

# 2023

Quarterly Statement  
as of March 31, 2023

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## LANXESS Group Key Data

€ million	Q1 2022	Q1 2023	Change %
Sales	1,931	1,899	(1.7)
Gross profit	472	436	(7.6)
Gross profit margin	24.4%	23.0%	
EBITDA pre exceptionals <sup>1)</sup>	262	189	(27.9)
EBITDA margin pre exceptionals <sup>1)</sup>	13.6%	10.0%	
EBITDA <sup>1)</sup>	238	171	(28.2)
EBIT pre exceptionals <sup>1)</sup>	138	53	(61.6)
EBIT <sup>1)</sup>	113	34	(69.9)
EBIT margin <sup>1)</sup>	5.9%	1.8%	
Net income (loss)	98	(44)	< (100)
from continuing operations	66	10	(84.8)
from discontinued operations	32	(54)	< (100)
Weighted average number of shares outstanding	86,346,303	86,346,303	–
Earnings per share (€)	1.13	(0.51)	< (100)
from continuing operations	0.76	0.12	(84.2)
from discontinued operations	0.37	(0.63)	< (100)
Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€) <sup>2)</sup>	1.25	0.65	(48.0)
Cash flow from operating activities – continuing operations	(93)	171	> 100
Depreciation and amortization	125	137	9.6
Cash outflows for capital expenditures	59	59	–
Total assets	11,281 <sup>5)</sup>	12,492	10.7
Equity (including non-controlling interests)	4,427 <sup>5)</sup>	4,283	(3.3)
Equity ratio <sup>3)</sup>	39.2% <sup>5)</sup>	34.3%	
Provisions for pensions and other post-employment benefits	367 <sup>5)</sup>	395	7.6
Net financial liabilities <sup>4)</sup>	3,814 <sup>5)</sup>	3,796	(0.5)
Net financial liabilities after deduction of short-term money market investments and securities <sup>4)</sup>	3,814 <sup>5)</sup>	3,796	(0.5)
Employees (as of March 31)	15,177 <sup>5)6)</sup>	15,235 <sup>6)</sup>	0.4

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, 2022.

6) There were 13,164 employees in continuing operations as of the reporting date after 13,126 as of December 31, 2022.

## LANXESS Group Key Data

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## QUARTERLY STATEMENT AS OF MARCH 31, 2023

- › LANXESS and Advent complete formation of Envalior; cash of around €1.27 billion already received on March 31, 2023
- › Sales in the first quarter slightly below the previous year's level due to a weak demand environment and continued customer destocking
- › Positive earnings contribution from the Microbial Control business acquired in the previous year
- › EBITDA pre exceptionals sees volume-driven decline of 27.9% year-on-year to €189 million in the first quarter
- › Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets of €0.65 in the first quarter against €1.25 in the previous year
- › Guidance for fiscal year 2023: EBITDA pre exceptionals from continuing operations expected to be between €850 million and €950 million

### REPORTING FOCUS AND MATERIAL TRANSACTIONS

On April 1, 2023, LANXESS and Advent International (“Advent”) established a new company for high-performance engineering polymers. The company is called Envalior and combines the Engineering Materials business of the Dutch group Royal DSM with the High Performance Materials business unit from LANXESS. LANXESS holds approximately 40% and Advent approximately 60% of the new company. LANXESS will have a first opportunity to sell its shares to Advent after three years.

With 18 production sites, 14 research locations and around 4,000 employees, Envalior represents total annual sales of approximately €4 billion.

On March 31, 2023, LANXESS received a payment of around €1.27 billion, which will primarily be used to reduce debt and strengthen the financial position. Because the overall transaction had not yet been completed on this date, the cash received was offset by a liability under other current financial liabilities as of the reporting date. This liability was derecognized as of April 1, 2023, in connection with the deconsolidation of the High Performance Materials business unit. Starting in the second quarter of 2023, the minority interest in Envalior is included in the LANXESS consolidated financial statements using the equity method.

In accordance with IFRS 5, the High Performance Materials business unit was reported as a discontinued operation until March 31, 2023. The earnings contributions for 2022 and 2023 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. We generally omit any additional indication that prior-year figures have been restated relating to this.

Frederique van Baarle was appointed to the Board of Management as of April 1, 2023. She is responsible for the Human Resources Group function and takes over the duties of the Labor Director. Starting October 1, 2023, she will also assume Board of Management responsibility for the Americas region.

