 2.563 billion in the first half year 2022. This corresponds to a decrease of 3 % in local currency (- 2 % organic in local currency) and a decrease of 11 % in Swiss francs. Pricing had a positive impact on the Group of 4 % while volumes were down 6 %, scope (arising from divestments and an acquisition) was net - 1 %, and the currency impact was - 8 %.

In the first half year 2023, sales decreased by 5 % in the Europe, Middle East & Africa region in local currency, primarily due to weak demand in Germany (- 18 %). The 3 % sales contraction in the Americas is largely attributable to an 11 % decline in the US, where the result was impacted by the divestment of the North American Land Oil business and force majeure declarations in the first quarter. Sales in Asia declined by 2 % versus the first half of 2022, with China reporting a 12 % decrease.

Care Chemicals sales decreased by 9 % in local currency in the first half year 2023 versus a challenging comparison base. The prolonged destocking cycle continued to impact demand in key end markets in Care Chemicals as well as Additives. In Catalysts, the top line was up by 25 % in local currency, propelled by Propylene and Syngas & Fuels. Adsorbents & Additives sales decreased by 8 % in local currency due to weaker demand for Additives, against a particularly strong first half year in 2022.

Group EBITDA decreased by 22 % to CHF 342 million as profitability was negatively impacted by lower volumes, a CHF - 23 million impact from sunliquid® (excluding restructuring charges in the second quarter), the CHF - 11 million fair value adjustment of the Heubach Group participation in the first quarter, restructuring charges of CHF 20 million, as well as inventory devaluation. The disposal of the Quats business in Care Chemicals contributed a preliminary CHF 62 million gain while pricing effects overall remained positive. Raw material cost decreased by 5 %, and the execution of the performance improvement programs resulted in additional cost savings of CHF 22 million in the first half year 2023. As a result of these factors, the EBITDA margin decreased to 15.0 % from 17.0 %.

In the first half year 2023, the total Group net result was CHF 232 million versus CHF 386 million in the previous year. The result was lifted by the strong business performance in Catalysts, the preliminary CHF 62 million gain from the Quats disposal, as well as the positive impact on the tax rate from the reassessment of provisions related to prior years. In the first half year 2022, the net result had been lifted by the gain on the disposal of the Pigments Business Unit in discontinued operations.

Cash generated from operating activities for the total Group increased significantly to CHF 78 million from CHF - 17 million in the first half of 2022. This notable improvement was mainly attributable to the disposals and Clariant’s active working capital management.

Net debt for the total Group increased to CHF 908 million versus CHF 750 million recorded at the end of 2022. This development is largely attributable to reduced liquidity due to the payment of dividends.

ESG Update – Leading in Sustainability

Clariant's Scope 1 and 2 total greenhouse gas emissions fell to 0.57 million tons in the last twelve months (July 2022 to June 2023), a decline of 8 % from 0.62 million tons in the full year 2022. The total indirect greenhouse gas emissions for purchased goods and services (Scope 3) also decreased by 11 %, from 2.58 million tons in the full year 2022 to 2.3 million tons in the last twelve months. These results are to an extent attributable to the lower sales volumes in the first half year 2023. However, they also demonstrate continued progress toward reaching the Group's 2030 emissions reduction targets.

Clariant has numerous measures in place to reduce Scope 1 and 2 emissions. Thus far in 2023, Clariant further reduced the use of coal (50 % versus baseline year 2019). At a site in Bonthapally, India, steam is generated from sustainable biomass instead of coal. In addition, sun drying and natural drying of bentonites at various sites has replaced fossil fuel drying (coal and oil).

Clariant is committed to drive growth through sustainability and innovation across the portfolio. The Adsorbents & Additives Business Unit is improving the environmental impact of desiccants by adding plastic-free Desi Pak® ECO moisture adsorbing packets to help manufacturers and distributors protect sealed packaged goods from moisture damage. The innovative packets feature bio-based paper made from raw materials that are sustainably grown and use only water-based inks and adhesive. To further help customers reduce their own Scope 3 emissions, the sourcing of raw materials has been extended with a lower environmental impact to include transport packaging.

