



Financial Review **Full Year 2022**

2 March 2023



Key Financial Group Figures

Continuing operations	12 months			
	2022		2021	
	CHF m	% of sales	CHF m	% of sales
Sales	5198	100.0	4372	100.0
Local currency growth (LC):	24%			
<i>Organic growth</i> ¹	23%			
<i>Acquisitions/divestitures</i>	1%			
Currencies	-5%			
Gross profit	1025	19.7	1295	29.6
EBITDA**	810	15.6	708	16.2
EBITDA before exceptional items**	893	17.2	760	17.4
Operating result	72	1.4	440	10.1
Operating income before exceptional items**	617	11.9	493	11.3
Net result from continuing operations	-101	-1.9	292	6.7
Basic earnings per share (CHF/share)	-0.40		0.81	
Net result total ²	116		373	
Return on invested capital (ROIC)**	1.5%		9.9%	
Net operating cash flow ²	502		363	
Discontinued operations:				
Sales	-		912	
Net result from discontinued operations	217		81	
Other key figures, total Group:		31.12.2022	31.12.2021	
Net debt	750		1535	
Equity (including noncontrolling interests)	2513		2544	
Gearing	30%		60%	
Number of employees	11 148		13 374	

¹ 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.

² Total Group, including discontinued operations

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

Financial discussion – Full Year

CONTINUING OPERATIONS SALES AND NET RESULTS FULL 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 24% in local currency and by 19% in Swiss francs.

The gross margin in the full year 2022 was 19.7% of sales, compared to 29.6% recorded in the prior-year period, due to the increase in raw material prices and product mix effects.

Selling, general, and administrative costs decreased in the full year 2022 to 16.0% of sales, compared to 16.9% recorded in the prior-year period, driven by higher absolute sales in 2022.

Research and development costs of CHF 160 million in the full year 2022 were slightly above the CHF 155 million recorded in the corresponding period of the previous year.

Income from associates and joint ventures of CHF 41 million in the full year 2022 remained unchanged compared to the CHF 41 million recorded in the corresponding period of the previous year.

Net financial expense deteriorated to CHF 66 million in the full year 2022, compared to CHF 46 million in 2021, resulting from a decline in the foreign exchange result, which was partially offset by lower interest expenses.

Tax expense Tax expense of CHF 107 million increased in 2022, compared to CHF 102 million tax expenses recorded in the prior-year period. The effective tax rate for the period was negatively impacted by the non-tax deductible impairments in Romania and in North America, currency and tax losses on which no deferred tax assets were recognized. However, the effective tax rate for the period was positively impacted by the recognition of deferred tax assets in Switzerland, by tax-exempt income, and an increased profitability in low-tax jurisdictions.

Net result from continuing operations amounted to a CHF – 101 million loss in the full year 2022, compared to a CHF 292 million gain reported in the same period of 2021.

Net result from discontinued operations of CHF 217 million was recorded in the full year 2022, compared to CHF 81 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 – DECEMBER 2022

Total assets decreased to CHF 6.188 billion as of 31 December 2022 from CHF 7.038 billion at the end of 2021, mainly due to the disposal of the Business Unit Pigments (see Note 5), the impairment of the North American Land Oil business assets, and the impairment of the Bioethanol plant in Podari, Romania (see Note 8).

Property, plant, and equipment decreased to CHF 1.549 billion from CHF 1.790 billion recorded at the end of 2021, mainly due to the impairment in Romania, as well as exchange rate differences.

Right-of-use assets decreased to CHF 240 million from CHF 281 million at the end of 2021, mainly due to the depreciation and exchange rate differences.

Intangible assets decreased to CHF 997 million from CHF 1.280 billion at the end of 2021, mainly as a result of the impairment of the goodwill and of other intangible assets pertaining to the North American Land Oil business, as well as exchange rate differences.

Investments in associates and joint ventures increased to CHF 327 million from CHF 211 million at the end of 2021, mainly due to the 20% stake in the Heubach Group created from the Clariant and Heubach Pigment activities.

