2022

HALF-YEAR FINANCIAL REPORT

January 1 to June 30, 2022

LANXESS

Energizing Chemistry

CONTENTS

LANXESS Group Key Data

€ million	Q2 2021	Q2 2022	Change %	H1 2021	H1 2022	Change %
Sales	1,469	1,999	36.1	2,841	3,930	38.3
Gross profit	387	484	25.1	737	956	29.7
Gross profit margin	26.3%	24.2%		25.9%	24.3%	
EBITDA pre exceptionals[1]	221	253	14.5	414	515	24.4
EBITDA margin pre exceptionals[1]	15.0%	12.7%		14.6%	13.1%	
EBITDA[1]	191	229	19.9	357	467	30.8
EBIT pre exceptionals[1]	116	122	5.2	205	260	26.8
EBIT[1]	84	97	15.5	146	210	43.8
EBIT margin[1]	5.7%	4.9%		5.1%	5.3%	
Net income	100	93	(7.0)	164	191	16.5
from continuing operations	47	48	2.1	83	114	37.3
from discontinued operations	53	45	(15.1)	81	77	(4.9)
Weighted average number of shares outstanding	86,346,303	86,346,303	–	86,346,303	86,346,303	–
Earnings per share (€)	1.16	1.08	(6.9)	1.90	2.21	16.3
from continuing operations	0.54	0.56	3.7	0.96	1.32	37.5
from discontinued operations	0.62	0.52	(16.1)	0.94	0.89	(5.3)
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)[2]	1.02	1.05	2.9	1.88	2.30	22.3
Cash flow from operating activities – continuing operations	1	150	> 100	34	57	67.6
Depreciation and amortization	107	132	23.4	211	257	21.8
Cash outflows for capital expenditures	82	92	12.2	143	151	5.6
Total assets				10,518[5]	11,820	12.4
Equity (including non-controlling interests)				3,762[5]	4,517	20.1
Equity ratio[3]				35.8%[5]	38.2%	
Provisions for pensions and other post-employment benefits				877[5]	461	(47.4)
Net financial liabilities[4]				2,345[5]	2,547	8.6
Net financial liabilities after deduction of short-term money market investments and securities[4]				2,245[5]	2,547	13.5
Employees (as of June 30)				14,866[5][6]	14,897[6]	0.2

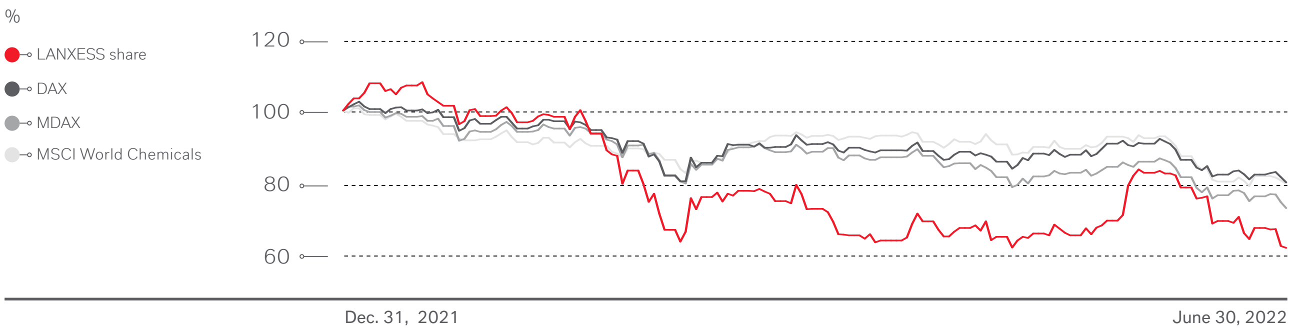
1) EBIT: earnings before interest and taxes.
EBIT pre exceptionals: EBIT disregarding exceptional charges and income.
EBIT margin: EBIT in relation to sales.
EBITDA: EBIT before depreciation of property, plant and equipment and amortization of intangible assets, less reversals of impairment charges on property, plant, equipment and intangible assets.
EBITDA pre exceptionals: EBITDA disregarding exceptional charges and income.
EBITDA margin pre exceptionals: EBITDA pre exceptionals in relation to sales.
Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.
2) Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets: earnings per share from continuing operations disregarding exceptional charges and income, amortization of intangible assets and attributable tax effects.
See "Net income/earnings per share/earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets" for details.
3) Equity ratio: equity in relation to total assets.
4) Net financial liabilities: sum of current and non-current financial liabilities (adjusted for liabilities for accrued interest) less cash, cash equivalents and near-cash assets.
See "Statement of Financial Position and Financial Condition" for details.
5) As of December 31, 2021.
6) There were 12,950 employees in continuing operations as of the reporting date after 12,951 as of December 31, 2021.

LANXESS ON THE CAPITAL MARKET

After 2021 was still significantly impacted by the effects of the coronavirus pandemic, our share price initially got off to a positive start in 2022. The LANXESS share started the year at €54.50 and reached its high for the year to date on January 17, 2022, closing at €58.70. The rest of the first half of 2022 was heavily influenced by geopolitical events. Following the start of the Russian war of aggression on Ukraine at the end of February, stock markets around the world slumped sharply. A strict lockdown also began in some Chinese cities at the end of March due to a renewed wave of the coronavirus, which led to massive global logistics restrictions. In addition to war-related uncertainties, there was increasing criticism of Germany's energy policy in recent years and the associated dependence on Russian gas imports. As a large part of Germany's oil and gas requirements were fulfilled by Russia in the past, the focus particularly shifted to the energy-intensive chemical industry.

The LANXESS share, like the shares of other European chemical companies, was therefore under continuous pressure during the first half of 2022. The LANXESS share still performed comparatively well in January, but closed at a low of €34.18 at the end of the first half of the year. In the first half of the year as a whole,

Stock Performance vs. Indices



our share lost 37.3% of its value. This is comparable to other German chemical companies, who also suffered an average loss in value of more than 30%. The macroeconomic uncertainty can also be seen on the DAX and MDAX, with a loss in value of 19.5% and 26.5% respectively. The MSCI World Chemicals Index was similarly affected, losing 23% in value.

Due to the still uncertain coronavirus situation in Germany at the time the Annual General Meeting was convened, this year's Annual General Meeting was held virtually again for the third consecutive time on May 25, 2022. The stockholders approved the Board of Management and Supervisory Board's dividend proposal of €1.05 per share for fiscal year 2021.

LANXESS Stock

		Q4 2021	Q1 2022	Q2 2022
Capital stock/no. of shares[1]	€/no. of shares	86,346,303	86,346,303	86,346,303
Market capitalization[1]	€ billion	4.71	3.44	2.95
High/low (intraday) for the period	€	59.92/50.46	59.04/39.72	46.29/32.10
Closing price[1]	€	54.50	39.89	34.18
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets	€	0.65	1.02	1.05

1) End of quarter: Q4: December 31, 2021, Q1: March 31, 2022, Q2: June 30, 2022.

INTERIM GROUP MANAGEMENT REPORT
AS OF JUNE 30, 2022

- Acquisition of the Microbial Control business from the U.S. Corporation International Flavors & Fragrances Inc. (IFF) completed on July 1, 2022
- LANXESS and Advent agree joint venture for high-performance engineering polymers business
- Second-quarter sales considerably above the previous year's level in all segments
- Continued pass-through of increasing raw material and energy costs to customers
- EBITDA pre exceptionals increased by 14.5% to €253 million in the second quarter (including the High Performance Materials business unit, earnings would have been €322 million and thus in the upper half of the forecast range of €280 million to €350 million)
- Guidance for fiscal year 2022 (excluding High Performance Materials): EBITDA pre exceptionals expected to be between €900 million and €1,000 million and thus significantly higher than the previous year's level of around €800 million after adjustment for comparability
- Guidance for fiscal year 2022 according to previous reporting structure confirmed: EBITDA pre exceptionals between €1,150 million and €1,250 million

GROUP STRUCTURE AND BUSINESS ACTIVITY

Legal structure

LANXESS AG is the parent company of the LANXESS Group and functions largely as a management holding company. LANXESS Deutschland GmbH is a wholly owned subsidiary of LANXESS AG and in turn controls the other subsidiaries and affiliates in Germany and abroad.

A list of the principal direct and indirect subsidiaries of LANXESS AG and a description of the Group's management and control organization are provided on page 90 of the Annual Report 2021 and in the "Changes in the scope of consolidation" section of the Notes to the Condensed Consolidated Interim Financial Statements as of June 30, 2022.

Reporting focus and material transactions

On July 1, 2022, LANXESS completed the acquisition of the Microbial Control business from U.S. corporation International Flavors & Fragrances Inc. (IFF). IFF Microbial Control is one of the leading providers of antimicrobial active ingredients and formulations for material protection, preservatives and disinfectants. The products are used in numerous applications, especially in personal care and household products, in industrial water treatment, and in paints and coatings. IFF Microbial Control has around 240 employees and runs two production plants of its own in St. Charles, Louisiana, and Institute, West Virginia, U.S. The business also has a large network of partners including active ingredient manufacturers and formulators. The business was integrated into the Material Protection Products business unit of the Consumer Protection segment. LANXESS has paid a preliminary purchase price of approximately US$1.3 billion for the IFF Microbial Control business unit.

On May 31, 2022, LANXESS and Advent International ("Advent"), one of the largest and most experienced global private equity investors headquartered in the U.S., agreed on a joint venture for high-performance engineering polymers. The transaction is still subject to the approval of the responsible authorities. Closing is expected in the first half of 2023.

As part of the transaction, LANXESS is contributing its High Performance Materials business unit from the Engineering Materials segment to the newly formed company. The High Performance Materials business unit is one of the leading suppliers of high-performance polymers commonly used in the automotive industry. The business most recently generated annual sales of around €1.5 billion with EBITDA pre exceptionals of around €210 million.

A contract has also been signed for the acquisition of the Engineering Materials business of the Dutch group Royal DSM. The purchase price amounts to around €3.7 billion and will be financed by Advent's equity and debt. The business represents sales of around €1.5 billion with an EBITDA margin of approximately 20%. DSM's Engineering Materials business is one of the world's leading suppliers of high-performance specialty materials used in the electronics, electrical and consumer goods sectors.

Advent will hold at least 60% of the new company. LANXESS will receive an initial payment of at least €1.1 billion and a share of up to 40% in the future company. LANXESS will have the option to sell its stake in the newly formed company to Advent after three years at the earliest.

After contributing the High Performance Materials business unit, LANXESS will include its minority interest in the new company in the LANXESS consolidated financial statements using the equity method. Since the transaction is expected to be completed within the next twelve months, the High Performance Materials business unit must be reported as a discontinued operation in accordance with IFRS 5. The earnings contributions for 2021 and 2022 have been removed from income from continuing operations in the income statement and shown in a single line item as income from discontinued operations. The High Performance Materials business unit's intangible assets and property, plant and equipment are not subject to further amortization or depreciation and are recognized at the lower of carrying amount and fair value less costs to sell. No adjustments have been made to the statement of financial position for reporting dates prior to June 30, 2022. In the tables shown below, we have generally omitted any indication that prior-year figures have been adjusted relating to this. More detailed explanations of financial reporting, the income statement from discontinued operations and its main items in the statement of financial position can be found in the "Discontinued operations" section of the Notes to the Condensed Consolidated Interim Financial Statements as of June 30, 2022.

As a result of the transaction, the LANXESS Group will now be organized into three specialty chemicals segments. The Engineering Materials segment has been wound up and the Urethane Systems business unit, which was previously included together with the High Performance Materials business unit, is recognized as an other segment.

This transaction will further streamline our business portfolio and make us significantly less dependent on cyclical fluctuations. We intend to use the proceeds to reduce debt and thus strengthen our statement of financial position. In addition, a share buyback program of up to €300 million is planned.

With the departure of Dr. Stephanie Coßmann on March 31, 2022, management responsibilities were allocated within the Board of Management on an interim basis. The Chairman of the Board of Management, Matthias Zachert, has provisionally assumed responsibility for the Legal and Compliance Group Function. Responsibility for the Human Resources Group Function and the role of Labor Director will be performed on an interim basis by Dr. Anno Borkowsky. Dr. Coßmann's successor is to be appointed as soon as possible.

ECONOMIC ENVIRONMENT AND BUSINESS DEVELOPMENT

Business conditions

General economic situation

In the second quarter, the global economy grew by 3.0% compared with the prior-year quarter. The growth was particularly strong in the Asia/Pacific region at 3.8%, while EMEA at 2.5% and the Americas at 2.7% fell short of the global growth.