## BUSINESS PERFORMANCE

### Sales

Sales of the LANXESS Group amounted to €1,899 million, down by €32 million, or 1.7%, from the previous year's figure. The sales development was particularly influenced by continued weak demand, especially in the construction industry, and ongoing inventory reduction among our customers. Overall, lower volumes resulted in a sales decline of 13.8%. In contrast, higher selling prices driven by raw material and energy prices resulted in sales growth of 5.7%. The portfolio changes had a positive effect on sales at Group level, primarily due to the contribution from the Microbial Control business acquired at the beginning of July 2022. Overall, there was a positive portfolio effect of 5.2% at Group level. In addition, the exchange rate effects led to a 1.2% increase in sales.

#### Effects on Sales

%	Q1 2023
Price	5.7
Volume	(13.8)
Currency	1.2
Portfolio	5.2
	<b>(1.7)</b>

## EBITDA and operating result (EBIT)

The operating result before depreciation, amortization, write-downs and reversals (EBITDA) pre exceptionals amounted to €189 million in the first quarter of 2023, lower than the prior-year quarter. In the previous year, EBITDA pre exceptionals amounted to €262 million. Our Consumer Protection segment saw comparatively stable business development and benefited from the contribution of the Microbial Control business acquired at the beginning of July 2022. The weaker demand and the associated reduction in sales volumes in all segments led to an earnings decline, especially in the Advanced Intermediates and Specialty Additives segments. In all segments, the negative effects of the previous increases in raw material and energy costs were passed on to the market through a successful increase in selling prices. The change in exchange rates had a positive influence on the Group's earnings development. Please see the table below and "Segment Information" for details on the individual segments.

### EBITDA Pre Exceptionals by Segment

€ million	Q1 2022	Q1 2023	Change %
Consumer Protection	86	94	9.3
Specialty Additives	136	98	(27.9)
Advanced Intermediates	87	44	(49.4)
All other segments	(47)	(47)	0.0
	<b>262</b>	<b>189</b>	<b>(27.9)</b>

Prior-year figures restated.

Primarily due to higher freight costs, portfolio effects, and exchange rate effects, selling expenses rose by 16.9% to €276 million. Research and development costs amounted to €27 million, compared to €24 million in the prior-year period, partly due to portfolio effects, and general administration expenses amounted to €71 million, compared to €70 million in the prior-year period. The Group EBITDA margin pre exceptionals came in at 10.0%, against 13.6% in the prior-year quarter.

Depreciation, amortization and write-downs rose by €12 million, or 9.6%, compared with the figure for the prior-year quarter to €137 million, primarily due to the acquisition of the Microbial Control business. This includes write-downs of €2 million. In the prior-year quarter, write-downs amounted to €3 million. Net negative exceptional items of €19 million included in other operating income and expenses affected EBITDA by a total of €18 million and resulted primarily from expenses in connection with strategic IT projects and digitalization projects. In the prior-year quarter, negative exceptional items totaling €25 million were incurred, €24 million of which impacted EBITDA.

### Reconciliation of EBITDA Pre Exceptionals to EBIT

€ million	Q1 2022	Q1 2023	Change %
<b>EBITDA pre exceptionals</b>	<b>262</b>	<b>189</b>	<b>(27.9)</b>
Depreciation and amortization	(125)	(137)	(9.6)
Exceptional items in EBITDA	(24)	(18)	25.0
<b>Operating result (EBIT)</b>	<b>113</b>	<b>34</b>	<b>(69.9)</b>

## Financial result

The financial result for the first quarter of 2023 amounted to minus €21 million, compared with minus €22 million for the prior-year period. Income from the investment accounted for using the equity method in Viance LLC, Wilmington, U.S., came to €1 million. The net interest result was minus €26 million, compared with minus €16 million in the prior-year quarter. The change resulted from higher interest expense due to the realization of a disagio in connection with the planned early repayment of the hybrid bond originally maturing in December 2076. The other financial result was €4 million, compared with minus €6 million in the prior-year quarter.

## Income before income taxes

In the first quarter of 2023, income before income taxes came to €13 million, against €91 million for the prior-year period. The effective tax rate was 23.1%, compared with 27.5% for the prior-year quarter.

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

Net income for the reporting period amounted to minus €44 million, of which €10 million was attributable to continuing operations. Net income from discontinued operations amounted to minus €54 million in the reporting year and was the result of accounting in accordance with IFRS 5, according to which the High Performance Materials business unit was reported as a discontinued operation. In the prior-year quarter, €66 million of the net income of €98 million was allocable to continuing operations, and €32 million was allocable to the discontinued operations of the High Performance Materials business unit. 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 minus €0.51, which was lower than the figure of €1.13 for the prior-year quarter. Earnings per share from continuing operations were €0.12 against €0.76 in the prior-year quarter.