Financial assets increased to CHF 225 million from CHF 198 million at the end of 2021, mainly due to a vendor loan granted to Heubach related to the final purchase price settlement for the disposal of the Pigments business.

Deferred income tax assets decreased to CHF 120 million from 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 related to those obligations.

Short-term deposits increased to CHF 324 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 and liabilities directly associated with assets held for sale amounted to CHF 50 million and CHF 6 million, respectively, as of 31 December 2022. This mainly related to the assets pertaining to the Quats business and to the North American Land Oil business expected to be sold in 2023. The assets of the Business Unit Pigments were disposed of.

Noncurrent financial debts decreased to CHF 870 million at the end of December 2022 from CHF 958 million at the end of 2021, while **current financial debts** decreased to CHF 355 million at the end of December 2022 from CHF 709 million at the end of 2021. This development 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. The bond in the amount of CHF 175 million was repaid on 26 September 2022 and refinanced by a green bond in the same amount with maturity in 2027. Certificates of indebtedness in the amount of EUR 263 million will mature in 2023 and were therefore reclassified from noncurrent to current financial debts.

Equity amounted to CHF 2.513 billion at the end of December 2022, which was slightly below CHF 2.544 billion at the end of 2021. This was the effect of the net profit for the period of CHF 116 million, the positive effect of the net investment hedges of CHF 20 million, and the positive impact of CHF 51 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 limitation of recognition of pension plan assets and of deferred tax. These effects were partially offset by the reduction of share capital in the amount of CHF 132 million, a negative currency translation effect of CHF 133 million, and the dividends paid to noncontrolling interests amounting to CHF 21 million.

Net debt decreased to CHF 750 million at the end of December 2022, compared to CHF 1.535 million at the end of 2021. This figure includes current and noncurrent 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 noncontrolling interests, decreased to 30% from 60% at the end of 2021 as a result of the decrease in net debt.

CASH FLOW

Cash flow before changes in working capital and provisions amounted to CHF 765 million in 2022, which was slightly below the CHF 770 million for 2021.

Working capital and provisions increased by CHF 143 million in 2022, compared to an increase of CHF 305 million in 2021. Increases in inventories amounted to CHF 178 million, and increases in trade receivables amounted to CHF 40 million, while provisions and payables decreased by CHF 75 million.

Cash generated from operating activities before tax payments was CHF 622 million in 2022 compared to CHF 465 million in 2021. The increase was mainly attributable to strong underlying earnings and net working capital management.

Investments in property, plant, and equipment (PPE) and **investments in intangible assets** were CHF 209 million and CHF 3 million, respectively, in 2022, compared to CHF 357 million and CHF 3 million, respectively, in 2021. These figures were impacted by the investment in the biofuel plant in Romania.

Payments for business acquisitions in the amount of CHF 60 million consist of a payment made on 31 October 2022 for the acquisition of the US Attapulgit business from BASF and an additional payment of CHF 4 million made related to the acquisition of bentonite mining activities in China in 2020.

Proceeds from the disposal of discontinued operations amounted to CHF 579 million, exclusively arising from the disposal of the Pigments activities.

Financing activities mainly include repayments of financial debts, lease liabilities, the related interest paid and received, as well as the distribution to shareholders and noncontrolling 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	12 months	
	2022	2021
Operating result	72	440
+ Depreciation of PPE	184	170
+ Impairment	462	1
+ Depreciation of right-of-use assets	54	54
+ Amortization of intangible assets	38	43
EBITDA	810	708

EBITDA before exceptional items

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

EBITDA before exceptional items (Continuing)

CHF m	12 months	
	2022	2021
EBITDA	810	708
+ Restructuring, impairment, transaction-related and other exceptional items ^{1 2}	567	53
– Impairment	–462	–1
+ Gain/Loss from the disposal of activities not qualifying as discontinued operations ²	–22	–
EBITDA before exceptional items	893	760

Operating income before exceptional items

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

Operating income before exceptional items (Continuing)

CHF m	12 months	
	2022	2021
Operating result	72	440
+ Restructuring, impairment, transaction-related and other exceptional items ¹	567	53
+ Gain/Loss from the disposal of activities not qualifying as discontinued operations ²	–22	–
Operating income before exceptional items	617	493