Evolution of major industries

Global automotive production was 3.8% below the prior-year quarter in the reporting period. Only the Americas saw significant growth of 13.5%, while EMEA and Asia/Pacific dropped sharply at 10.9% and 8.3%, respectively. The construction industry also saw a slightly decline of 0.8% on the prior-year quarter, which was mainly due to America with a decline of 4.9%, while EMEA and Asia/Pacific grew slightly. The overall agrochemicals market remained largely stable compared with the development of the previous quarter, while the global chemical industry fell short of expectations with low growth, especially because of the stagnation in EMEA.

Sales

Sales of the LANXESS Group in the second quarter of 2022 amounted to €1,999 million, up €530 million or 36.1% against the previous year's figure. The sales development was influenced in particular by significantly higher selling prices driven by raw material and energy prices. Overall, higher selling prices resulted in sales growth of 26.2%. The portfolio changes had a positive effect on sales at Group level, primarily due to the contribution from the U.S. company Emerald Kalama Chemical acquired at the beginning of August 2021. Overall, there was a positive portfolio effect of 9.1% at Group level. In addition, the exchange rate effects led to a 6.7% increase in sales. Lower volumes, particularly due to a strained logistics situation, resulted in a 5.9% decline in sales.

In the first six months of fiscal year 2022, sales increased by €1,089 million, or 38.3%, to €3,930 million. In the previous year, half-year sales amounted to €2,841 million. In the first half of the year, too, sales were particularly positively impacted by the significant increase in selling prices. There was also a positive impact from the contribution of the U.S. company Emerald Kalama Chemical, acquired in August 2021, and also from exchange rate developments. Lower volumes in the second quarter led to a decline in sales. Adjusted for currency and portfolio effects, the LANXESS Group recorded a 23.6% increase in operational sales in the first half of the year.

Effects on Sales

%	Q2 2022	H1 2022
Price	26.2	25.9
Volume	(5.9)	(2.3)
Currency	6.7	5.5
Portfolio	9.1	9.2
	36.1	**38.3**

In an economic environment driven by sharply rising raw material and energy prices, all segments achieved higher sales than in the previous year in both the second quarter and the first six months. Please see the following table and "Segment Information" for details.

Sales by Segment

€ million	Q2 2021	Q2 2022	Change %	Proportion of Group sales %	H1 2021	H1 2022	Change %	Proportion of Group sales %
Advanced Intermediates	466	587	26.0	29.4	918	1,200	30.7	30.5
Specialty Additives	568	764	34.5	38.2	1,085	1,494	37.7	38.0
Consumer Protection	366	558	52.5	27.9	707	1,064	50.5	27.1
All other segments	69	90	30.4	4.5	131	172	31.3	4.4
	1,469	**1,999**	**36.1**	**100.0**	**2,841**	**3,930**	**38.3**	**100.0**

Prior-year figures restated.

Order book status

Most of our business is not subject to long-term agreements on fixed volumes or prices. Instead, our business is characterized by long-standing relationships with customers and revolving master agreements. Our activities are focused on demand driven orders with relatively short lead times, which do not provide a basis for long-term forward-looking statements about our capacity utilization or volumes. Our business is managed primarily on the basis of regular Group-wide forecasts with respect to the Group's operating target.

Any disclosure of the Group's order book status at a given reporting date therefore would not be indicative of the Group's short- or medium-term earning power. For this reason, no such disclosure is made in this report.

Gross profit

The cost of sales increased by 40.0% quarter-on-quarter to €1,515 million. In the prior-year quarter it amounted to €1,082 million. The increase resulted primarily from significantly higher procurement prices for raw materials and energy in the existing business. In addition, the integration of Emerald Kalama Chemical, acquired in 2021, resulted in a portfolio-related increase. Shifts in exchange rates also led to higher manufacturing costs. Capacity utilization was below the previous year's level. While gross profit was €484 million, up by €97 million, or 25.1%, against the prior-year quarter, the gross margin was slightly below the previous year's figure of 26.3% at 24.2%. In particular, higher selling prices resulting from increased procurement prices for raw materials and energy had a positive impact on earnings development. The portfolio and exchange rate effects also made a positive contribution to earnings. By contrast, lower sales volumes had a negative impact.

The cost of sales also increased by 41.3% year on year in the first half of the year, amounting to €2,974 million. In the prior-year period, the cost of sales amounted to €2,104 million. Gross profit rose year on year by €219 million, or 29.7%, to €956 million. The earnings increase resulted in particular from higher selling prices due to increased procurement prices for raw materials and energy. In addition, the portfolio effect and the change in exchange rates had a positive effect on earnings. The gross margin of 24.3% was below the previous year's figure of 25.9%.

EBITDA pre exceptionals and operating result (EBIT)

The operating result before depreciation, amortization, write-downs and reversals (EBITDA) pre exceptionals amounted to €253 million in the second quarter of 2022, €32 million higher than the prior-year quarter. In the previous year, EBITDA pre exceptionals amounted to €221 million. All segments recorded significantly higher raw material and energy prices, which were passed on to the market through a successful increase in selling prices. Lower sales volumes, due mainly to a generally difficult logistics situation, and higher freight costs led to a decline in earnings in the Advanced Intermediates segment. The Specialty Additives and Consumer Protection segments saw positive business development, with the Consumer Protection segment benefiting significantly from the contribution of the U.S. company Emerald Kalama Chemical, acquired in August 2021. Changes in exchange rates had a positive influence on earnings development in all segments. Please see the table below and "Segment Information" for details on the individual segments. Primarily due to higher freight costs, portfolio effects, and exchange rate effects, selling expenses rose by 25.5% to €241 million. Research and development costs amounted to €26 million, compared to €23 million in the prior-year period, while general administration expenses amounted to €71 million, compared to €62 million in the previous year, partly due to portfolio effects. The Group EBITDA margin pre exceptionals came in at 12.7%, against 15.0% in the prior-year quarter.

Group EBITDA pre exceptionals amounted to €515 million in the first half of the year, €101 million higher than the previous year's figure of €414 million. All segments generally made a positive contribution to earnings, which was weakened by a continuing difficult logistics situation and the associated sharp increase in freight costs. The significantly increased raw material and energy prices were passed on to the market via a successful increase of selling prices. With the exception of Specialty Additives, all segments recorded lower volumes. The contribution of the U.S. company Emerald Kalama Chemical, acquired in August 2021, also had a particularly positive effect. The change in exchange rates likewise had a positive effect in the segments. Owing mainly to higher freight costs and portfolio-related factors, selling expenses also rose by €110 million year-on-year to €477 million. Research and development costs amounted to €50 million, compared to €46 million in the prior-year period, while general administration expenses increased by €12 million to €141 million, partly due to portfolio effects.

EBITDA Pre Exceptionals by Segment

€ million	Q2 2021	Q2 2022	Change %	H1 2021	H1 2022	Change %
Advanced Intermediates	91	74	(18.7)	161	161	0.0
Specialty Additives	89	134	50.6	163	270	65.6
Consumer Protection	71	90	26.8	147	176	19.7
All other segments	(30)	(45)	(50.0)	(57)	(92)	(61.4)
	221	**253**	**14.5**	**414**	**515**	**24.4**

Prior-year figures restated.

The Group operating result (EBIT) amounted to €97 million in the second quarter. In the previous year, Group EBIT amounted to €84 million. Depreciation, amortization and write-downs amounted to €132 million and increased by €25 million or 23.4% compared with the figure for the prior-year quarter, primarily due to the acquisition of Emerald Kalama Chemical in August 2021 and exchange rate effects. The depreciation, amortization and write-downs include write-downs of €3 million. No impairment losses were recognized in the prior-year quarter. Net negative exceptional items of €25 million included in other operating income and expenses in the reporting quarter affected EBITDA by a total of €24 million and resulted primarily from expenses in connection with strategic IT projects, digitalization projects, and M&A and integration activities relating to the recently completed and agreed acquisitions. In the prior-year quarter, negative exceptional items of €32 million were incurred, €30 million of which impacted EBITDA. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

In the first half of the year, LANXESS posted EBIT of €210 million, compared with €146 million a year earlier. Depreciation, amortization and write-downs rose by €46 million from €211 million to €257 million, primarily due to the acquisition of Emerald Kalama Chemical in August 2021 and to exchange rate effects. The depreciation, amortization and write-downs include write-downs of €6 million. Net negative exceptional items of €50 million included in other operating income and expenses for the half-year affected EBITDA by a total of €48 million and resulted primarily from expenses in connection with strategic IT projects, digitalization projects, and M&A and integration activities relating to the most recently completed and agreed acquisitions. In the prior-year period, net negative exceptional items of €59 million were incurred, €57 million of which impacted EBITDA. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Reconciliation of EBITDA Pre Exceptionals to EBIT

€ million	Q2 2021	Q2 2022	Change %	H1 2021	H1 2022	Change %
EBITDA pre exceptionals	**221**	**253**	**14.5**	**414**	**515**	**24.4**
Depreciation and amortization	(107)	(132)	(23.4)	(211)	(257)	(21.8)
Exceptional items in EBITDA	(30)	(24)	20.0	(57)	(48)	15.8
Operating result (EBIT)	**84**	**97**	**15.5**	**146**	**210**	**43.8**

Financial result

The financial result amounted to minus €30 million in the second quarter of 2022. In the prior-year quarter, the financial result was minus €17 million. The net interest result was minus €15 million, compared with minus €14 million in the prior-year quarter. The other financial result was minus €15 million, compared with minus €3 million in the prior-year quarter.

The financial result for the first half of 2022 was minus €52 million, against €30 million a year earlier. In total, the net interest result of minus €31 million was lower than in the previous year by €2 million. The other financial result was minus €21 million in the reporting period, compared with minus €1 million in the prior-year period.

The changes in the quarterly and half-year result were primarily influenced by effects resulting from the market valuation of warrants for shares in the company Standard Lithium Ltd., Vancouver, Canada.

Income before income taxes

In the second quarter, as in the prior-year quarter, income before income taxes came to €67 million. The effective tax rate was 28.4%, compared with 29.9%.

In a half-year comparison, income before income taxes increased from €116 million to €158 million. The effective tax rate was 27.8%, compared with 28.4% for the previous year.

Net income/earnings per share/earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets

Net income in the second quarter came to €93 million, of which €48 million was attributable to continuing operations. In the prior-year quarter, €47 million of the net income of €100 million was allocable to continuing operations. At €191 million in the first half of the year, net income was €27 million higher than the net income of €164 million of the previous year. Net income of €114 million was attributable to continuing operations; in the previous year, this figure was €83 million. Net income of €45 million and €77 million was attributable to discontinued operations in the second quarter and in the first half of the year, respectively. In the previous year, net income of €53 million and €81 million was attributable to discontinued operations in the second quarter and in the first half of the year, respectively.

Earnings per share are calculated by dividing net income by the weighted average number of LANXESS shares outstanding during the reporting period. Earnings per share amounted to €1.08, which was lower than the figure of €1.16 for the prior-year quarter. Earnings per share from continuing operations were €0.56 against €0.54 in the prior-year quarter. In the first half of the year, earnings per share were €2.21 compared with €1.90 in the previous year. Earnings per share from continuing operations were €1.32 against €0.96 in the prior-year period.

Earnings per Share

	Q2 2021	Q2 2022	H1 2021	H1 2022
Net income (€ million)	**100**	**93**	**164**	**191**
from continuing operations (€ million)	47	48	83	114
from discontinued operations (€ million)	53	45	81	77
Weighted average number of shares outstanding	86,346,303	86,346,303	86,346,303	86,346,303
Earnings per share (€)	**1.16**	**1.08**	**1.90**	**2.21**
from continuing operations (€)	0.54	0.56	0.96	1.32
from discontinued operations (€)	0.62	0.52	0.94	0.89

We also calculate earnings per share from continuing operations pre exceptionals and amortization of intangible assets, which are not defined by International Financial Reporting Standards. This value was calculated from the earnings per share from continuing operations adjusted for exceptional items, amortization of intangible assets and attributable tax effects. Earnings per share from continuing operations pre exceptionals and amortization of intangible assets came in at €1.05 in the second quarter and €2.30 in the first half of 2022. In the second quarter and in the first half of the previous year, earnings per share from continuing operations pre exceptionals and amortization of intangible assets amounted to €1.02 and €1.88 respectively.