#### Net Income and Earnings per Share

	Q1 2022	Q1 2023
<b>Net income (€ million)</b>	<b>98</b>	<b>(44)</b>
from continuing operations (€ million)	66	10
from discontinued operations (€ million)	32	(54)
Weighted average number of shares outstanding	86,346,303	86,346,303
<b>Earnings per share (€)</b>	<b>1.13</b>	<b>(0.51)</b>
from continuing operations (€)	0.76	0.12
from discontinued operations (€)	0.37	(0.63)

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 adjusted for exceptional items and amortization of intangible assets were €0.65 in the first quarter of 2023. In the prior-year period, earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets had amounted to €1.25.

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

€ million	Q1 2022	Q1 2023
<b>Net income from continuing operations</b>	<b>66</b>	<b>10</b>
Exceptional items <sup>1)</sup>	25	19
Amortization of intangible assets/reversals of impairment charges <sup>1)</sup>	32	42
Income taxes <sup>1)</sup>	(15)	(15)
<b>Net income from continuing operations adjusted for exceptional items and amortization of intangible assets</b>	<b>108</b>	<b>56</b>
Weighted average number of shares outstanding	86,346,303	86,346,303
<b>Earnings per share from continuing operations adjusted for exceptional items and amortization of intangible assets (€)</b>	<b>1.25</b>	<b>0.65</b>

<sup>1)</sup> Excluding items attributable to non-controlling interests.

## BUSINESS DEVELOPMENT BY REGION

Group sales in the first quarter of 2023 amounted to €1,899 million, down 1.7% from the previous year's figure of €1,931 million. The declining business in the Asia-Pacific region was compensated for by the positive development in the Americas region. Sales in EMEA (excluding Germany) and Germany were lower than in the previous year.

#### Sales by Market

	Q1 2022		Q1 2023		Change
	€ million	%	€ million	%	%
EMEA (excluding Germany)	608	31.5	583	30.7	(4.1)
Germany	341	17.7	328	17.3	(3.8)
Americas	574	29.7	630	33.2	9.8
Asia-Pacific	408	21.1	358	18.8	(12.3)
	<b>1,931</b>	<b>100.0</b>	<b>1,899</b>	<b>100.0</b>	<b>(1.7)</b>

## SEGMENT INFORMATION

As it was for the first time in the financial reporting as of June 30, 2022, the High Performance Materials business unit is 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.

### Consumer Protection

	Q1 2022		Q1 2023		Change %
	€ million	Margin %	€ million	Margin %	
Sales	506		647		27.9
EBITDA pre exceptionals	86	17.0	94	14.5	9.3
EBITDA	85	16.8	93	14.4	9.4
Operating result (EBIT) pre exceptionals	49	9.7	48	7.4	(2.0)
Operating result (EBIT)	48	9.5	47	7.3	(2.1)
Cash outflows for capital expenditures	23		17		(26.1)
Depreciation and amortization	37		46		24.3
Employees as of March 31 (previous year: as of Dec. 31)	3,566		3,597		0.9

In our **Consumer Protection** segment, sales amounted to €647 million in the reporting quarter of 2023, up 27.9% from the prior-year level. This was especially due to the portfolio change in the Material Protection Products business unit. Sales in this

business unit increased due to the integration of the Microbial Control business acquired as of July 1, 2022. Overall, there was a positive portfolio effect of 19.8% at segment level. All business units achieved higher selling prices, which pushed up sales by 9.1%. The Saltigo and Liquid Purification Technologies business units also achieved higher sales volumes. Good demand from the agrochemicals industry had a particularly positive impact in the Saltigo business unit. In contrast, lower capacity utilization, especially due to limited availability of raw materials as a result of a supplier's production difficulties, led to lower sales volumes in the Flavors & Fragrances business unit. At segment level, sales decreased by 1.8% due to lower volumes. Currency developments had a slightly positive effect on sales. Sales in all regions were above the level of the prior-year quarter.

EBITDA pre exceptionals in the Consumer Protection segment increased by €8 million, or 9.3%, compared with the prior-year level of €86 million. A positive earnings contribution resulted from the integration of the Microbial Control business acquired at the beginning of July 2022 into the Material Protection Products business unit. Higher selling prices and shifts in exchange rates had a positive influence on earnings. Lower selling volumes, particularly due to production difficulties on the part of a supplier and weaker demand, had a negative impact on earnings and the margin. The EBITDA margin pre exceptionals came in at 14.5%, against 17.0% in the prior-year period.