Outlook – Full Year 2023

From a macroeconomic perspective, Clariant expects to see no substantial economic recovery in the second half of 2023, while uncertainties and risks related to the economic environment remain. For the full year 2023, Clariant expects to achieve sales between CHF 4.55 – 4.65 billion, including a net divestments/acquisition impact of around CHF - 150 million relating to the Quats, North American Land Oil, and Attapulgite transactions as well as an expected approximate 5 – 10 % negative FX translation impact. The full year 2023 reported EBITDA is expected between CHF 650 – 700 million (14.3 % – 15.1 % reported EBITDA margin), including a preliminary CHF 62 million gain from the Quats divestment and approximately CHF 30 million in restructuring charges. Clariant expects an increased negative annualized sunliquid® impact to be counterbalanced by savings benefits from the restructuring programs and an easing inflationary environment, given the current economic outlook.

The Group has become a true specialty chemical company and remains committed toward its 2025 ambition to deliver profitable sales growth (4 – 6 % CAGR), a Group EBITDA margin between 19 – 21 %, and a free cash flow conversion of around 40 %.

Business Discussion
Business Unit Care Chemicals

	Second Quarter				First Half Year			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	543	740	- 27	- 17	1 246	1 498	- 17	- 9
EBITDA	133	142	- 6		261	291	- 10	
- margin	24.5 %	19.2 %			20.9 %	19.4 %		
EBITDA before exceptional items	77	140	- 45		207	291	- 29	
- margin	14.2 %	18.9 %			16.6 %	19.4 %		

Sales

In the second quarter of 2023, sales in the Business Unit Care Chemicals decreased by 17 % in local currency, 12 % of which was organic, and by 27 % in Swiss francs. The quarter was characterized by the slow pace of recovery in China, prolonged destocking, and softer demand against a very strong comparison base (second quarter 2022 Care Chemicals sales had increased by 35 % organically in local currency). Deflationary pressure on prices intensified, especially in Industrial Applications, Base Chemicals, and Mining Solutions. In terms of volumes, Oil Services (excluding the North American Land Oil business impact) grew at a high single-digit percentage rate while all other segments were lower than the strong second quarter of the previous year. Personal & Home Care sales decreased at a mid-teen percentage rate with a stronger decline in Crop Solutions and Industrial Applications.

Care Chemicals sales in the Europe, Middle East & Africa region decreased at a low-twenties percentage rate in the second quarter of 2023 due to particularly weak demand in Germany. In the Americas, the second largest region, sales were down at a mid-teen percentage rate largely due to the impact of the sale of the North American Land Oil business. Sales in Asia-Pacific grew at a low single-digit percentage rate.

In the first half of 2023, sales in the Business Unit Care Chemicals decreased by 9 % in local currency, 6 % of which was organic, and by 17 % in Swiss francs, with a segment development pattern similar to that seen in the second quarter.

EBITDA Margin

In the second quarter, the EBITDA margin increased to 24.5 % versus 19.2 % in the same period last year. The margin was supported by a preliminary CHF 62 million gain from the Quats disposal. Underlying profitability levels were impacted by notably reduced volumes, which resulted in lower operating leverage. Also, inventory devaluation and additional CHF 6 million restructuring charges in the second quarter of 2023 weighed on the EBITDA.

The Care Chemicals EBITDA margin in the first half year 2023 increased to 20.9 % from 19.4 %, also positively impacted by the gain from the Quats disposal.