¹ Restructuring, impairment, transaction-related and other exceptional items for 2022: CHF 567 million (2021: CHF 53 million), of which: Cost of goods sold CHF 468 million (2021: CHF 7 million); Selling, general, and administrative costs CHF 89 million (2021: CHF 47 million); Research and development cost CHF 10 million (2021: CHF 1 million income)

² Gain/Loss from the disposal of activities not qualifying as discontinued operations for 2022: CHF 22 million (2021: CHF 0 million gain) reported under Selling, general, and administrative costs



- 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	31.12.2022	31.12.2021
Operating result	72	440
- Adjusted by the expected tax rate (26%)	-19	-115
Net operating profit less adjusted taxes	53	325
Total equity	2513	2544
- Cash, cash equivalents, and short-term deposits	-718	-427
- Assets held for sale	-50	-828
+ Current and noncurrent financial debts	1225	1667
+ Current and noncurrent lease liabilities	239	282
+ Liabilities directly associated with assets held for sale	6	247
+ Operating cash (2% of sales)	104	87
Net invested capital	3319	3572
Average net invested capital	3446	3274
Return on invested capital	1.5%	9.9%

Net debt

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

Net debt

CHF m	31.12.2022	31.12.2021
Noncurrent financial debt	870	958
+ Lease liabilities	239	282
+ Current financial debt	355	709
- Cash and cash equivalents	-394	-415
- Short-term deposits	-324	-12
- Financial instruments with positive fair values	-2	-1
+ Net debt reported as held for sale	6	14
Net debt	750	1535

Condensed financial statements of the Clariant Group (unaudited)

CONSOLIDATED BALANCE SHEETS

ASSETS	31.12.2022		31.12.2021	
	CHF m	%	CHF m	%
Noncurrent assets				
Property, plant, and equipment	1549		1790	
Right-of-use assets	240		281	
Intangible assets	997		1280	
Investments in associates and joint ventures	327		211	
Financial assets	225		198	
Employee benefits	61		76	
Deferred income tax assets	120		163	
Total noncurrent assets	3519	56.9	3999	56.8
Current assets				
Inventories	796		691	
Trade receivables	725		729	
Other current assets	326		316	
Current income tax receivables	54		48	
Short-term deposits	324		12	
Cash and cash equivalents	394		415	
Total current assets	2619	42.3	2211	31.4
Assets held for sale	50	0.8	828	11.8
Total assets	6188	100.0	7038	100.0
EQUITY AND LIABILITIES				
	CHF m	%	CHF m	%
Equity				
Share capital	863		996	
Treasury shares (par value)	-8		-8	
Other reserves	-1165		-1140	
Retained earnings	2651		2510	
Total capital and reserves attributable to Clariant shareholders	2341		2358	
Noncontrolling interests	172		186	
Total equity	2513	40.6	2544	36.1
Liabilities				
Noncurrent liabilities				
Financial debts	870		958	
Deferred income tax liabilities	27		30	
Retirement benefit obligations	488		593	
Noncurrent lease liabilities	195		233	
Provision for noncurrent liabilities	178		152	
Other liabilities	55		58	
Total noncurrent liabilities	1813	29.3	2024	28.8
Current liabilities				
Trade payables and other liabilities	1009		985	
Financial debts	355		709	
Current income tax liabilities	233		257	
Current lease liabilities	44		49	
Provision for current liabilities	215		223	
Total current liabilities	1856	30.0	2223	31.6
Liabilities directly associated with assets held for sale	6	0.1	247	3.5
Total liabilities	3675	59.4	4494	63.9
Total equity and liabilities	6188	100.0	7038	100.0