The segment recorded negative exceptional items of €1 million in the first quarter of the current year and the previous year, which impacted EBITDA and primarily related to the strategic realignment of the specialty chemicals business and the associated integration of the acquired businesses. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

### Specialty Additives

	Q1 2022		Q1 2023		Change %
	€ million	Margin %	€ million	Margin %	
Sales	730		664		(9.0)
EBITDA pre exceptionals	136	18.6	98	14.8	(27.9)
EBITDA	136	18.6	98	14.8	(27.9)
Operating result (EBIT) pre exceptionals	92	12.6	53	8.0	(42.4)
Operating result (EBIT)	92	12.6	53	8.0	(42.4)
Cash outflows for capital expenditures	13		23		76.9
Depreciation and amortization	44		45		2.3
Employees as of March 31 (previous year: as of Dec. 31)	2,985		3,007		0.7

Compared with a very strong prior-year quarter, sales in our **Specialty Additives** segment fell by 9.0% in the first quarter of 2023 to €664 million. Particularly due to weaker demand from the construction and automotive industries, the Polymer Additives and Rhein Chemie business units posted lower sales. Volumes fell short of the prior-year quarter in all business units of the segment and reduced sales by 14.2%. In contrast, higher selling prices due to passing on increased raw material and energy prices led to sales growth totaling 3.3%. Shifts in exchange rates had a positive effect on all business units and increased the segment's sales by 1.9%. Sales in all regions were below the level of the prior-year quarter.

EBITDA pre exceptionals in the Specialty Additives segment decreased by €38 million, or 27.9%, to €98 million in the first quarter. Volumes fell short of the good prior-year quarter due

in particular to weaker demand and had a negative impact on earnings. Earnings were also reduced by a weather-related production facility shutdown in the U.S. and higher freight costs. The further price recoveries as a result of higher raw material and energy prices and the favorable exchange rate effects improved earnings. The EBITDA margin pre exceptionals was 14.8%, against 18.6% in the prior-year period.

#### Advanced Intermediates

	Q1 2022		Q1 2023		Change %
	€ million	Margin %	€ million	Margin %	
Sales	613		516		(15.8)
EBITDA pre exceptionals	87	14.2	44	8.5	(49.4)
EBITDA	87	14.2	44	8.5	(49.4)
Operating result (EBIT) pre exceptionals	59	9.6	18	3.5	(69.5)
Operating result (EBIT)	59	9.6	18	3.5	(69.5)
Cash outflows for capital expenditures	18		16		(11.1)
Depreciation and amortization	28		26		(7.1)
Employees as of March 31 (previous year: as of Dec. 31)	3,010		3,018		0.3

Our **Advanced Intermediates** segment recorded sales of €516 million in the first quarter of 2023, down 15.8%, or €97 million, compared to the prior-year period. The sales decline was particularly influenced by the lower sales volumes in both business units, which were below the previous year's level as a result of weaker demand, especially from the construction and chemical industries. Overall, there was a negative volume effect of 22.5% at segment level. Both business units achieved

higher selling prices, which pushed up sales in the segment by 6.0%, as higher raw material and energy prices were passed on. In addition, shifts in exchange rates had a positive effect on both business units and increased the segment's sales by 0.7% in total. Sales in all regions were below the level of the prior-year quarter.

EBITDA pre exceptionals in the Advanced Intermediates segment decreased by 49.4% to €44 million, compared with the previous year's figure of €87 million, with lower volumes in both business units and higher freight costs negatively affecting earnings. The price recovery as a result of higher raw material and energy prices had a positive impact on earnings. The change in exchange rates had almost no influence on earnings development in the segment. The EBITDA margin pre exceptionals was 8.5%, against 14.2% in the prior-year quarter.

#### All Other Segments

€ million	Q1 2022	Q1 2023	Change %
Sales	82	72	(12.2)
EBITDA pre exceptionals	(47)	(47)	0.0
EBITDA	(70)	(64)	8.6
Operating result (EBIT) pre exceptionals	(62)	(66)	(6.5)
Operating result (EBIT)	(86)	(84)	2.3
Cash outflows for capital expenditures	5	3	(40.0)
Depreciation and amortization	16	20	25.0
Employees as of March 31 (previous year: as of Dec. 31)	3,565	3,542	(0.6)

Previous year's figures restated due to the reporting of the Urethane Systems business unit as another segment.