Reconciliation to Earnings per Share from Continuing Operations Adjusted for Exceptional Items and Amortization of Intangible Assets

€ million	Q2 2021	Q2 2022	H1 2021	H1 2022
Net income from continuing operations	**47**	**48**	**83**	**114**
Exceptional items[1]	32	25	59	50
Amortization of intangible assets/reversals of impairment charges[1]	24	34	49	66
Income taxes[1]	(15)	(16)	(29)	(31)
Net income from continuing operations adjusted for exceptional items and amortization of intangible assets	**88**	**91**	**162**	**199**
Weighted average number of shares outstanding	86,346,303	86,346,303	86,346,303	86,346,303
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)	**1.02**	**1.05**	**1.88**	**2.30**

1) Excluding items attributable to non-controlling interests.

BUSINESS DEVELOPMENT BY REGION

Sales by Market

	Q2 2021		Q2 2022		Change	H1 2021		H1 2022		Change
	€ million	%	€ million	%	%	€ million	%	€ million	%	%
EMEA (excluding Germany)	455	31.0	572	28.6	25.7	873	30.7	1,180	30.0	35.2
Germany	262	17.8	332	16.6	26.7	507	17.9	673	17.1	32.7
North America	375	25.5	563	28.2	50.1	707	24.9	1,041	26.5	47.2
Latin America	60	4.1	100	5.0	66.7	117	4.1	196	5.0	67.5
Asia-Pacific	317	21.6	432	21.6	36.3	637	22.4	840	21.4	31.9
	1,469	**100.0**	**1,999**	**100.0**	**36.1**	**2,841**	**100.0**	**3,930**	**100.0**	**38.3**

Sales in the **EMEA** region (excluding Germany) increased by €117 million, or 25.7%, to €572 million in the second quarter of 2022. Adjusted for small positive currency effects and noticeable portfolio effects, sales rose by 15.9%. This development was driven mainly by the Consumer Protection and Advanced Intermediates segments, whose sales saw low double-digit growth rates, while the businesses of the Specialty Additives segment developed positively with a low single-digit growth rate.

Sales in the first half of 2022 in the EMEA region (excluding Germany) increased by €307 million, or 35.2%, to €1,180 million. Adjusted for small positive currency effects and noticeable portfolio effects, sales rose by 24.4%. All segments contributed to this business development and recorded low double-digit growth rates.

Sales in **Germany** in the second quarter were up €70 million, or 26.7%, year on year at €332 million. After adjustment for minor currency and portfolio effects, the growth amounted to 23.6%. All segments, but especially Advanced Intermediates, contributed to this business development and recorded low double-digit growth rates.

In the first half of 2022, sales in Germany increased by €166 million, or 32.7%, to €673 million. After adjustment for minor currency and portfolio effects, the increase was 29.4%. All segments, but most significantly the Advanced Intermediates segment, contributed to this business development and recorded low double-digit growth rates.

Sales in the **North America** region increased by €188 million, or 50.1%, to €563 million in the second quarter of 2022. After adjustment for clearly positive currency effects and portfolio changes, sales increased by 21.7%. The positive business development was influenced mainly by the Specialty Additives segment and, to a lesser extent, the Advanced Intermediates segment. Both segments recorded growth rates of low double-digit percentages. The Consumer Protection segment's business was largely unchanged on the prior-year quarter.

In the first half of 2022, sales in North America rose by €334 million, or 47.2%, to €1,041 million. After adjustment for clearly positive currency effects and portfolio changes, sales increased by 23.5%. The positive business development was mainly driven by the Specialty Additives segment and, to a lesser extent, the Advanced Intermediates segment. Both segments recorded growth rates of low double-digit percentages. The Consumer Protection segment expanded its businesses only slightly compared with the prior-year period with a mid-single-digit growth rate.

Sales in the **Latin America** region in the second quarter of 2022, at €100 million, were €40 million, or 66.7%, up on the previous year's figure of €60 million. After adjustment for pronounced currency and portfolio effects, sales grew by 23.8%. All segments reported positive business development, with low to mid-double-digit growth rates.

In the first half of 2022, sales in the Latin America region increased by €79 million, or 67.5%, to €196 million. After adjustment for significant currency and portfolio effects, the increase was 27.1%. All segments, especially Advanced Intermediates and Specialty Additives, reported positive business development with low to mid-double-digit growth rates.

Second-quarter sales in the **Asia-Pacific** region increased by €115 million, or 36.3%, to €432 million. After adjustment for significant currency and portfolio effects, sales grew by 21.1%. The positive business development was mainly driven by the Specialty Additives segment. The Specialty Additives and Advanced Intermediates segments recorded growth rates of low double-digit percentages. The Consumer Protection segment expanded its businesses only slightly by a low single-digit percentage compared with the prior-year period.

In the first half of 2022, sales in this region rose by €203 million, or 31.9%, to €840 million. After adjustment for significant currency and portfolio effects, sales increased by 17.6%. The business expansion was mainly attributable to the Specialty Additives segment and, to a lesser extent, the Advanced Intermediates segment. Both segments recorded growth rates of low double-digit percentages. The Consumer Protection segment fell slightly short of the previous year's sales level.

SEGMENT INFORMATION

As of June 30, 2022, the High Performance Materials business unit will be accounted for as a discontinued operation in accordance with IFRS 5. The Engineering Materials segment has been wound up and the Urethane Systems business unit, which was previously included together with the High Performance Materials business unit, is recognized as an other segment. The previous year's figures have been restated accordingly.

Advanced Intermediates

	Q2 2021		Q2 2022		Change	H1 2021		H1 2022		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	466		587		26.0	918		1,200		30.7
EBITDA pre exceptionals	91	19.5	74	12.6	(18.7)	161	17.5	161	13.4	0.0
EBITDA	91	19.5	74	12.6	(18.7)	161	17.5	161	13.4	0.0
Operating result (EBIT) pre exceptionals	63	13.5	44	7.5	(30.2)	106	11.5	103	8.6	(2.8)
Operating result (EBIT)	63	13.5	44	7.5	(30.2)	106	11.5	103	8.6	(2.8)
Cash outflows for capital expenditures	28		19		(32.1)	48		37		(22.9)
Depreciation and amortization	28		30		7.1	55		58		5.5
Employees as of June 30 (previous year: as of Dec. 31)	3,021		3,021		0.0	3,021		3,021		0.0

Prior-year figures restated in accordance with the organizational reassignment of the business with benzyl products from the Advanced Intermediates segment's Advanced Industrial Intermediates business unit to the Consumer Protection segment in 2021.

Our **Advanced Intermediates** segment recorded sales of €587 million in the second quarter of 2022, up 26.0%, or €121 million, on the figure for the prior-year period. The sales development was particularly influenced by the sharp rise in selling prices in both business units, which were above the previous year's level as much higher raw material and energy prices were passed on. Overall, there was a positive price effect on sales of 29.2% at segment level. In addition, shifts in exchange rates had a positive effect on both business units and increased the segment's sales by 5.2% in total. Lower volumes resulted in a sales decline of 8.4%. Compared with strong demand in the prior-year quarter, the Inorganic Pigments business unit in particular saw declining volumes due to a difficult logistics situation. Sales in all regions were above the level of the prior-year quarter.

EBITDA pre exceptionals in the Advanced Intermediates segment decreased by 18.7% to €74 million, compared with the previous year's figure of €91 million. Some of the significantly increased raw material and energy prices can be passed on to customers only with a time lag due to contractual agreements. A difficult logistics situation also led to both higher freight costs and lower volumes and had a negative impact on earnings in both business units. The change in exchange rates had a slightly positive influence on earnings development in the segment. The segment's EBITDA margin pre exceptionals declined to 12.6% after 19.5% in the prior-year period.

The Advanced Intermediates segment generated half-year sales in 2022 of €1,200 million, a year-on-year increase of 30.7%. In a half-year comparison, sales development in both business units was also shaped by the sharp rise in selling prices due to the uptick in raw material and energy prices being passed on. Selling prices in both business units were significantly higher than the previous year's level, increasing sales by 32.5%. While volumes in the Advanced Intermediates business unit were on a par with the previous year, the difficult logistics situation in the Inorganic Pigments business unit led to lower sales volumes. This reduced sales by 5.9% at segment level. Currency developments had a positive effect on sales of 4.1%.

As in the prior-year period, the segment achieved EBITDA pre exceptionals of €161 million in the first half of 2022. The EBITDA margin pre exceptionals came in at 13.4%, against 17.5% in the previous year.

Specialty Additives

	Q2 2021		Q2 2022		Change	H1 2021		H1 2022		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	568		764		34.5	1,085		1,494		37.7
EBITDA pre exceptionals	89	15.7	134	17.5	50.6	163	15.0	270	18.1	65.6
EBITDA	86	15.1	134	17.5	55.8	158	14.6	270	18.1	70.9
Operating result (EBIT) pre exceptionals	48	8.5	85	11.1	77.1	81	7.5	177	11.8	> 100
Operating result (EBIT)	44	7.7	85	11.1	93.2	75	6.9	177	11.8	> 100
Cash outflows for capital expenditures	24		24		0.0	40		37		(7.5)
Depreciation and amortization	42		49		16.7	83		93		12.0
Employees as of June 30 (previous year: as of Dec. 31)	3,030		3,030		0.0	3,030		3,030		0.0

Sales in our **Specialty Additives** segment rose by 34.5% in the second quarter of 2022 to €764 million. At segment level, the overall increase in sales of 25.9% resulted from higher selling prices due to the passing-through of sharply higher raw material and energy prices. Shifts in exchange rates, especially for the U.S. dollar, had a positive effect on all business units and increased sales in the segment by 9.5%. In addition, a positive sales contribution of 3.7% was made by the business with specialty chemicals for industrial applications, integrated into the Polymer Additives business unit, of the U.S. company Emerald Kalama Chemical, which was acquired at the beginning of August 2021. The Lubricant Additives business unit slightly increased its volumes due to an ongoing recovery of the aviation and oil and gas industries, while the segment's other two business units reported lower volumes compared to good demand in the prior-year quarter. At segment level, sales volumes moved down by 4.6%. Sales in all regions were above the level of the prior-year quarter.

EBITDA pre exceptionals in the Specialty Additives segment increased by €45 million, or 50.6%, to €134 million. The strong earnings development resulted primarily from the further price recovery due to increased raw material and energy prices. Earnings were likewise improved by advantageous currency effects. In addition, earnings in the Lubricant Additives Business unit were positively affected by good demand from the oil and gas industry and ongoing recovery in the aviation industry. Volumes fell short of the good prior-year quarter due in particular to a difficult logistics situation and had a negative impact on earnings, as did higher freight costs. The EBITDA margin pre exceptionals increased to 17.5%, against 15.7% a year ago.

In the first half of 2022, the Specialty Additives segment generated sales of €1,494 million, a year-on-year rise of 37.7%. As in the quarterly comparison, the 24.2% increase in sales mainly resulted from higher selling prices due to the pass-through of much higher raw material and energy prices. In addition, shifts in exchange rates had a positive effect in all business units and a positive influence of 7.8% on sales at segment level. The contribution of the business with specialty chemicals for industrial applications of the U.S. company Emerald Kalama Chemical, acquired at the beginning of August 2021 and integrated into the Polymer Additives business unit, also increased sales by 3.5%. In particular, good demand in the Polymer Additives and Lubricant Additives Business Units resulted in higher volumes and to a volume-related increase in sales of 2.2% at segment level.

The segment's EBITDA pre exceptionals increased by 65.6% to €270 million in the first half of 2022. The EBITDA margin pre exceptionals came in at 18.1%, against 15.0% in the previous year.

The segment recorded no exceptional items that impacted EBITDA in the second quarter or first half of the year. In the previous year, there were negative exceptional items of €4 million in the second quarter and €6 million in the first half of the year, which impacted EBITDA. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Consumer Protection

	Q2 2021		Q2 2022		Change	H1 2021		H1 2022		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	366		558		52.5	707		1,064		50.5
EBITDA pre exceptionals	71	19.4	90	16.1	26.8	147	20.8	176	16.5	19.7
EBITDA	71	19.4	90	16.1	26.8	147	20.8	175	16.4	19.0
Operating result (EBIT) pre exceptionals	49	13.4	54	9.7	10.2	104	14.7	103	9.7	(1.0)
Operating result (EBIT)	49	13.4	54	9.7	10.2	104	14.7	102	9.6	(1.9)
Cash outflows for capital expenditures	16		36		> 100	30		59		96.7
Depreciation and amortization	22		36		63.6	43		73		69.8
Employees as of June 30 (previous year: as of Dec. 31)	3,266		3,301		1.1	3,266		3,301		1.1

Prior-year figures restated in accordance with the organizational reassignment of the business with benzyl products from the Advanced Intermediates segment in 2021 and the transfer of the business of LANXESS Distribution GmbH, Leverkusen, Germany, from the "all other segments" category to the Flavors & Fragrances business unit effective January 1, 2022.