CONSOLIDATED INCOME STATEMENTS

	12 months			
	2022		2021	
	CHF m	%	CHF m	%
Sales	5 198	100.0	4 372	100.0
Costs of goods sold	-4 173	80.3	-3 077	70.4
Gross profit	1 025	19.7	1 295	29.6
Selling, general, and administrative costs	-834	16.0	-741	16.9
Research and development	-160	3.1	-155	3.5
Income from associates and joint ventures	41	0.8	41	0.9
Operating result	72	1.4	440	10.1
Finance income	18	0.3	24	0.5
Finance costs	-84	1.6	-70	1.6
Income before taxes	6	0.1	394	9.0
Taxes	-107	2.1	-102	2.3
Net result from continuing operations	-101	-1.9	292	6.7
Attributable to:				
Shareholders of Clariant Ltd	-133		267	
Noncontrolling interests	32		25	
Net result from discontinued operations	217		81	
Attributable to:				
Shareholders of Clariant Ltd	217		77	
Noncontrolling interests	-		4	
Net result total	116		373	
Attributable to:				
Shareholders of Clariant Ltd	84		344	
Noncontrolling interests	32		29	
Basic earnings per share attributable to the shareholders of Clariant Ltd (CHF/share):				
Continuing operations	-0.40		0.81	
Discontinued operations	0.66		0.23	
Total	0.26		1.04	
Diluted earnings per share attributable to the shareholders of Clariant Ltd (CHF/share):				
Continuing operations	-0.40		0.81	
Discontinued operations	0.66		0.23	
Total	0.26		1.04	



CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

CHF m	12 months	
	2022	2021
Net result	116	373
Other comprehensive income:		
Remeasurements:	73	14
<i>thereof: Actuarial gain/loss on retirement benefit obligations</i>	486	28
<i>thereof: Return on retirement benefit plan assets, excluding amount included in interest expense</i>	-355	152
<i>thereof: Limitation on recognition of net pension assets</i>	-58	-166
Fair value adjustment on financial assets	-4	2
Total items that will not be reclassified subsequently to the income statement, gross	69	16
Deferred tax on remeasurements and fair value adjustment on financial assets	-22	-7
Total items that will not be reclassified subsequently to the income statement, net	47	9
Net investment hedge	20	22
Cash flow hedges	-4	-
Currency translation differences	-133	-57
Share of other comprehensive income of associates and joint ventures	9	2
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities	76	-4
Total items that may be reclassified subsequently to the income statement, gross	-32	-37
Related tax	-	-
Total items that may be reclassified subsequently to the income statement, net	-32	-37
Other comprehensive income for the period, net of tax	15	-28
Total comprehensive income for the period	131	345
Attributable to:		
Shareholders of Clariant Ltd	115	315
Noncontrolling interests	16	30
Total comprehensive income for the period	131	345
Total comprehensive income attributable to shareholders of Clariant Ltd arising from:		
Continuing operations	-178	218
Discontinued operations	293	97
Total comprehensive income attributable to shareholders of Clariant Ltd	115	315



CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

										12 months			
										Other reserves			
CHF m	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 1 January 2021	1228	-9	259	1	-1360	-1100	2158	2277	139	2416			
Net result						-	344	344	29	373			
Net investment hedge					22	22		22		22			
Remeasurements						-	14	14		14			
Fair value adjustment on financial assets						-	2	2		2			
Deferred tax on remeasurements and fair value adjustment						-	-7	-7		-7			
Currency translation differences					-58	-58		-58	1	-57			
Share of other comprehensive income of associates and joint ventures						-	2	2		2			
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities					-4	-4		-4		-4			
Total comprehensive income for the period	-	-	-	-	-40	-40	355	315	30	345			
Reduction in share capital	-232	2				-		-230		-230			
Dividends to noncontrolling interests						-		-	-28	-28			
Acquisition of noncontrolling interests									-1	-1			
Effect of disposal									46	46			
<i>Employee share and option scheme:</i>													
Effect of employee services						-	4	4		4			
Treasury share transactions		-1				-	-7	-8		-8			
Balance 31 December 2021	996	-8	259	1	-1400	-1140	2510	2358	186	2544			
Balance 1 January 2022	996	-8	259	1	-1400	-1140	2510	2358	186	2544			
Net result						-	84	84	32	116			
Cash flow hedge				-4		-4		-4		-4			
Net investment hedge					20	20		20		20			
Remeasurements						-	73	73		73			
Fair value adjustment on financial assets						-	-4	-4		-4			
Deferred tax on remeasurements and fair value adjustment						-	-22	-22		-22			
Currency translation differences					-117	-117		-117	-16	-133			
Share of other comprehensive income of associates and joint ventures						-	9	9		9			
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities					76	76		76		76			
Total comprehensive income for the period	-	-	-	-4	-21	-25	140	115	16	131			
Reduction in share capital	-133	1				-		-132		-132			
Dividends to noncontrolling interests						-		-	-21	-21			
Effect of disposal								-	-9	-9			
<i>Employee share and option scheme:</i>													
Effect of employee services						-	2	2		2			
Treasury share transactions		-1				-	-1	-2		-2			
Balance 31 December 2022	863	-8	259	-3	-1421	-1165	2651	2341	172	2513			