The sales reported in **"All other segments"** for the first quarter of the fiscal year and the prior-year period mainly relate to the business of the Urethane Systems business unit. EBITDA pre exceptionals for the reconciliation came to minus €47 million in the first quarter of 2023, as in the previous year, and resulted mainly from expenses for the business activities of the corporate functions. In the first reporting quarter, negative exceptional items of €18 million were incurred, €17 million of which impacted EBITDA. The exceptional items resulted primarily from expenses in connection with strategic IT projects and digitalization projects. In the prior-year period, there were negative exceptional items of €24 million. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

## 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.

### Reconciliation to EBIT/EBITDA

€ million	EBIT Q1 2022	EBIT Q1 2023	EBITDA Q1 2022	EBITDA Q1 2023
<b>EBIT/EBITDA pre exceptionals</b>	<b>138</b>	<b>53</b>	<b>262</b>	<b>189</b>
<b>Consumer Protection</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>
Strategic realignment	(1)	(1)	(1)	(1)
<b>Specialty Additives</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Advanced Intermediates</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>All other segments</b>	<b>(24)</b>	<b>(18)</b>	<b>(23)</b>	<b>(17)</b>
Strategic IT projects (SAP S/4HANA and other IT applications)	(10)	(6)	(9)	(6)
Digitalization, M&A expenses and other	(14)	(12)	(14)	(11)
<b>Total exceptional items</b>	<b>(25)</b>	<b>(19)</b>	<b>(24)</b>	<b>(18)</b>
<b>EBIT/EBITDA</b>	<b>113</b>	<b>34</b>	<b>238</b>	<b>171</b>

**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.

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 March 31, 2023, the LANXESS Group's total assets stood at €12,492 million, up €1,211 million, or 10.7%, from €11,281 million on December 31, 2022. The increase resulted primarily from the payment of around €1.27 billion received on March 31, 2023, in connection with founding Envalior. Because the overall transaction had not yet been completed on this date, an offsetting liability was recognized under other current financial liabilities. Equity decreased by €144 million compared with December 31, 2022, to €4,283 million. The equity ratio therefore declined to 34.3% at the end of the first quarter, after 39.2% as of December 31, 2022.

### Financial position

#### 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 three months of 2023, there was total net cash inflow of €171 million from operating activities, against net cash outflow of €93 million in the prior-year period. Based on income before income taxes of €13 million, after €91 million in the previous year, non-cash depreciation, amortization and write-downs amounted to €137 million in the reporting period, up €12 million on the €125 million of the prior-year period. The change in net working capital resulted in a net cash inflow of €8 million, compared with a net cash outflow of €387 million in the prior-year period. There was net cash outflow for the payment of income taxes of €10 million, whereas reimbursed income taxes resulted in a net cash inflow of €38 million in the prior-year period.



There was a €182 million net cash outflow from investing activities in the first three months of 2023, compared with €850 million in the same period a year ago. The cash inflows in connection with the founding of Envalior and the direct reinvestment in units of money market funds that can be sold at any time had a significant effect. Cash outflows for purchases of intangible assets and property, plant and equipment resulted in a net cash outflow of €59 million, as in the first three months of the previous year.

Net cash provided by financing activities came to €23 million in the reporting period, compared with €894 million in the first three months of 2022. The net cash inflow in the reporting period was particularly due to raising bank loans, while the repayment of bank loans, interest paid and other financial disbursements had the opposite effect.

### Financing and liquidity

Net financial liabilities totaled €3,796 million as of March 31, 2023, compared with €3,814 million as of December 31, 2022. The hybrid bond maturing in 2076 was reclassified to other current financial liabilities, since LANXESS will exercise its early repayment right and utilize the first redemption option on June 6, 2023. In addition, other current financial liabilities and near-cash assets increased by around €1.27 billion due to the payment received on March 31, 2023, in connection with the founding of Envalior

and the direct reinvestment in shares of money market funds that can be sold at any time. A portion of the cash received was used in April 2023 to repay bilateral money market loans of €750 million. Due to the successful completion of the Envalior transaction, the other current financial liability was derecognized in the second quarter of 2023, significantly reducing the amount of net financial liabilities.

#### Net Financial Liabilities

€ million	Dec. 31, 2022	March 31, 2023
Non-current financial liabilities	3,417	2,928
Current financial liabilities	830	2,650
Less		
Liabilities for accrued interest	(30)	(32)
Cash and cash equivalents	(324)	(277)
Near-cash assets	(79)	(1,473)
<b>Net financial liabilities</b>	<b>3,814</b>	<b>3,796</b>
after deduction of short-term money market investments and securities	–	–
<b>Net financial liabilities after deduction of short-term money market investments and securities</b>	<b>3,814</b>	<b>3,796</b>

Provisions for pensions and other post-employment benefits totaled €395 million as of March 31, 2023, compared with €367 million as of December 31, 2022.

## OUTLOOK

In the current fiscal year, the economic environment is still influenced by uncertain conditions due to the ongoing war in Ukraine, the inventory reduction in customer industries and a recessionary business environment. Positive effects from the easing of coronavirus policies in China have not yet materialized.

The further development of the geopolitical and global economic situation remains a considerable uncertainty factor.

Raw material and energy costs are improving somewhat, which is expected to positively affect our business after more expensive inventories are reduced in the coming months.