In our **Consumer Protection** segment, sales amounted to €558 million in the reporting quarter of 2022, 52.5% higher than the previous year's figure. This was particularly attributable to the sales of the Flavors & Fragrances business unit, which includes the business with specialty chemicals for the consumer goods sector of U.S. company Emerald Kalama Chemical, which was acquired at the beginning of August 2021. Overall, there was a positive portfolio effect of 30.9% at segment level. All business units achieved higher selling prices, which pushed up sales by 22.4%. In addition, shifts in exchange rates, in particular the U.S. dollar, had a positive effect in almost all business units and overall had a positive influence of 3.8% on sales at segment level. At segment level, lower volumes resulted in a sales decline of 4.6%. This was due in particular to a difficult logistics situation, as a result of which the Material Protection Products business unit in particular recorded lower volumes. Sales in all regions were above the level of the prior-year quarter.

EBITDA pre exceptionals in the Consumer Protection segment increased by €19 million, or 26.8%, to €90 million, compared with the previous year's figure of €71 million. A positive earnings contribution resulted from the integration of the business of Emerald Kalama Chemical. Higher selling prices and shifts in exchange rates, particularly of the U.S. dollar, had a positive effect in almost all business units. The lower volumes due to a difficult logistics situation and increased energy costs had a negative impact on earnings. The EBITDA margin pre exceptionals was 16.1%, against 19.4% in the prior-year quarter.

The Consumer Protection segment posted sales of €1,064 million in the first half of 2022, up 50.5% from the same period a year ago. As in the quarterly comparison, this was particularly attributable to the sales of the Flavors & Fragrances business unit, which includes the business of Emerald Kalama Chemical, which was acquired at the beginning of August 2021.

Overall, there was a positive portfolio effect of 31.4% at segment level. In addition, higher selling prices led to a positive sales performance in all the segment's business units, increasing sales by 20.1% at segment level. Exchange rate developments also had a positive influence on almost all business units, leading to an overall increase in sales of 3.2% in the segment. All business units reported lower volumes due in particular to a difficult logistics situation. Overall, this resulted in a negative sales effect of 4.2% at segment level.

The segment achieved EBITDA pre exceptionals of €176 million in the first half of 2022, compared with €147 million in the prior-year period. The EBITDA margin pre exceptionals was 16.5%, against 20.8% in the prior-year period.

The segment recorded no exceptional items that impacted EBITDA in the second quarter. In the first half of the year, negative exceptional items that impacted EBITDA amounted to €1 million. The segment recorded no exceptional items that impacted EBITDA in the segment in the second quarter or first half of the previous year. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

The sales reported in **all other segments** for the second quarter and first half of the fiscal year and the prior-year period mainly comprise the business of the Urethane Systems business unit, which was transferred to this category from the discontinued Engineering Materials segment. EBITDA pre exceptionals came to minus €45 million and minus €92 million in the second quarter and first half of the year respectively, compared with minus €30 million and minus €57 million in the corresponding prior-year period, and resulted mainly from expenses for the business activities of the corporate functions. Due to the development of the U.S. dollar, there were also reductions in earnings resulting from hedging transactions in the current year. In the second quarter, negative exceptional items of €25 million were incurred, €24 million of which impacted EBITDA. In the first six months of the fiscal year, net negative exceptional items of €49 million were incurred, €47 million of which impacted EBITDA. The exceptional items resulted primarily from expenses in connection with strategic IT projects, digitalization projects and M&A activities. In the previous year, net negative exceptional items came to €28 million in the quarter and €53 million in the first half. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

All Other Segments

€ million	Q2 2021	Q2 2022	Change %	H1 2021	H1 2022	Change %
Sales	69	90	30.4	131	172	31.3
EBITDA pre exceptionals	(30)	(45)	(50.0)	(57)	(92)	(61.4)
EBITDA	(57)	(69)	(21.1)	(109)	(139)	(27.5)
Operating result (EBIT) pre exceptionals	(44)	(61)	(38.6)	(86)	(123)	(43.0)
Operating result (EBIT)	(72)	(86)	(19.4)	(139)	(172)	(23.7)
Cash outflows for capital expenditures	14	13	(7.1)	25	18	(28.0)
Depreciation and amortization	15	17	13.3	30	33	10.0
Employees as of June 30 (previous year: as of Dec. 31)	3,634	3,598	(1.0)	3,634	3,598	(1.0)

Prior-year figures restated in accordance with the reassignment of the business of LANXESS Distribution GmbH, Leverkusen (Germany), to the Consumer Protection segment with effect from January 1, 2022, and on the basis of the recognition of the Urethane Systems business unit as an other segment.

NOTES ON EBIT AND EBITDA (PRE EXCEPTIONALS)

In order to better assess our operational business and to steer earning power at Group level and for the individual segments, we additionally calculate the earnings indicators EBITDA, and EBITDA and EBIT pre exceptionals, none of which are defined by International Financial Reporting Standards. These indicators are viewed as supplementary to the data prepared according to IFRS; they are not a substitute.

EBITDA is calculated from earnings (EBIT) by adding back depreciation and impairments of property, plant and equipment as well as amortization and impairments of intangible assets and subtracting reversals of impairment charges on property, plant, equipment and intangible assets.

EBIT pre exceptionals and **EBITDA pre exceptionals** are EBIT and EBITDA before exceptional items. The latter are effects that, by nature or extent, have a significant impact on the earnings position, but for which inclusion in the evaluation of business performance over several reporting periods does not seem to be appropriate. Exceptional items may include write-downs, reversals of impairment charges or the proceeds from the disposal of assets, certain expenses for strategic projects in the fields of IT and digitalization, restructuring expenses and income from the reversal of provisions established in this connection, and reductions in earnings resulting from portfolio adjustments or purchase price allocations. Grants and subsidies from third parties for the acquisition and construction of property, plant and equipment are accounted for as deferred income using the gross method. In this respect, no adjustments other than for gross depreciation and amortization are made when calculating EBITDA pre exceptionals.

Reconciliation to EBIT/EBITDA

€ million	EBIT Q2 2021	EBIT Q2 2022	EBITDA Q2 2021	EBITDA Q2 2022	EBIT H1 2021	EBIT H1 2022	EBITDA H1 2021	EBITDA H1 2022
EBIT/EBITDA pre exceptionals	**116**	**122**	**221**	**253**	**205**	**260**	**414**	**515**
Advanced Intermediates	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Specialty Additives	**(4)**	**0**	**(3)**	**0**	**(6)**	**0**	**(5)**	**0**
Strategic realignment	(4)	0	(3)	0	(6)	0	(5)	0
Consumer Protection	**0**	**0**	**0**	**0**	**0**	**(1)**	**0**	**(1)**
Strategic realignment	0	0	0	0	0	(1)	0	(1)
All other segments	**(28)**	**(25)**	**(27)**	**(24)**	**(53)**	**(49)**	**(52)**	**(47)**
Strategic realignment	(1)	–	(1)	–	(1)	–	(1)	–
Strategic IT projects (SAP S/4HANA and other IT applications)	(6)	(14)	(5)	(14)	(13)	(27)	(12)	(27)
Digitalization, M&A expenses and other	(21)	(11)	(21)	(10)	(39)	(22)	(39)	(20)
Total exceptional items	**(32)**	**(25)**	**(30)**	**(24)**	**(59)**	**(50)**	**(57)**	**(48)**
EBIT/EBITDA	**84**	**97**	**191**	**229**	**146**	**210**	**357**	**467**

Prior-year figures restated.

Every operational decision or achievement is judged in the short and long term by its sustainable impact on EBITDA pre exceptionals. As part of the annual budget (target) planning process, targets are set for this benchmark of our company's success, which are then taken into account in determining variable income components for the Board of Management, senior executives and the rest of the workforce.

The **earnings margins** are calculated from the ratios of the respective earnings indicators to sales. For example, the EBITDA margin (pre exceptionals) is calculated as the ratio of EBITDA (pre exceptionals) to sales and serves as an indicator of relative earning power at Group level and for the individual segments.

STATEMENT OF FINANCIAL POSITION AND FINANCIAL CONDITION

Structure of the statement of financial position

As of June 30, 2022, the LANXESS Group's total assets stood at €11,820 million, up €1,302 million, or 12.4%, from €10,518 million on December 31, 2021. The equity ratio at the end of the second quarter was 38.2%, after 35.8% as of December 31, 2021.

LANXESS is expected to contribute its High Performance Materials business unit to the joint venture for high-performance engineering polymers agreed with Advent in the first half of 2023. In accordance with the provisions of IFRS 5, LANXESS is therefore reporting this business unit as a discontinued operation as of June 30, 2022. The assets and liabilities allocated to discontinued operations have been reclassified as "Assets held for sale and discontinued operations" and "Liabilities directly related to assets held for sale and discontinued operations."

Non-current assets decreased by €457 million to €5,672 million as of June 30, 2022. At €2,711 million, property, plant and equipment was €442 million lower than the prior-year figure of €3,153 million. Property, plant and equipment and intangible assets were reduced by the reclassification of assets from discontinued operations. The change in exchange rates, particularly of the U.S. dollar, had the opposite effect. In the first half of 2022, cash outflows for purchases of intangible assets and property, plant and equipment amounted to €151 million, compared with €143 million in the prior-year period. Depreciation, amortization and write-downs in the first six months amounted to €257 million, which was above the figure of €211 million for the prior-year period. Deferred tax assets decreased by €128 million from €192 million to €64 million as of June 30, 2022. The decrease was chiefly due to the remeasurement of provisions for pensions and other post-employment benefits. Other investments decreased from €56 million as of December 31, 2021, to €28 million as of June 30, 2022, due to the subsequent measurement of the loan to Standard Lithium Ltd., Vancouver, Canada, converted into equity in the previous year. The ratio of non-current assets to total assets was 48.0%, down from 58.3% on December 31, 2021.

Current assets increased by €1,759 million, or 40.1%, compared with December 31, 2021, to €6,148 million. Inventories increased by €91 million from €1,633 million to €1,724 million as of June 30, 2022, due to higher raw material prices and volume effects. Trade receivables fell by €98 million, from €1,050 million to €952 million. The decrease resulted primarily from the reclassification of receivables from discontinued operations and the sale of trade receivables. Since the end of June 2022, LANXESS has been a contractual partner to a factoring agreement for the revolving sale of trade receivables. Under this program, substantially all the risks and rewards of ownership of the receivables are transferred to the buyer.

Cash and cash equivalents decreased by €186 million, from €643 million to €457 million. Liquidity-related financial assets increased from €491 million to €1,263 million as of June 30, 2022. The increase was due particularly to the placement of a six-year Eurobond with a volume of €600 million and the raising of a bank loan of €300 million. The placement of the bond and the raising of the bank loan serve to finance the purchase price of the acquisition of the IFF Microbial Control business unit. In the first six months of the year, other current financial assets decreased by €84 million to €165 million, while other current assets increased by €44 million to €237 million. The ratio of current assets to total assets was 52.0%, compared with 41.7% as of December 31, 2021.

Equity increased to €4,517 million against €3,762 million on December 31, 2021, primarily due to high total comprehensive income.

Non-current liabilities increased by €184 million to €4,561 million as of June 30, 2022. Provisions for pensions and other post-employment benefits decreased by €416 million to €461 million. This decrease was chiefly due to an increase in the interest rates used to discount provisions for pensions and other post-employment benefits, particularly in Germany. An increase in the expected inflation rate had the opposite effect. At €366 million, other non-current provisions were roughly level with the figure of €360 million as of December 31, 2021. Other non-current financial liabilities rose by €568 million to

€3,397 million. The increase resulted from the placement of a six-year Eurobond with a volume of €600 million. The ratio of non-current liabilities to total assets was 38.6%, against 41.6% as of December 31, 2021.