CONSOLIDATED STATEMENTS OF CASH FLOWS

CHF m	12 months	
	2022	2021
Net result	116	373
Adjustment for:		
Depreciation and amortization	276	267
Impairment and reversal of impairment	462	1
Impairment of working capital	27	18
Income from associates and joint ventures	-41	-69
Tax expense	102	137
Net financial income and costs	46	46
Gain/Loss from the disposal of activities not qualifying as discontinued operations	-22	-
Gain/Loss on disposal of discontinued operations	-219	-
Other noncash items	10	-9
Total reversal of noncash items	641	391
Dividends received from associates and joint ventures	40	44
Payments for restructuring	-32	-38
Cash flow before changes in working capital and provisions	765	770
Changes in inventories	-179	-226
Changes in trade receivables	-40	-191
Changes in trade payables	77	196
Changes in other current assets and liabilities	-49	-26
Changes in provisions (excluding payments for restructuring)	48	-58
Cash generated from operating activities	622	465
Income taxes paid	-120	-102
Net cash generated from operating activities	502	363
Investments in property, plant, and equipment	-209	-357
Investments in intangible assets	-3	-3
Investments in financial assets, associates and joint ventures	-1	-5
Changes in current financial assets and short-term deposits	-302	254
Sale of property, plant, and equipment and intangible assets	9	57
Business combinations	-64	-91
Proceeds from the disposal of associates, joint ventures and financial assets	131	2
Proceeds from the disposal of discontinued operations	579	-
Net cash provided by/used in investing activities	140	-143
Purchase of treasury shares	-8	-16
Distributions to the shareholders of Clariant Ltd	-132	-230
Dividends paid to noncontrolling interests	-21	-28
Proceeds/payments associated to transactions with noncontrolling interests	-	-1
Proceeds from financial debts	204	337
Repayments of financial debts	-602	-499
Repayments of lease liabilities	-53	-59
Interest paid	-43	-51
Interest paid for leases	-11	-11
Interest received	14	20
Net cash provided by/used in financing activities	-652	-538
Currency translation effect on cash and cash equivalents	-11	-4
Net change in cash and cash equivalents	-21	-322
Cash and cash equivalents at the beginning of the period	415	737
Cash and cash equivalents at the end of the period	394	415



Notes to the condensed financial statements (unaudited)

1. BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are the condensed consolidated financial statements (hereafter the “consolidated financial statements”) of Clariant Ltd, a company registered in Switzerland, and its subsidiaries (hereafter the “Group”) for the twelve-month period ended on 31 December 2022. The condensed consolidated financial statements, which do not contain all the information that International Financial Reporting Standards (IFRS) would require for a full set of financial statements, have been prepared in accordance with IFRS and with the accounting policies set out in the Clariant Financial Report for the year ended 2021. The accounting policies applied are consistent with the ones applied at year-end 2021.

The consolidated financial statements were approved on 28 February 2023 by the Board of Directors.

The preparation of the condensed consolidated financial statements requires management to make estimates and assumptions that affect the reported 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 3 – Reference to the Conceptual Framework;
- Amendments to IAS 16 – Property, Plant, and Equipment – Proceeds before Intended Use;
- Amendments to IAS 37 – Onerous Contracts – Costs of Fulfilling a Contract;
- Annual Improvements to IFRS Accounting Standards, 2018–2020 Cycle

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

3. 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 December 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 186 million at the end of 2022, compared to CHF 198 million at the end of 2021, and are reported as part of financial assets. 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 529 million at the end of December 2022, compared to their carrying value of CHF 535 million. There were no transfers between the levels in 2022 or in 2021.