Against this backdrop, we expect a second quarter roughly on a par with the previous quarter. For the second half of fiscal year 2023, we forecast a clear rebound in our economic environment, particularly driven by stronger growth of the Chinese economy. For the full year, we anticipate EBITDA pre exceptionals from continuing operations of between €850 million and €950 million.

# FINANCIAL DATA

AS OF MARCH 31, 2023

## STATEMENT OF FINANCIAL POSITION LANXESS GROUP

€ million	Dec. 31, 2022	March 31, 2023
<b>ASSETS</b>		
Intangible assets	3,326	3,243
Property, plant and equipment	2,750	2,698
Investments accounted for using the equity method	71	71
Investments in other affiliated companies	20	24
Non-current derivative assets	14	16
Other non-current financial assets	77	76
Non-current income tax receivables	57	52
Deferred taxes	54	57
Other non-current assets	63	57
<b>Non-current assets</b>	<b>6,432</b>	<b>6,294</b>
Inventories	1,861	1,855
Trade receivables	857	831
Cash and cash equivalents	324	277
Near-cash assets	79	1,473
Current derivative assets	18	16
Other current financial assets	172	180
Current income tax receivables	35	37
Other current assets	228	200
Assets held for sale and discontinued operations	1,275	1,329
<b>Current assets</b>	<b>4,849</b>	<b>6,198</b>
<b>Total assets</b>	<b>11,281</b>	<b>12,492</b>

€ million	Dec. 31, 2022	March 31, 2023
<b>EQUITY AND LIABILITIES</b>		
Capital stock and capital reserves	1,317	1,317
Other reserves	2,955	3,181
Net income	250	(44)
Other equity components	(101)	(177)
Equity attributable to non-controlling interests	6	6
<b>Equity</b>	<b>4,427</b>	<b>4,283</b>
Provisions for pensions and other post-employment benefits	367	395
Other non-current provisions	296	287
Non-current derivative liabilities	1	0
Other non-current financial liabilities	3,417	2,928
Non-current income tax liabilities	28	29
Other non-current liabilities	41	41
Deferred taxes	284	238
<b>Non-current liabilities</b>	<b>4,434</b>	<b>3,918</b>
Other current provisions	382	370
Trade payables	709	706
Current derivative liabilities	18	15
Other current financial liabilities	830	2,650
Current income tax liabilities	38	33
Other current liabilities	125	115
Liabilities directly related to assets held for sale and discontinued operations	318	402
<b>Current liabilities</b>	<b>2,420</b>	<b>4,291</b>
<b>Total equity and liabilities</b>	<b>11,281</b>	<b>12,492</b>

## INCOME STATEMENT LANXESS GROUP

€ million	Q1 2022	Q1 2023
<b>Sales</b>	<b>1,931</b>	<b>1,899</b>
Cost of sales	(1,459)	(1,463)
<b>Gross profit</b>	<b>472</b>	<b>436</b>
Selling expenses	(236)	(276)
Research and development expenses	(24)	(27)
General administration expenses	(70)	(71)
Other operating income	9	12
Other operating expenses	(38)	(40)
<b>Operating result (EBIT)</b>	<b>113</b>	<b>34</b>
Income from investments accounted for using the equity method	–	1
Interest income	1	4
Interest expense	(17)	(30)
Other financial income and expense	(6)	4
<b>Financial result</b>	<b>(22)</b>	<b>(21)</b>
<b>Income before income taxes</b>	<b>91</b>	<b>13</b>
Income taxes	(25)	(3)
<b>Income after income taxes from continuing operations</b>	<b>66</b>	<b>10</b>
<b>Income after income taxes from discontinued operations</b>	<b>32</b>	<b>(54)</b>
<b>Income after income taxes</b>	<b>98</b>	<b>(44)</b>
of which attributable to non-controlling interests	0	0
of which attributable to LANXESS AG stockholders (net income)	98	(44)
<b>Earnings per share (basic/diluted) (€)</b>		
from continuing operations	0.76	0.12
from discontinued operations	0.37	(0.63)
from continuing and discontinued operations	1.13	(0.51)