Current liabilities came to €2,742 million, up by €363 million, or 15.3%, compared with December 31, 2021. Trade payables decreased by a total of €223 million to €785 million, mainly as a result of the reclassification of liabilities from discontinued operations. This was partly offset by higher raw material prices. Other current provisions fell from €492 million to €448 million as of June 30, 2022. The above-mentioned borrowing of a bank loan of €300 million resulted in an increase in other current financial liabilities. The repayment of a private placement of €100 million had the opposite effect. Overall, other current financial liabilities increased from €675 million to €890 million. The ratio of current liabilities to total assets was 23.2% as of June 30, 2022, against 22.6% at the end of 2021.

Financial condition and capital expenditures

Changes in the statement of cash flows

The following comments on the statement of cash flows relate to LANXESS's continuing operations.

In the first six months of 2022 there was a net cash inflow of €57 million from operating activities, against €34 million in the prior-year period. Income before income taxes increased from €116 million to €158 million. Depreciation, amortization and write-downs rose from €211 million to €257 million. The increase in depreciation, amortization and write-downs was primarily the result of higher assets due to the acquisition of Emerald Kalama Chemical. The change in net working capital also made an impact with a cash outflow of €473 million after €212 million in the previous year. The higher outflow resulted in particular from the increase in inventories due to the sharp rise in raw material and energy prices. The sale of receivables under the new factoring agreement had an opposite effect of €95 million. There was net cash inflow from the reimbursement of income taxes of €65 million, whereas income taxes paid resulted in a net cash outflow of €32 million in the prior-year period.

There was a €803 million net cash outflow from investing activities in the first six months of 2022, compared with a €731 million net cash inflow in the same period a year ago. The net cash outflow in the first half of 2022 resulted primarily from cash outflows for financial assets or other assets held for investment purposes, primarily for the acquisition of shares of money market funds that can be sold at any time. The net cash inflow from financial assets had the opposite effect due to the maturity of short-term money market investments. This period was also mainly affected by cash outflows for purchases of intangible assets and property, plant and equipment of €151 million after €143 million in the same period a year ago.

Net cash provided by financing activities came to €660 million, compared with net cash used for financing activities of €144 million in the prior-year period. The net cash inflow in the reporting period was particularly due to the placement of a six-year Eurobond with a volume of €600 million. Further net cash inflow resulted from the borrowing of a bank loan of €300 million. The dividend payment of €91 million to LANXESS shareholders, the repayment of a private placement of €100 million, and interest paid and other financial disbursements had the opposite effect.

Financing and liquidity

The principles and objectives of financial management discussed on page 120 of the Annual Report 2021 remained valid during the first half of the year. They are centered on a conservative financial policy built on long-term, secured financing.

Compared with the consolidated financial statements for 2021, cash and cash equivalents dropped by €186 million to €457 million as of June 30, 2022. Liquidity-related financial assets increased from €491 million to €1,263 million. The Group's liquidity position remains sound overall.

Net financial liabilities are the total of current and non-current financial liabilities less liabilities for accrued interest, cash, cash equivalents and near-cash assets and amounted to €2,547 million as of June 30, 2022, compared with €2,345 million as of December 31, 2021.

The increase in net financial liabilities as of June 30, 2022, resulted among other things from the dividend payment to LANXESS shareholders of €91 million.

Net Financial Liabilities

€ million	Dec. 31, 2021	June 30, 2022
Non-current financial liabilities	2,829	3,397
Current financial liabilities	675	890
Less		
Liabilities for accrued interest	(25)	(20)
Cash and cash equivalents	(643)	(457)
Near-cash assets	(491)	(1,263)
Net financial liabilities	**2,345**	**2,547**
after deduction of short-term money market investments and securities	(100)	–
Net financial liabilities after deduction of short-term money market investments and securities	**2,245**	**2,547**

As of June 30, 2022, we had a small amount of financing items that were not reported in the statement of financial position in the form of short-term leases and leases of low value. Since the end of June 2022, LANXESS has been a contractual partner to a factoring agreement for the revolving sale of trade receivables up to a maximum volume of €200 million. Under this program, substantially all the risks and rewards of ownership of the receivables are transferred to the buyer.

Capital expenditures

In the first six months of 2022, LANXESS investments included the expansion of the Lubricant Additives business unit plant at the Mannheim site in Germany to increase its production capacity for light sulfur carriers by several kilotons. LANXESS's Additin EP light sulfur carriers are mainly used in lubricants for metal processing. To meet the growing demand, LANXESS is investing a sum in the double-digit millions in euros. The additional volumes are to be available from 2023.

In addition, LANXESS completed the conversion project to expand menthol production at the Krefeld-Uerdingen site in Germany at the beginning of 2022. This measure will significantly expand menthol production, which is part of the LANXESS aromatics network in the Advanced Industrial Intermediates business unit. The investment volume was an amount in the mid-double-digit millions in euros.

FUTURE PROSPECTS, OPPORTUNITIES AND RISKS

Outlook

In light of the persistently uncertain conditions, especially due to the uncertainty over the development of the coronavirus pandemic and above all the war in Ukraine and a potential energy shortage, it is now feared that the economic environment will deteriorate, possibly leading to a recession. The further development of the geopolitical situation and the resulting problems in the supply of raw materials and energy represent an uncertainty factor for global economic development and for our business.

Massively increased raw material and especially energy costs, the uncertainty over Russian gas exports to the E.U., central banks' interest rate hikes in response to inflation, and continuing disruptions to global logistics and supply chains are tarnishing the outlook for the world economy. Expectations regarding demand in the chemical, automotive and construction industries for the second half of 2022 are therefore lower than indicated in the Annual Report, while growth is still anticipated for the agro-industry. In terms of EBITDA pre exceptionals, we expect our segments to develop as follows in 2022 as a whole:

For the Advanced Intermediates segment, we anticipate business development slightly below the previous year's level. We expect decreasing demand in the construction industry in particular. Rising energy prices and continuing restrictions in logistics will continue to have a negative impact.

For our Specialty Additives segment, we continue to expect earnings to significantly exceed the previous year's level. The ongoing recovery of the aviation and oil and gas industries is having a positive effect on the business with specialty lubricants and bromine derivatives. We still see continuing disruptions to global supply chains and logistics constraints as negative factors.

Our Consumer Protection segment is expected to significantly outperform the previous year, which was already very strong, thanks to the portfolio effect of the acquisitions of Emerald Kalama Chemical and IFF Microbial Control. We anticipate solid business development for the underlying business.

In light of the expected development, we expect EBITDA pre exceptionals of between €900 million and €1,000 million in fiscal year 2022 according to the new reporting structure, which reports the High Performance Materials business unit as discontinued operations. Compared with earnings of around €800 million in 2021, we therefore continue to expect EBITDA pre exceptionals to be significantly higher than the earnings of the previous year. We confirm the guidance for the fiscal year according to our previous reporting structure with EBITDA pre exceptionals between €1,150 million and €1,250 million.

Significant opportunities and risks

Compared with December 31, 2021, the LANXESS Group's risk situation is strained due to the effects and the further development of the war in Ukraine. The economic and political effects of the conflict and the uncertainty over the supply of raw materials and energy are major uncertainty factors for our future business development.

Otherwise, there have been no significant changes compared with the account of the LANXESS Group's opportunities and risks in the Annual Report 2021. Further information on this topic is provided in the combined management report for LANXESS AG and the LANXESS Group for fiscal year 2021 on pages 133 to 147 of the Annual Report 2021. Based on an overall evaluation of risk management information, the Board of Management at the present time cannot identify any sufficiently likely risks or risk combinations that would jeopardize the continued existence of LANXESS.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of June 30, 2022

STATEMENT OF FINANCIAL POSITION
LANXESS GROUP

€ million	Dec. 31, 2021	June 30, 2022
ASSETS		
Intangible assets[1]	2,526	2,611
Property, plant and equipment[1]	3,153	2,711
Investments in other affiliated companies	56	28
Non-current derivative assets	28	75
Other non-current financial assets	62	59
Non-current income tax receivables	56	53
Deferred taxes	192	64
Other non-current assets	56	71
Non-current assets	**6,129**	**5,672**
Inventories	1,633	1,724
Trade receivables	1,050	952
Cash and cash equivalents	643	457
Near-cash assets	491	1,263
Current derivative assets	34	74
Other current financial assets	249	165
Current income tax receivables	96	23
Other current assets	193	237
Assets held for sale and discontinued operations	–	1,253
Current assets	**4,389**	**6,148**
Total assets	**10,518**	**11,820**

€ million	Dec. 31, 2021	June 30, 2022
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves	2,401	2,866
Net income	267	191
Other equity components	(229)	137
Equity attributable to non-controlling interests	6	6
Equity	**3,762**	**4,517**
Provisions for pensions and other post-employment benefits	877	461
Other non-current provisions	360	366
Non-current derivative liabilities	1	4
Other non-current financial liabilities	2,829	3,397
Non-current income tax liabilities	37	42
Other non-current liabilities	50	39
Deferred taxes	223	252
Non-current liabilities	**4,377**	**4,561**
Other current provisions	492	448
Trade payables	1,008	785
Current derivative liabilities	21	43
Other current financial liabilities	675	890
Current income tax liabilities	25	36
Other current liabilities	157	171
Liabilities directly related to assets held for sale and discontinued operations	1	369
Current liabilities	**2,379**	**2,742**
Total equity and liabilities	**10,518**	**11,820**

1) Prior-year figures restated.

INCOME STATEMENT
LANXESS GROUP

€ million	Q2 2021	Q2 2022	H1 2021	H1 2022
Sales	**1,469**	**1,999**	**2,841**	**3,930**
Cost of sales	(1,082)	(1,515)	(2,104)	(2,974)
Gross profit	**387**	**484**	**737**	**956**
Selling expenses	(192)	(241)	(367)	(477)
Research and development expenses	(23)	(26)	(46)	(50)
General administration expenses	(62)	(71)	(129)	(141)
Other operating income	17	5	29	14
Other operating expenses	(43)	(54)	(78)	(92)
Operating result (EBIT)	**84**	**97**	**146**	**210**
Interest income	2	3	3	4
Interest expense	(16)	(18)	(32)	(35)
Other financial income and expense	(3)	(15)	(1)	(21)
Financial result	**(17)**	**(30)**	**(30)**	**(52)**
Income before income taxes	**67**	**67**	**116**	**158**
Income taxes	(20)	(19)	(33)	(44)
Income after income taxes from continuing operations	**47**	**48**	**83**	**114**
Income after income taxes from discontinued operations	**53**	**45**	**81**	**77**
Income after income taxes	**100**	**93**	**164**	**191**
of which attributable to non-controlling interests	0	0	0	0
of which attributable to LANXESS AG stockholders (net income)	100	93	164	191
Earnings per share (basic/diluted) (€)				
from continuing operations	0.54	0.56	0.96	1.32
from discontinued operations	0.62	0.52	0.94	0.89
from continuing and discontinued operations	**1.16**	**1.08**	**1.90**	**2.21**

Prior-year figures restated. See "Discontinued Operations" for details.

STATEMENT OF COMPREHENSIVE INCOME
LANXESS GROUP

€ million	Q2 2021	Q2 2022	H1 2021	H1 2022
Income after income taxes	**100**	**93**	**164**	**191**
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the net defined benefit liability for post-employment benefit plans	29	275	222	406
Financial instruments fair value measurement	5	(25)	5	(30)
Income taxes	(9)	(73)	(65)	(110)
	25	**177**	**162**	**266**
Items that may be reclassified subsequently to profit or loss if specific conditions are met				
Exchange differences on translation of operations outside the eurozone	(19)	236	123	329
Financial instruments fair value measurement	6	35	(12)	82
Financial instruments cost of hedging	(2)	4	(1)	3
Income taxes	(2)	(11)	3	(25)
	(17)	**264**	**113**	**389**
Other comprehensive income, net of income tax	**8**	**441**	**275**	**655**
Total comprehensive income	**108**	**534**	**439**	**846**
of which attributable to non-controlling interests	0	0	0	0
of which attributable to LANXESS AG stockholders	108	534	439	846
Total comprehensive income attributable to LANXESS AG stockholders	**108**	**534**	**439**	**846**
from continuing operations[1]	46	476	339	744
from discontinued operations[1]	62	58	100	102

1) Prior-year figures restated. See "Discontinued Operations" for details.