4. BUSINESS COMBINATION

On 31 October 2022, Clariant acquired from BASF its US-based Attapulgitic business assets by way of an asset deal for a preliminary consideration of USD 60 million. The assets acquired mainly consist of property, plant, and equipment, know-how, and inventories. The preliminary goodwill amounts to CHF 1 million. This acquisition pertains to the Business Unit Functional Minerals.

5. DISCONTINUED OPERATIONS

In 2019, Clariant announced its intention to sell the Business Unit Pigments. As a result, these activities were reclassified to discontinued operations in 2019.

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 733 million, including a 20% stake in the combined group newly created from the former Clariant and Heubach pigment activities and a Vendor Loan Note in the (discounted) amount of CHF 38 million to be paid in 2029.

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

in CHF m	2022
Total cash proceeds received as of 31 December 2022	614
Less cash and cash equivalents transferred	-35
Proceeds from the disposal of discontinued operations	579
Outstanding amounts	38
Equity investment	116
Total consideration for the sale	733
Net assets sold, including disposal-related expenses	-449
Gain on the disposal from discontinued operations	284
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities	-75
Gain on the disposal from discontinued operations before taxes	209
Taxes (current and deferred)	1
Gain on the disposal from discontinued operations after taxes	210

The 2022 net result from discontinued operations in the amount of CHF 217 million consists almost exclusively of the disposal gain on the Pigments disposal.

6. 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 22 million, reported in operating income.

7. WAR ON 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 included a sales office and a laboratory in Moscow, which contributed approximately 2% to the company's annual sales.

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

8. RESTRUCTURING, IMPAIRMENT, TRANSACTION-RELATED, AND OTHER EXCEPTIONAL ITEMS

In 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 61 million. Additionally, as part of continuing operations, impairments were recorded in amount of CHF 462 million, of which CHF 233 million related to the North American Land Oil business and CHF 220 million to the biofuel plant in Romania. Transaction-related costs and other exceptional items in the amount of CHF 44 million were recorded.

During the same period in the previous year, restructuring, impairment, transaction-related, and other exceptional items pertaining to the continuing operations amounted to CHF 53 million.

9. CONTINGENCIES

A Clariant subsidiary in the United States has been named along with many other defendants in lawsuits involving per- and polyfluoroalkyl substances (PFASs). 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 PFASs. 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.



10. 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 took place in September 2022.

11. 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, certificates of indebtedness in the amount of EUR 13 million were repaid early. On 23 May 2022, certificates of indebtedness in the amount of EUR 15 million and EUR 87 million reached maturity and were repaid. On 26 September 2022, a bond in the amount of CHF 175 million was repaid and, on the same date, the Group issued a new green bond in the exact same amount with a maturity in 2027.

All holders of certificates of indebtedness (COIs) in a total amount of EUR 543 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 event of a delay, COI holders and the banks extending the RCF may extraordinarily terminate their investment and require an early repayment. Due to the investigation into Clariant's financial reporting and the ensuing delay of the publication of the Integrated Report 2021, 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 96 holders of COIs, 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 holder demanded an early payment of EUR 13 million, which was repaid on 28 April 2022.

12. BUSINESS AREA FIGURES (CONTINUING OPERATIONS)

12 months CHF m	Sales to third parties				EBITDA before exceptionals			EBITDA		
	2022	2021	% CHF	% LC	2022	2021	% CHF	2022	2021	% CHF
Care Chemicals	2 099	1 699	24	28	473	366	29	469	351	34
Catalysis	989	907	9	14	98	150	-35	93	152	-39
Natural Resources	2 110	1 766	20	25	386	302	28	380	300	27
Business Areas total	5 198	4 372			957	818		942	803	17
Corporate	-	-			-64	-58		-132	-95	
Total	5 198	4 372	19	24	893	760	18	810	708	14