## STATEMENT OF COMPREHENSIVE INCOME LANXESS GROUP

€ million	Q1 2022	Q1 2023
<b>Income after income taxes</b>	<b>98</b>	<b>(44)</b>
<b>Items that will not be reclassified subsequently to profit or loss</b>		
Remeasurements of the net defined benefit liability for post-employment benefit plans	131	(33)
Financial instruments fair value measurement	(5)	4
Income taxes	(37)	8
	<b>89</b>	<b>(21)</b>
<b>Items that may be reclassified subsequently to profit or loss if specific conditions are met</b>		
Exchange differences on translation of operations outside the eurozone	93	(84)
Financial instruments fair value measurement	47	7
Financial instruments cost of hedging	(1)	0
Income taxes	(14)	(2)
	<b>125</b>	<b>(79)</b>
<b>Other comprehensive income, net of income tax</b>	<b>214</b>	<b>(100)</b>
<b>Total comprehensive income</b>	<b>312</b>	<b>(144)</b>
of which attributable to non-controlling interests	0	0
of which attributable to LANXESS AG stockholders	312	(144)
<b>Total comprehensive income attributable to LANXESS AG stockholders</b>	<b>312</b>	<b>(144)</b>
from continuing operations	268	(97)
from discontinued operations	44	(47)

## STATEMENT OF CHANGES IN EQUITY LANXESS GROUP

	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			
<b>€ million</b>										
<b>Dec. 31, 2021</b>	<b>86</b>	<b>1,231</b>	<b>2,401</b>	<b>267</b>	<b>(257)</b>	<b>28</b>	<b>0</b>	<b>3,756</b>	<b>6</b>	<b>3,762</b>
Allocations to retained earnings			267	(267)				0		0
Total comprehensive income			93	98	93	29	(1)	312	0	312
Income after income taxes				98				98	0	98
Other comprehensive income, net of income tax			93		93	29	(1)	214	0	214
<b>March 31, 2022</b>	<b>86</b>	<b>1,231</b>	<b>2,761</b>	<b>98</b>	<b>(164)</b>	<b>57</b>	<b>(1)</b>	<b>4,068</b>	<b>6</b>	<b>4,074</b>
<b>Dec. 31, 2022</b>	<b>86</b>	<b>1,231</b>	<b>2,955</b>	<b>250</b>	<b>(103)</b>	<b>3</b>	<b>(1)</b>	<b>4,421</b>	<b>6</b>	<b>4,427</b>
Allocations to retained earnings			250	(250)				0		0
Total comprehensive income			(24)	(44)	(84)	8	0	(144)	0	(144)
Income after income taxes				(44)				(44)	0	(44)
Other comprehensive income, net of income tax			(24)		(84)	8	0	(100)	0	(100)
<b>March 31, 2023</b>	<b>86</b>	<b>1,231</b>	<b>3,181</b>	<b>(44)</b>	<b>(187)</b>	<b>11</b>	<b>(1)</b>	<b>4,277</b>	<b>6</b>	<b>4,283</b>

## STATEMENT OF CASH FLOWS LANXESS GROUP

€ million	Q1 2022	Q1 2023
<b>Income before income taxes</b>	<b>91</b>	<b>13</b>
Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	125	137
Gains on disposals of intangible assets and property, plant and equipment	0	0
Income from investments accounted for using the equity method	–	(1)
Financial losses (gains)	20	24
Income taxes refunded/paid	38	(10)
Changes in inventories	(216)	(11)
Changes in trade receivables	(171)	17
Changes in trade payables	0	2
Changes in other assets and liabilities	20	0
<b>Net cash used in (provided by) operating activities – continuing operations</b>	<b>(93)</b>	<b>171</b>
<b>Net cash used in operating activities – discontinued operations</b>	<b>(88)</b>	<b>(10)</b>
<b>Net cash used in (provided by) operating activities – total</b>	<b>(181)</b>	<b>161</b>
Cash outflows for purchases of intangible assets and property, plant and equipment	(59)	(59)
Cash inflows from sales of intangible assets and property, plant and equipment	1	0
Cash outflows for financial and other assets held for investment purposes	(892)	(1,394)
Cash inflows from financial and other assets held for investment purposes	100	–
Cash outflows for the acquisition of subsidiaries and other businesses, less acquired cash and cash equivalents	(3)	0
Cash inflows from the sale of subsidiaries and other businesses, less divested cash and cash equivalents	–	1,267
Interest and dividends received	3	4

€ million	Q1 2022	Q1 2023
<b>Net cash used in investing activities – continuing operations</b>	<b>(850)</b>	<b>(182)</b>
<b>Net cash used in investing activities – discontinued operations</b>	<b>(4)</b>	<b>(6)</b>
<b>Net cash used in investing activities – total</b>	<b>(854)</b>	<b>(188)</b>
Proceeds from borrowings	910	267
Repayments of borrowings	(14)	(227)
Interest paid and other financial disbursements	(2)	(17)
<b>Net cash provided by financing activities – continuing operations</b>	<b>894</b>	<b>23</b>
<b>Net cash used in financing activities – discontinued operations</b>	<b>(1)</b>	<b>(1)</b>
<b>Net cash provided by financing activities – total</b>	<b>893</b>	<b>22</b>
<b>Change in cash and cash equivalents – continuing operations</b>	<b>(49)</b>	<b>12</b>
<b>Change in cash and cash equivalents – discontinued operations</b>	<b>(93)</b>	<b>(17)</b>
<b>Change in cash and cash equivalents – total</b>	<b>(142)</b>	<b>(5)</b>
Cash and cash equivalents at beginning of period – total	643	360
Exchange differences and other changes in cash and cash equivalents – total	2	(4)
<b>Cash and cash equivalents at end of period – total</b>	<b>503</b>	<b>351</b>
of which continuing operations	468	277
of which discontinued operations	35	74