STATEMENT OF CHANGES IN EQUITY
LANXESS GROUP

€ million	Capital stock	Capital reserves	Other reserves	Net income (loss)	Other equity components			Equity attributable to LANXESS AG stockholders	Equity attributable to non-controlling interests	Equity
					Currency translation adjustment	Financial instruments				
						Fair value measurement	Cost of hedging			
Dec. 31, 2020	**87**	**1,230**	**1,359**	**885**	**(569)**	**9**	**0**	**3,001**	**(2)**	**2,999**
Allocations to retained earnings			885	(885)				0		0
Dividend payments			(86)					(86)		(86)
Total comprehensive income			158	164	123	(5)	(1)	439	0	439
Income after income taxes				*164*				*164*	*0*	*164*
Other comprehensive income, net of income tax			*158*		*123*	*(5)*	*(1)*	*275*	*0*	*275*
June 30, 2021	**87**	**1,230**	**2,316**	**164**	**(446)**	**4**	**(1)**	**3,354**	**(2)**	**3,352**
Dec. 31, 2021	**86[1]**	**1,231[1]**	**2,401**	**267**	**(257)**	**28**	**0**	**3,756**	**6**	**3,762**
Allocations to retained earnings			267	(267)				0		0
Dividend payments			(91)					(91)		(91)
Total comprehensive income			289	191	329	35	2	846	0	846
Income after income taxes				*191*				*191*	*0*	*191*
Other comprehensive income, net of income tax			*289*		*329*	*35*	*2*	*655*	*0*	*655*
June 30, 2022	**86**	**1,231**	**2,866**	**191**	**72**	**63**	**2**	**4,511**	**6**	**4,517**

1) Purchase and withdrawal of own shares. See “Equity” in the notes to the consolidated financial statements as of December 31, 2021, for details.

STATEMENT OF CASH FLOWS
LANXESS GROUP

€ million	Q2 2021	Q2 2022	H1 2021	H1 2022
Income before income taxes	**67**	**67**	**116**	**158**
Amortization, depreciation, write-downs and reversals of impairment charges of intangible assets, property, plant and equipment	107	132	211	257
Gains on disposals of intangible assets and property, plant and equipment	0	(1)	0	(1)
Financial losses (gains)	11	29	21	49
Income taxes paid/refunded	(9)	27	(32)	65
Changes in inventories	(120)	(152)	(139)	(368)
Changes in trade receivables	(27)	79	(136)	(92)
Changes in trade payables	48	(13)	63	(13)
Changes in other assets and liabilities	(76)	(18)	(70)	2
Net cash provided by operating activities – continuing operations	**1**	**150**	**34**	**57**
Net cash used in (provided by) operating activities – discontinued operations	**(26)**	**3**	**(27)**	**(85)**
Net cash used in (provided by) operating activities – total	**(25)**	**153**	**7**	**(28)**
Cash outflows for purchases of intangible assets and property, plant and equipment	(82)	(92)	(143)	(151)
Cash inflows from sales of intangible assets and property, plant and equipment	0	3	0	4
Cash outflows for financial and other assets held for investment purposes	(1)	(1)	(153)	(893)
Cash inflows from financial and other assets held for investment purposes	261	135	1,017	235
Cash outflows for the acquisition/sale of subsidiaries and other businesses, less acquired cash and cash equivalents	(68)	–	(76)	(3)
Cash inflows from the sale of subsidiaries and other businesses, less acquired cash and cash equivalents	80	–	80	–
Interest and dividends received	2	2	6	5

€ million	Q2 2021	Q2 2022	H1 2021	H1 2022
Net cash provided by (used in) investing activities – continuing operations	**192**	**47**	**731**	**(803)**
Net cash used in investing activities – discontinued operations	**(11)**	**(6)**	**(20)**	**(10)**
Net cash provided by (used in) investing activities – total	**181**	**41**	**711**	**(813)**
Proceeds from borrowings	5	22	5	932
Repayments of borrowings	(13)	(129)	(23)	(143)
Interest paid and other financial disbursements	(38)	(36)	(40)	(38)
Dividend payments	(86)	(91)	(86)	(91)
Net cash used in (provided by) financing activities – continuing operations	**(132)**	**(234)**	**(144)**	**660**
Net cash used in financing activities – discontinued operations	**(1)**	**0**	**(2)**	**(1)**
Net cash used in (provided by) financing activities – total	**(133)**	**(234)**	**(146)**	**659**
Change in cash and cash equivalents – continuing operations	**61**	**(37)**	**621**	**(86)**
Change in cash and cash equivalents – discontinued operations	**(38)**	**(3)**	**(49)**	**(96)**
Change in cash and cash equivalents – total	**23**	**(40)**	**572**	**(182)**
Cash and cash equivalents at beginning of period – total	824	503	271	643
Exchange differences and other changes in cash and cash equivalents – total	0	2	4	4
Cash and cash equivalents at end of period – total	**847**	**465**	**847**	**465**
of which continuing operations	832	457	832	457
of which discontinued operations	15	8	15	8

Prior-year figures restated. See "Discontinued Operations" for details.

SEGMENT AND REGION DATA

Key Data by Segment Second Quarter

	Advanced Intermediates		Specialty Additives		Consumer Protection		All other segments		LANXESS	
€ million	**Q2 2021**	**Q2 2022**	**Q2 2021**	**Q2 2022**	**Q2 2021**	**Q2 2022**	**Q2 2021**	**Q2 2022**	**Q2 2021**	**Q2 2022**
External sales	466	587	568	764	366	558	69	90	1,469	1,999
Inter-segment sales	9	6	2	3	16	13	(27)	(22)	0	0
Segment/Group sales	475	593	570	767	382	571	42	68	1,469	1,999
Segment result/EBITDA pre exceptionals	91	74	89	134	71	90	(30)	(45)	221	253
EBITDA margin pre exceptionals (%)	19.5	12.6	15.7	17.5	19.4	16.1			15.0	12.7
EBITDA	91	74	86	134	71	90	(57)	(69)	191	229
EBIT pre exceptionals	63	44	48	85	49	54	(44)	(61)	116	122
EBIT	63	44	44	85	49	54	(72)	(86)	84	97
Segment capital expenditures	31	21	25	26	18	37	15	13	89	97
Depreciation and amortization/reversals of impairment charges	28	30	42	49	22	36	15	17	107	132
Employees as of June 30 (previous year: as of Dec. 31)	3,021	3,021	3,030	3,030	3,266	3,301	3,634	3,598	12,951	12,950

Prior-year figures restated.

Key Data by Segment First Half

	Advanced Intermediates		Specialty Additives		Consumer Protection		All other segments		LANXESS	
€ million	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**	**H1 2021**	**H1 2022**
External sales	918	1,200	1,085	1,494	707	1,064	131	172	2,841	3,930
Inter-segment sales	18	17	4	6	29	31	(51)	(54)	0	0
Segment/Group sales	936	1,217	1,089	1,500	736	1,095	80	118	2,841	3,930
Segment result/EBITDA pre exceptionals	161	161	163	270	147	176	(57)	(92)	414	515
EBITDA margin pre exceptionals (%)	17.5	13.4	15.0	18.1	20.8	16.5			14.6	13.1
EBITDA	161	161	158	270	147	175	(109)	(139)	357	467
EBIT pre exceptionals	106	103	81	177	104	103	(86)	(123)	205	260
EBIT	106	103	75	177	104	102	(139)	(172)	146	210
Segment capital expenditures	54	43	44	42	34	64	32	20	164	169
Depreciation and amortization/reversals of impairment charges	55	58	83	93	43	73	30	33	211	257
Employees as of June 30 (previous year: as of Dec. 31)	3,021	3,021	3,030	3,030	3,266	3,301	3,634	3,598	12,951	12,950

Prior-year figures restated.

Key Data by Region Second Quarter

€ million	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022	Q2 2021	Q2 2022
External sales by market	455	572	262	332	375	563	60	100	317	432	1,469	1,999
Proportion of Group sales %	31.0	28.6	17.8	16.6	25.5	28.2	4.1	5.0	21.6	21.6	100.0	100.0

Prior-year figures restated.

Key Data by Region First Half

€ million	EMEA (excluding Germany)		Germany		North America		Latin America		Asia-Pacific		LANXESS	
	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022	H1 2021	H1 2022
External sales by market	873	1,180	507	673	707	1,041	117	196	637	840	2,841	3,930
Proportion of Group sales %	30.7	30.0	17.9	17.1	24.9	26.5	4.1	5.0	22.4	21.4	100.0	100.0
Employees as of June 30 (previous year: as of Dec. 31)	1,353	1,340	7,013	7,047	2,123	2,102	749	757	1,713	1,704	12,951	12,950

Prior-year figures restated.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

AS OF JUNE 30, 2022

In compliance with IAS 34, the company opted for a condensed scope of reporting in the interim financial statements compared with the consolidated annual financial statements. Reference should be made in principle and as appropriate to the notes to the consolidated financial statements as of December 31, 2021, particularly with respect to the recognition and valuation principles. Changes in this respect are explained in the following section.

RECOGNITION AND VALUATION PRINCIPLES

The condensed consolidated interim financial statements as of June 30, 2022, were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations of the International Accounting Standards Board (IASB) applicable to interim financial reporting, required to be applied in the European Union. The standards and interpretations already mandatory as of January 1, 2022, were considered in preparing the interim financial statements.

The mandatory first-time application of the following financial reporting standards and interpretations in fiscal year 2022 currently has no impact, or no material impact, on the LANXESS Group yet:

› IFRS 3 – Amendments to IFRS 3 – Reference to the Conceptual Framework
› IAS 16 – Amendments to IAS 16 – Proceeds before Intended Use
› IAS 37 – Amendments to IAS 37 – Onerous Contracts – Cost of Fulfilling a Contract
› Various IAS and IFRS – Annual Improvements to the International Financial Reporting Standards (2018–2020 Cycle)

In fiscal year 2022, the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee issued financial reporting standards, whose application is not yet mandatory for that year and which the LANXESS Group thus did not yet apply. The application of these standards and interpretations is partly still contingent upon their endorsement by the E.U. and they currently have no material impact on the LANXESS Group:

› IFRS 17 – Insurance Contracts; including Amendments to IFRS 17
› IAS 1 – Amendments to IAS 1 – Classification of Liabilities as Current or Non-Current
› IAS 1 – Amendments to IAS 1 – Disclosure of Accounting Policies
› IAS 8 – Amendments to IAS 8 – Definition of Accounting Estimates
› IAS 12 – Amendments to IAS 12 – Deferred Tax related to Assets and Liabilities arising from a Single Transaction
› IFRS 17 – Amendments to IFRS 17 – Initial Application of IFRS 17 and IFRS 9

Preparation of the consolidated interim financial statements in accordance with IFRS requires that assumptions and estimates are made that have an impact on the amount and recognition of assets and liabilities in the statement of financial position, income and expenses, and contingent liabilities. All assumptions and estimates are made on the basis of conditions prevailing at the reporting date, using methods consistent with those applied in the consolidated financial statements for 2021. Assumptions and estimates that could alter these estimates are reviewed continually. The actual figures may differ from the assumptions or estimates if the underlying conditions develop differently than predicted at the reporting date.

In the first half of 2022, the ongoing coronavirus pandemic, the global issue of climate change and its effects and the war in Ukraine continued to have a negative impact on the global economic environment and business development. Energy prices and inflation rates are rising significantly. Rising transport and logistics costs and persistent supply bottlenecks are also continuing to be observed. The scenario of a temporary shortage of gas as a production factor and energy source due to a possible halt in Russian gas supplies to European and German companies also seems conceivable in view of the current geopolitical situation. These developments may give rise to uncertainties with regard to the plannability of certain revenue and cost components in financial planning and thus may affect the determination of the various values stated in the financial statements. As a result, it cannot be ruled out that the assumptions and estimates made in the interim financial statements may have to be adjusted in the future and that these adjustments may have an impact on the financial position or results of operations.

The assumptions and estimates used are updated and reviewed on an ongoing basis (see “Estimation Uncertainties and the Exercise of Discretion” in the consolidated financial statements as of December 31, 2021). In the course of preparing the consolidated interim financial statements, assumptions and estimates relating to the discount rate were adjusted when calculating provisions for pensions and other post-employment benefits (see “Statement of Financial Position and Financial Condition” in the interim Group management report as of June 30, 2022). The adjustment relates primarily to the countries relevant for calculating the provision. There were no other significant effects on the interim consolidated financial statements due to changes in assumptions and estimates.