Care Chemicals Insight

The Vita range of 100 % bio-based surfactants and ethoxylated derivatives, launched by Clariant IGL Specialty Chemicals Private Limited’s (CISC) in February 2022, directly addresses climate change issues by supporting customers in reducing their carbon footprint and Scope 3 emissions. CISC’s portfolio of renewable-based ethylene oxide derivatives was presented for the first time at ChemExpo India in April 2023. The CISC manufacturing facility in Kashipur, Uttarakhand, India, caters specifically to the Indian market, as Clariant expects India to emerge as one of the most significant specialty chemical markets. Going forward, this facility will also serve as a major export hub for the Vita range. Clariant expects to benefit from leveraging the ‘green’ ethylene oxide derivatives globally across other markets in the future.

Business Unit Catalysts

	Second Quarter				First Half Year			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	277	232	19	30	482	417	16	25
EBITDA	42	13	223		55	27	104	
- margin	15.2 %	5.6 %			11.4 %	6.5 %		
EBITDA before exceptional items	51	14	264		64	28	129	
- margin	18.4 %	6.0 %			13.3 %	6.7 %		

Sales

In the second quarter of 2023, sales in the Business Unit Catalysts increased by 30 % in local currency and by 19 % in Swiss francs. Particularly strong Propylene sales growth (> 50 %) drove the increase, followed by Syngas & Fuels with strong advances across all applications. Sales in Ethylene increased at a low-teen percentage rate, followed by Specialties sales, which were up at a low single-digit percentage rate.

Sales grew in the largest geographic market, Asia-Pacific, at a mid-teen percentage rate, driven by the new CATOFIN® (propane dehydrogenation) catalyst production site in Jiaxing, Zhejiang Province, China. Sales in the Europe, Middle East & Africa region were significantly above the second quarter levels in 2022 due to project timing. The growth reported in the Americas was attributable to the positive development in Latin America.

In the first half of 2023, sales in the Business Unit Catalysts increased by 25 % in local currency and by 16 % in Swiss francs with a segment development pattern like the second quarter.

EBITDA Margin

In the second quarter, the EBITDA margin increased to 15.2 % from 5.6 %. Excluding the CHF 17 million negative sunliquid® impact (of which CHF 7 million was for bioethanol restructuring), the EBITDA margin was 21.3 % in the second quarter of 2023. The pricing impact was favorable, and operating leverage improved as a result of strong volume growth. Business mix effects were also positive. On sunliquid®, the EBITDA impact, excluding restructuring charges, further improved to CHF - 10 million, compared to CHF - 13 million reported in the first quarter of 2023. The Clariant team has continued its efforts to address the mechanical, bio-chemical, and operational challenges involved in the ramp-up of this first-of-a-kind technology. Clariant is actively evaluating strategic options for sunliquid® and will provide an update by end of 2023.

The Catalysts EBITDA margin in the first half year 2023 increased to 11.4 % from 6.5 %, driven by positive pricing, higher volumes, and positive business mix effects.

Catalysts Insight

The new AmoMax™-Casale ammonia synthesis catalyst was developed jointly by Clariant and Casale. It features noteworthy activity, stability, and energy efficiency. In the second quarter of 2023, excellent results were reported in its first three commercial references: the ammonia production facilities of Nutrien in Trinidad and Tobago, Mosaic in the US, and YARA Sluiskil in the Netherlands. All three sites reported superior catalyst performance with significantly lower energy and production costs. Simultaneously, lower carbon dioxide emissions have substantially improved the sustainability of the plants.

Business Unit Adsorbents & Additives

	Second Quarter				First Half Year			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	264	329	- 20	- 12	556	648	- 14	- 8
EBITDA	18	79	- 77		72	162	- 56	
- margin	6.8 %	24.0 %			12.9 %	25.0 %		
EBITDA before exceptional items	25	80	- 69		80	163	- 51	
- margin	9.5 %	24.3 %			14.4 %	25.2 %		

Sales

In the second quarter of 2023, sales in the Business Unit Adsorbents & Additives decreased by 12 % in local currency and by 20 % in Swiss francs. The acquisition of the US-based Attapulgite business assets contributed sales growth of 3 % in local currency. In the Additives business sales declined in the low thirties-percentage rate. Slightly higher prices were countered by substantially lower volumes as the prolonged destocking cycle and very weak demand in key end markets continued against a very strong comparison base in the second quarter of 2022. The positive trend in Adsorbents persisted across the globe with higher sales at a low double-digit percentage rate, driven by foundry and purification applications.