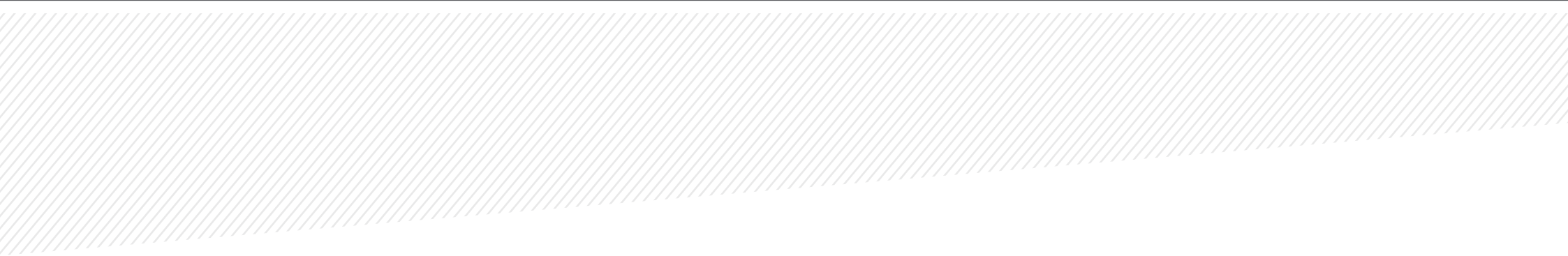
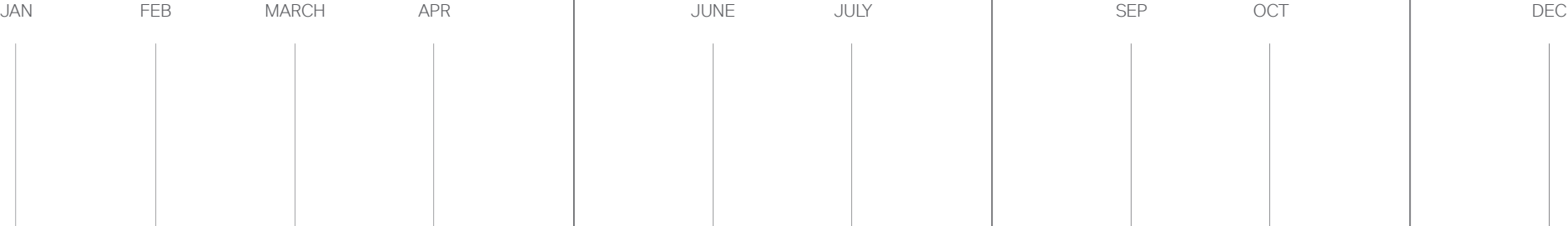
## BUSINESS UNIT KEY DATA

### Key Data by Segment First Quarter

€ million	Consumer Protection		Specialty Additives		Advanced Intermediates		All other segments		LANXESS	
	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023	Q1 2022	Q1 2023
External sales	506	647	730	664	613	516	82	72	1,931	1,899
Inter-segment sales	18	27	3	5	11	12	(32)	(44)	0	0
Segment/Group sales	524	674	733	669	624	528	50	28	1,931	1,899
Segment result/EBITDA pre exceptionals	86	94	136	98	87	44	(47)	(47)	262	189
EBITDA margin pre exceptionals (%)	17.0	14.5	18.6	14.8	14.2	8.5			13.6	10.0
EBITDA	85	93	136	98	87	44	(70)	(64)	238	171
EBIT	49	48	92	53	59	18	(62)	(66)	138	53
EBIT	48	47	92	53	59	18	(86)	(84)	113	34
Segment capital expenditures	27	21	16	24	22	19	7	10	72	74
Depreciation and amortization	37	46	44	45	28	26	16	20	125	137
Employees as of March 31 (previous year: as of Dec. 31)	3,566	3,597	2,985	3,007	3,010	3,018	3,565	3,542	13,126	13,164

Prior-year figures restated.

# Financial Calendar 2023



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