Government aid programs have been launched around the world to stabilize the economy in the coronavirus pandemic. These primarily involve tax measures such as cutting tax rates, postponing due dates or deferring tax payments, increasing tax exemptions, or changing options for loss carryforwards or carrybacks. In addition, some countries have granted compensation for short-time work and exemption from or deferral of social security contributions. Overall, the government aid programs have no material influence on the consolidated interim financial statements as of June 30, 2022.

The business of the LANXESS Group as a whole is not subject to pronounced seasonality. However, in light of the business activities of the individual segments, sales and earnings tend to be stronger in the first half of the year. For example, volumes of agrochemical products in the Advanced Industrial Intermediates and Saltigo business units tend to be higher in the first six months of the year because of the growing seasons. The businesses with products for the construction industry are also seasonal in that sales are higher in the summer than in the winter months, when construction activity is lower. This relates in particular to the Inorganic Pigments and Material Protection Products business units.

Since the end of June 2022, LANXESS has been a contractual partner to a factoring agreement for the revolving sale of trade receivables up to a maximum volume of €200 million. Under this program, substantially all the risks and rewards of ownership of the receivables are transferred to the buyer. All receivables sold as of the reporting date have been derecognized in full.

For accounting purposes, the Republic of Turkey is classified as a hyperinflationary economy for reporting periods ending on or after June 30, 2022. An adjustment of non-monetary items in the statement of financial position, components of equity and items of the statement of comprehensive income to the actual price level using an appropriate price index is not made in the interim consolidated financial statements for reasons of materiality. The need for a possible price adjustment will be reassessed at the next reporting date.

COMPANIES CONSOLIDATED

The consolidated financial statements of the LANXESS Group include the parent company LANXESS AG and all domestic and foreign affiliates.

In preparation for the strategic alliance between LANXESS and the private equity investor Advent International (“Advent”), LANXESS Belgium NV, Kallo, Belgium, LANXESS Performance Materials UK Ltd., Manchester, Great Britain, and LANXESS Performance Materials S.R.L., Milan, Italy, were established in the EMEA region (excluding Germany) during the reporting period. In the North and Latin America regions, the companies LANXESS Performance Materials Holding Corp., Wilmington, U.S., LANXESS Performance Materials LLC, Wilmington, U.S., LANXESS Industria de Materiais de Performance Ltda., São Paulo, Brazil, and LANXESS Performance Materials S.A. de C.V., Mexico City, Mexico were newly established. Other newly established companies include LANXESS Performance Materials (HK) Limited, Hong Kong, Hong Kong, and LANXESS Performance Materials (Korea) Limited, Seoul, Republic of Korea, in the Asia/Pacific region.

LANXESS Distribution GmbH, Cologne, Germany, was merged into LANXESS Deutschland GmbH, Cologne, Germany, during the reporting period. Furthermore, the companies EPM Polymer Additives Holding Corp., Wilmington, U.S., and Emerald Kalama Holdings LLC, Cuyahoga Falls, U.S., were merged into LANXESS Corporation, Wilmington, U.S.

Great Lakes Chemical (Netherlands) B.V., Venlo, Netherlands, and Chemtura Chemicals Nanjing Co. Ltd., Nanjing, China, were liquidated in the first half of 2022.

	EMEA (excl. Germany)	Germany	North America	Latin America	Asia-Pacific	Total
Fully consolidated companies (incl. parent company)						
Jan. 1, 2022	35	12	8	7	23	85
Additions	3	–	2	2	2	9
Retirements	(1)	–	–	–	(1)	(2)
Mergers	–	(1)	(2)	–	–	(3)
Changes to companies consolidated		1				1
June 30, 2022	**37**	**12**	**8**	**9**	**24**	**90**
Associates and joint operations						
Jan. 1, 2022	0	1	1	0	0	2
Changes	–	–	–	–	–	0
June 30, 2022	**0**	**1**	**1**	**0**	**0**	**2**
Non-consolidated companies						
Jan. 1, 2022	2	3	0	2	3	10
Additions	–	2	–	–	–	2
Changes to companies consolidated	–	(1)	–	–	–	(1)
June 30, 2022	**2**	**4**	**0**	**2**	**3**	**11**
Total						
Jan. 1, 2022	37	16	9	9	26	97
Additions	3	2	2	2	2	11
Retirements	(1)	–	–	–	(1)	(2)
Mergers	–	(1)	(2)	–	–	(3)
Changes to companies consolidated	–	–	–	–	–	0
June 30, 2022	**39**	**17**	**9**	**11**	**27**	**103**

DIVESTMENTS

Divestments in the previous year

On January 1, 2021, in conjunction with the strategic reorientation of the Liquid Purification Technologies business unit to focus on ion exchanger business, LANXESS completed the sale of its reverse osmosis membranes business to SUEZ WTS Germany GmbH, Düsseldorf, Germany, a subsidiary of the corporation SUEZ S.A., Paris, France. The final purchase price was €0 million. In the statement of financial position as of December 31, 2020, the assets and liabilities to be disposed of were recognized as held for sale with a net asset value of €0 million. In total, written-down property, plant and equipment and intangible assets of €0 million, inventories of €6 million, and provisions and other liabilities of €6 million were disposed of on January 1, 2021. The proceeds from the sale amounted to €0 million.

DISCONTINUED OPERATIONS

High Performance Materials business unit On May 31, 2022, LANXESS and the private equity investor Advent International ("Advent") agreed on a strategic alliance. In addition to signing an agreement to acquire the engineering materials business of the Dutch group Royal DSM, LANXESS is also contributing its High Performance Materials business unit from the Engineering Materials segment to the strategic alliance with Advent.

Upon transfer to the strategic alliance, the High Performance Materials business unit will no longer be accounted for in LANXESS's consolidated financial statements by way of full consolidation. Instead, LANXESS will hold a minority interest in the new company and include it in the LANXESS consolidated financial statements using the equity method. Since the transition is expected to be completed within the next twelve months, the High Performance Materials business unit must be reported as a discontinued operation in accordance with IFRS 5 as of June 30, 2022.

Under IFRS 5, intangible assets and property, plant and equipment of the High Performance Materials business unit are not subject to further depreciation or amortization and are recognized at the lower of carrying amount as of June 1, 2022, and fair value less costs to sell. Intra-Group receivables and liabilities between LANXESS companies and the discontinued operations are eliminated in full. No adjustments have been made to the statement of financial position for reporting dates prior to June 30, 2022.

In its presentation, the LANXESS Group's income statement focuses on the determination of the result from continuing operations. The result of the discontinued operation is only shown in a single line, which is explained in more detail in this section. The earnings contributions for 2021 and 2022 have been restated in the income statement.

Intra-Group transactions, either with companies of the High Performance Materials business unit or with third parties, which are continued after the deconsolidation of the High Performance Materials business unit, are shown under continuing operations. The elimination entries as part of the consolidation of expense and income are assigned fully to discontinued operations.

The cash flows of continuing operations are shown separately from the cash flows of the High Performance Materials business unit. The cash flows of the High Performance Materials business unit are shown combined in one line per business unit. The prior-year figures have been restated accordingly.

The main items from discontinued operations in the statement of financial position are as follows:

Carrying Amounts of Reclassified Assets and Liabilities (High Performance Materials Business Unit)

€ million	June 30, 2022
Property, plant and equipment and intangible assets	503
Inventories and trade receivables	688
Other assets	62
Total assets	**1,253**
Provisions	100
Trade payables	208
Other liabilities	61
Total liabilities	**369**

In detail, earnings from discontinued operations are as follows:

Income Statement from Discontinued Operations (High Performance Materials Business Unit)

€ million	H1 2021	H1 2022
Sales	**682**	**1,012**
Cost of sales	(518)	(808)
Gross profit	**164**	**204**
Other functional costs	(87)	(104)
Operating result (EBIT)	**77**	**100**
Financial result	**0**	**1**
Income before income taxes	**77**	**101**
Income taxes	(20)	(24)
Income after income taxes	**57**	**77**

The gains from the change in currency translation differences allocable to discontinued operations (High Performance Materials business unit) recognized in other equity components as of June 30, 2022, amount to €16 million (June 30, 2021: €12 million), and the amounts recognized cumulatively in other reserves for the remeasurement of the net defined benefit liability amount to a gain of €9 million (June 30, 2021: gain of €4 million).

Leather business unit In the context of further realignment, LANXESS initiated the sale of the Leather business unit in the former Performance Chemicals segment in fiscal year 2019. The individual chrome chemicals, chrome ore and organic leather chemicals businesses were integrated in this business unit. As no market participants or potential buyers have integrated their businesses in the same way, projects were actively initiated to sell the businesses separately. It was recognized as discontinued operations for the first time in the consolidated financial statements at the end of 2019. Individual assets and liabilities remained in the LANXESS Group and were recognized in continuing operations.

On November 15, 2019, a contract for the sale of the **chrome ore** business was concluded with the company Chrome Production Holdings Proprietary Limited, Johannesburg, South Africa, a subsidiary of Clover Alloys, South Africa. The contract covered the sale of the 74% interest in the subsidiary LANXESS Chrome Mining (Pty) Ltd., Modderfontein, South Africa. The business was accounted for as a discontinued operation and reported accordingly from December 31, 2019. The sale was completed on September 15, 2021.

On August 12, 2020, an agreement was entered into with TFL Ledertechnik GmbH, Rheinfelden, Germany, a portfolio company of the U.S. investment company Black Diamond Capital, L.L.C., for the sale of the **organic leather chemicals** business unit. The sale was completed on June 1, 2021.

As part of the transaction, the shares in the subsidiary SR (Changzhou) Specialty Materials Co., Ltd., Changzhou, China, were also sold.

The carrying amounts of the assets and liabilities relating to discontinued operations remaining as of June 30, 2021, are shown in the following table:

Carrying Amounts of Reclassified Assets and Liabilities (Leather Business Unit)

€ million	June 30, 2021
Property, plant and equipment and intangible assets	1
Inventories and trade receivables	1
Other assets	1
Total assets	**3**
Provisions	8
Trade payables	0
Other liabilities	2
Total liabilities	**10**

In detail, earnings from discontinued operations in the Leather business unit were as follows as of June 30, 2021:

Income Statement from Discontinued Operations (Leather Business Unit)

€ million	H1 2021
Sales	**85**
Cost of sales	(56)
Gross profit	**29**
Other functional costs	1
Operating result (EBIT)	**30**
Financial result	**(1)**
Income before income taxes	**29**
Income taxes	(5)
Income after income taxes	**24**

The gains from the change in currency translation differences allocable to discontinued operations recognized in other equity components for the Leather business unit as of June 30, 2021, amounted to €4 million, and the amounts recognized cumulatively in other reserves for the remeasurement of the net defined benefit liability amounted to €0 million.

ADDITIONS FROM ACQUISITIONS

On March 1, 2021, LANXESS completed the acquisition of all shares in the French company INTACE SAS, Paris, France. This manufacturer of special fungicides for the packaging and paper industry will enhance LANXESS's position as one of the world's leading producers of biocides and antimicrobial active ingredients. The business was integrated into the Material Protection Products business unit of the Consumer Protection segment.

On April 1, 2021, LANXESS completed the acquisition of all shares in the French Theseo Group, a leading manufacturer of disinfection and hygiene solutions. With this acquisition, LANXESS has significantly expanded its product portfolio for the growing livestock farming market and now offers an extensive range of disinfection and hygiene solutions. In addition, LANXESS has expanded its portfolio with products for pest control, animal nutrition and animal health. The business with more than 100 employees at its sites in Laval, France; Wietmarschen, Germany; Hull, Great Britain; and Descalvado, Brazil, was also integrated into the Material Protection Products business unit of the Consumer Protection segment.

Both acquisitions were financed with existing liquidity and accounted for as business combinations in accordance with IFRS 3. For the purchase price allocations, the identifiable assets, liabilities and contingent liabilities of the business acquired were recognized at fair value. The intangible assets are mainly customer relationships, technologies, and brands. The purchase price allocations were completed within their respective measurement periods and are considered final as of June 30, 2022. There were no changes to the information disclosed in the notes to the consolidated financial statements for fiscal year 2021.

The goodwill totaling around €38 million resulting from the acquisitions mainly reflects additional sales opportunities arising with new customers with regard to the existing business. The goodwill is primarily non-tax-deductible.

The following table shows the overall effects of the acquisitions. By itself, neither acquisition has a material effect on the Group's financial position:

Additions from acquisitions (previous year)

€ million	Fair values at first-time consolidation
Intangible assets	32
Property, plant and equipment	8
Other assets	16
Total assets	**56**
Other non-current liabilities	9
Other current liabilities	8
Total liabilities (excl. equity)	**17**
Net acquired assets (excl. goodwill)	**39**
Cost of acquisition	**77**
Goodwill	**38**

The other assets include cash and cash equivalents of around €3 million.