Sales in the Europe, Middle East & Africa region, the largest region, were down at a low double-digit percentage rate. Asia-Pacific reflected a weaker development, with a decline in sales at a low-twenties percentage rate in the region and significantly weaker development in China, as growth in Adsorbents did not offset the Additives sales slowdown after a very strong previous year. In the Americas, sales grew slightly, particularly in the US, where the acquisition of the Attapulgite business assets accounted for part of this increase.

In the first half of 2023, sales in the Business Unit Adsorbents & Additives decreased by 8 % in local currency, with an 11 % organic decrease, and by 14 % in Swiss francs.

EBITDA Margin

In the second quarter, the EBITDA margin decreased to 6.8 % from a high 24.0 % in the same period of the previous year. Profitability levels were impacted by substantially lower volumes and continued customer destocking in Additives in particular, which resulted in lower operating leverage. Restructuring charges totaled CHF 7 million in the quarter, and the Adsorbents performance led to a less favorable business mix. In the second quarter of 2022, raw material price volatility caused a positive inventory revaluation, which, together with the strong operational performance in 2022, resulted in an elevated profitability level. The second quarter of 2023 was negatively impacted by inventory devaluation.

The Adsorbents & Additives EBITDA margin in the first half year 2023 decreased to 12.9 % from 25.0 %, impacted by lower volumes, inventory devaluation, and restructuring.

Adsorbents & Additives Insight

At the Chinaplas exhibition in April 2023, Clariant presented how its versatile additive solutions are adding extra value and new dimensions for the future of the plastics industry. Plastic components connected to electrically charged metal parts tend to burn easily and must comply with strict fire safety regulations. Therefore, electronic devices must be protected by flame retardants, which prevent or delay the development and spread of fires. Clariant’s Exolit® OP product family of tailor-made flame retardants, which were presented at Chinaplas, are based on nonhalogenated organic phosphorus compounds and are a safer and more environmentally friendly alternative to traditional ones. Some Exolit® OP products support a circular economy for plastics, considering their favorable properties for recycling.

Extraction from Key Financial Group Figures

	Second Quarter				First Half Year			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**	**2023**	**2022**	**% CHF**	**% LC**
Sales	1 084	1 301	- 17	- 7	2 284	2 563	- 11	- 3
EBITDA	175	216	- 19		342	436	- 22	
- margin	16.1 %	16.6 %			15.0 %	17.0 %		
EBITDA before exceptional items	135	210	- 36		319	448	- 29	
- margin	12.5 %	16.1 %			14.0 %	17.5 %		
EBIT					222	290		
Return on Invested Capital (ROIC)					**0.1 %**	**10.9 %**		
Net result from continuing operations					**230**	**189**		
Net result (1)					**232**	**386**		
Operating cashflow (1)					78	- 17		
Number of employees (1)					10 690	11 148 (3)		
Discontinued operations (2)								
Net result from discontinued operations					2	197		

(1) Total Group, including discontinued operations
(2) Pigments divested on 3 January 2022
(3) As of 31 December 2022

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Clariant is a focused specialty chemical company led by the overarching purpose of 'Greater chemistry – between people and planet'. By connecting customer focus, innovation, and people the company creates solutions to foster sustainability in different industries. On 31 December 2022, Clariant totaled a staff number of 11 148 and recorded sales of CHF 5.198 billion in the fiscal year for its continuing businesses. As of January 2023, the Group conducts its business through the three newly formed Business Units Care Chemicals, Catalysts, and Adsorbents & Additives. Clariant is based in Switzerland.