CHF m	Operating income before exceptionals				Operating income			Systematic depreciation of PPE and ROUAs	
	2022	2021	% CHF		2022	2021	% CHF	2022	2021
Care Chemicals	396	293	35		392	278	41	64	66
Catalysis	11	80	-86		-219	82	n.m.	80	58
Natural Resources	301	212	42		58	209	-72	67	69
Business Areas total	708	585			231	569		211	193
Corporate	-91	-92			-159	-129		27	31
Total	617	493	25		72	440	-84	238	224

13. BUSINESS AREA MARGINS (CONTINUING OPERATIONS)

12 months in %	Sales to third parties (Share of Total)		EBITDA before exceptionals		EBITDA	
	2022	2021	2022	2021	2022	2021
Care Chemicals	40.4	38.9	22.5	21.5	22.3	20.7
Catalysis	19.0	20.7	9.9	16.5	9.4	16.8
Natural Resources	40.6	40.4	18.3	17.1	18.0	17.0
Total	100.0	100.0	17.2	17.4	15.6	16.2

in %	Operating income b. exceptionals		Operating income	
	2022	2021	2022	2021
Care Chemicals	18.9	17.2	18.7	16.4
Catalysis	1.1	8.8	-22.1	9.0
Natural Resources	14.3	12.0	2.7	11.8
Total	11.9	11.3	1.4	10.1



14. CONDENSED EARNINGS PER SHARE DATA

	12 months	
	2022	2021
Net result attributable to shareholders of Clariant Ltd (CHF m)		
Continuing operations	-133	267
Discontinued operations	217	77
Total	84	344
Shares		
Number of registered shares at 31.12.2022 and 31.12.2021, respectively	331939199	331939199
Weighted-average number of shares outstanding	329164586	329336789
Adjustment for granted Clariant shares	1606420	2053495
Weighted-average diluted number of shares outstanding	330771006	331390284
Basic earnings per share attributable to shareholders of Clariant Ltd (CHF/share)		
Continuing operations	-0.40	0.81
Discontinued operations	0.66	0.23
Total	0.26	1.04
Diluted earnings per share attributable to shareholders of Clariant Ltd (CHF/share)		
Continuing operations	-0.40	0.81
Discontinued operations	0.66	0.23
Total	0.26	1.04



15. FOREIGN EXCHANGE RATES

Rates used to translate the consolidated balance sheets (closing rates)	31.12.2022	31.12.2021	Change %
1 USD	0.92	0.91	1
1 EUR	0.99	1.03	-4
1 BRL	0.18	0.16	12
1 CNY	0.13	0.14	-7
100 INR	1.12	1.23	-9
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	12 months Change %
1 USD	0.96	0.92	4
1 EUR	1.01	1.08	-6
1 BRL	0.19	0.17	12
1 CNY	0.14	0.14	-
100 INR	1.22	1.24	-2
100 JPY	0.72	0.83	-13



Clariant – Greater chemistry

Clariant is a focused, sustainable, and innovative specialty chemical company based in Muttenz, near Basel/Switzerland. 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.

The company reports in three Business Areas: Care Chemicals, Catalysis, and Natural Resources. As of January 2023, the Group conducts its business through the three newly formed Business Units Care Chemicals, Catalysts, and Adsorbents & Additives and will report accordingly as of the first quarter of 2023.

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.

www.clariant.com

CALENDAR OF CORPORATE EVENTS

9 March 2023	Integrated Report 2022
4 April 2023	Annual General Meeting
5 May 2023	First Quarter 2023 Reporting
28 July 2023	Second Quarter 2023 Reporting
30 October 2023	Third Quarter 2023 Reporting

YOUR CLARIANT CONTACTS

Investor Relations	
Andreas Schwarzwälder	Tel. +41 61 469 63 73
Maria Ivek	Tel. +41 61 469 63 73
Thijs Bouwens	Tel. +41 61 469 63 73
Media Relations	
Jochen Dubiel	Tel. +41 61 469 63 63
Anne Maier	Tel. +41 61 469 63 63
Ellese Caruana	Tel. +41 61 469 63 63

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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.