With effect from January 1, 2022, LANXESS acquired the distribution business of a German distribution partner with around ten employees for the product Velcorin®. With this acquisition, LANXESS is expanding its distribution of cold sterilization and preservation agents for the beverage industry in Europe. The business was integrated into the Material Protection Products business unit of the Consumer Protection segment. The acquired distribution business generated sales in the low double-digit millions in euros in the previous year. The purchase price amounts to around €21 million and is mainly attributable to acquired distribution rights and customer relationships. The acquisition results in goodwill of around €7 million.

EARNINGS PER SHARE

Earnings per share for the second quarter and first half of 2022 and 2021 were calculated on the basis of the weighted average number of shares outstanding during each reporting period. They resulted from continuing operations and discontinued operations. Since there are currently no equity instruments in issue that could dilute earnings per share, basic and diluted earnings per share are identical. For more information about equity instruments that could dilute earnings per share in the future, readers are referred to the notes to the consolidated financial statements as of December 31, 2021.

DIVIDEND DISTRIBUTION FOR FISCAL YEAR 2021

Pursuant to the resolution of the Annual Stockholders' Meeting on May 25, 2022, the amount of €91 million out of the distributable profit of €102 million reported in the annual financial statements of LANXESS AG as of December 31, 2021, was distributed to the stockholders on May 31, 2022. The dividend per eligible no-par share was €1.05. The remaining amount of €11 million was carried forward to new account.

Earnings per Share

	Q2 2021	Q2 2022	Change %	H1 2021	H1 2022	Change %
Net income (€ million)	100	93	(7.0)	164	191	16.5
from continuing operations	47	48	2.1	83	114	37.3
from discontinued operations	53	45	(15.1)	81	77	(4.9)
Weighted average number of shares outstanding	86,346,303	86,346,303	–	86,346,303	86,346,303	–
Earnings per share (basic/diluted) (€)	**1.16**	**1.08**	**(6.9)**	**1.90**	**2.21**	**16.3**
from continuing operations	0.54	0.56	3.7	0.96	1.32	37.5
from discontinued operations	0.62	0.52	(16.1)	0.94	0.89	(4.9)

FINANCIAL INSTRUMENTS

Fair value measurement

The following table shows the volumes of assets and liabilities that were measured at fair value on a recurring basis as of the end of the reporting period and the levels of the fair value hierarchy into which the inputs used in valuation techniques were categorized.

Assets and Liabilities Measured at Fair Value

	Dec. 31, 2021			June 30, 2022		
€ million	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Non-current assets						
Investments in other affiliated companies	54	–	–	26	–	–
Non-current derivative assets	–	28	–	–	75	–
Other non-current financial assets	–	1	25	–	1	12
Current assets						
Financial assets	0	–	–	0	–	–
Current derivative assets	–	34	–	–	74	–
Other current financial assets	–	–	–	–	–	12
Near-cash assets	491	–	–	1,263	–	–
Non-current liabilities						
Non-current derivative liabilities	–	1	–	–	4	–
Current liabilities						
Current derivative liabilities	–	21	–	–	43	–

According to the fair value hierarchy, quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date are given the highest priority (Level 1). Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, are assigned to Level 2. Unobservable inputs for the asset or liability are given the lowest priority (Level 3).

As of June 30, 2022, €1,263 million (December 31, 2021: €491 million) of near-cash assets were assigned to Level 1 of the measurement hierarchy. These relate to shares of money market funds that can be sold at any time.

Investments in other affiliated companies of €26 million (December 31, 2021: €54 million), which are assigned to Level 1 of the measurement hierarchy, relate to shares in the listed company Standard Lithium Ltd., Vancouver, Canada. These shares were received in fiscal year 2021 as a result of the conversion of the loan originally provided to Standard Lithium Ltd. In accordance with the exercise of the option, the shares are recognized at fair value through other comprehensive income. The corresponding measurements reduced other comprehensive income in the current fiscal year by €30 million (previous year: increased by €5 million). In addition to the shares mentioned, stock warrants were received in connection with the loan conversion. In the amount of €11 million (December 31, 2021: €25 million), these form part of the non-current derivative assets at Level 2 of the measurement hierarchy. The fair value of the warrants was calculated on the basis of a warrant pricing model.

Other financial assets assigned to Level 3 include outstanding conditional purchase price payments in connection with the sale of the organic leather chemicals business of €20 million (December 31, 2021: €20 million). €12 million of this relates to current and €8 million to non-current other financial assets. These conditional purchase price payments are based on the achievement of performance indicators by fiscal year 2023 and a potential profit participation if the acquirer sells on the business disposed of. The determination of fair value was based on planned performance indicators, and their achievement was weighted by probability. The amount of the fair value can vary depending on the estimation and development of the performance indicators. 10% higher performance indicators would result in an increase in fair value of around €20 million; 10% lower performance indicators would result in a decrease in fair value of around €10 million.

Other non-current financial assets assigned to Level 3 also include investments in High-Tech-Gründerfonds, which are measured based on the amount of the equity interests held. The fair values amount to €4 million (December 31, 2021: €5 million).

Except for the above-mentioned stock warrants, the derivative financial instruments used by LANXESS are primarily traded in an active, liquid market. The fair values as of the end of the reporting period pertain mainly to forward exchange contracts and are derived from their trading or listed prices using the “forward method” or “spot method.” Where no market price is available, values are determined using recognized capital market pricing methods based on observable market data. In determining the fair values, adjustments for LANXESS’s own credit risk and counterparty credit risk are made on the basis of the respective net positions.

In the case of financial instruments accounted for using valuation principles other than fair value measurement, the fair value – when reliably determined – is normally the carrying amount. The fair value of the bonds, which have a carrying amount of €3,765 million, amounted to €3,489 million as of June 30, 2022. The carrying amount of the bonds as of December 31, 2021, was €3,267 million and their fair value €3,383 million. Fair value measurement of the bonds is allocated to Level 1 of the hierarchy although, as of June 30, 2022, one bond with a fair value of €104 million was allocated to Level 2 as there was no liquid market for it. As of December 31, 2021, two bonds with a fair value of €255 million were allocated to Level 2 of the hierarchy. The fair value of liabilities allocated to Level 2 is calculated using discounted cash flows, taking observed market interest rates into account.

Expected credit losses of financial instruments

Expected credit losses, taking reversals into account, of €1 million (previous year: €1 million) are reported in other operating expenses in relation to trade receivables and contract assets. The loss allowances amount to €8 million (December 31, 2021: €11 million).

The expected losses on other financial assets to be taken into account in the financial result amount to €0 million (previous year: €0 million).

Additional information about the measurement of fair value and about financial instruments is provided in the notes to the consolidated financial statements as of December 31, 2021.

SEGMENT REPORTING

Due to the agreement of a strategic alliance between LANXESS and Advent to acquire the engineering materials business of the Dutch group Royal DSM and the subsequent contribution of the High Performance Materials business unit, the business activities of the High Performance Materials business unit have been reported as discontinued operations since June 1, 2022 (see “Discontinued Operations”). Since this date, internal financial reporting has not included the earnings and key data of the High Performance Materials business unit, meaning that it is no longer actively managed by the senior management level, which is responsible for the LANXESS Group. Accordingly, the management approach has fundamentally changed and therefore the business unit is no longer reported in the segment reporting. As the High Performance Materials business unit was the main component of the Engineering Materials segment, the segment no longer meets the requirements of a reportable segment and has been wound up. The Urethane Systems business unit, which was also included in this segment, is reported as an other segment. The “all other segments” category primarily comprises the Urethane business unit and the business activities of the corporate functions.

LANXESS Distribution GmbH, Leverkusen, Germany, was merged into LANXESS Deutschland GmbH, Cologne, Germany, with effect as of January 1, 2022. The business has since been managed mainly by the Flavors & Fragrances business unit and thus reported in the Consumer Protection segment. The previous year’s figures have been restated accordingly.

Reported sales are predominantly achieved through the sale of products. Other types of sales only make an immaterial contribution to total sales. In the LANXESS Group, revenue is recognized in principle at the time at which control of the products passes physically to the customer. Sales are recognized over time in the business model of manufacturing customer-specific products on the basis of long-term sales contracts with contractually defined minimum purchase requirements in the Consumer

Protection segment and for services. Segment sales include €331 million (previous year: €262 million) of sales recognized over time. Of these, €49 million (previous year: €22 million) relate to the Advanced Intermediates segment, €4 million (previous year: €2 million) to the Specialty Additives segment, €263 million (previous year: €226 million) to the Consumer Protection segment and €15 million (previous year: €12 million) to all other segments.

The reconciliation of EBITDA pre exceptionals to income before income taxes is presented in the following table.

Reconciliation of Segment Results

€ million	Q2 2021	Q2 2022	H1 2021	H1 2022
Total segment results	**221**	**253**	**414**	**515**
Depreciation and amortization/reversals of impairment charges	(107)	(132)	(211)	(257)
Exceptional items affecting EBITDA	(30)	(24)	(57)	(48)
Net interest expense	(14)	(15)	(29)	(31)
Other financial income and expense	(3)	(15)	(1)	(21)
Income before income taxes	**67**	**67**	**116**	**158**

Additional information is provided in “Notes on EBIT and EBITDA (Pre Exceptionals)” in the Interim Group Management Report as of June 30, 2022.

RELATED PARTIES

In the course of its operations, the LANXESS Group sources materials, inventories and services from a large number of business partners around the world. These include companies in which LANXESS AG has a direct or indirect interest. Transactions with these companies are carried out on an arm’s length basis.

No material business transactions were undertaken with related parties. As in the previous year, no loans were granted to members of the Board of Management or the Supervisory Board in the first six months of 2022.

EMPLOYEES

As of June 30, 2022, the number of employees in the LANXESS Group’s continuing operations around the world was 12,950 (December 31, 2021: 12,951).

In the EMEA region (excluding Germany), the number of employees decreased by 13 to 1,340. Headcount in Germany came to 7,047, against 7,013 as of the end of 2021. In the North America region, the number of employees declined from 2,123 to 2,102. The workforce in Latin America increased by 749 to 757. The number of employees in the Asia-Pacific region decreased from 1,713 to 1,704.

In addition, 1,947 employees (December 31, 2021: 1,915) were employed in discontinued operations as of June 30, 2022.

EVENTS AFTER THE REPORTING PERIOD

On July 1, 2022, LANXESS completed the acquisition of all shares in the Microbial Control business from U.S. corporation International Flavors & Fragrances Inc. (IFF). IFF Microbial Control is one of the leading providers of antimicrobial active ingredients and formulations for material protection, preservatives and disinfectants. The products are used in numerous applications, especially in personal care and household products, in industrial water treatment, and in paints and coatings. IFF Microbial Control has around 240 employees and runs two production plants of its own in St. Charles, Louisiana, and Institute, West Virginia, U.S. The business also has a large network of partners including active ingredient manufacturers and formulators. The business was integrated into the Material Protection Products business unit of the Consumer Protection segment. LANXESS has paid a preliminary purchase price of approximately US$1.3 billion for the IFF Microbial Control business unit.

No other events of special significance took place after June 30, 2022, that are expected to materially affect the financial position or results of operations of the LANXESS Group.

RESPONSIBILITY STATEMENT

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

Cologne, July 26, 2022

LANXESS Aktiengesellschaft

The Board of Management

Matthias Zachert	Dr. Anno Borkowsky
Dr. Hubert Fink	Michael Pontzen

REVIEW REPORT TO LANXESS AKTIENGESELLSCHAFT, COLOGNE

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, income statement and statement of comprehensive income, statement of changes in equity, statement of cash flows and selected explanatory notes – and the interim group management report of LANXESS Aktiengesellschaft, Cologne, for the period from January 1 to June 30, 2022, which are part of the half-year financial report pursuant to Section 115 WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material-respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the E.U. nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Cologne, July 29, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Folker Trepte	ppa. Martin Krug
German Public Auditor	German Public Auditor

Financial Calendar 2022

AUG

AUGUST 4

Half-Year Financial Report
H1 2022
Conference Call

NOV

NOVEMBER 9

Quarterly Statement
Q3 2022
Conference Call

JAN FEB MAR APR MAY JUN JUL SEP OCT DEC

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Date of publication:
August 4, 2022

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