AD HOC ANNOUNCEMENT PURSUANT TO ART. 53 LR
FIRST QUARTER | 2023

Clariant delivers resilient sales performance in challenging environment

- **Q1 2023 sales increased by 1 % in local currency, down 5 % in Swiss francs to CHF 1.200 billion – positive pricing contribution of 7 %**
- **Q1 2023 EBITDA down 24 % to CHF 167 million, EBITDA margin of 13.9 %, mainly attributable to 7 % lower volumes and business mix, CHF 13 million negative sunliquid® impact, and a CHF 11 milllion negative one-off fair value adjustment of the Heubach Group participation**
- **Closing of North American Land Oil business divestment on 31 March 2023**
- **Unchanged Outlook 2023**

“Clariant delivered a resilient top-line result in the first quarter, despite the macroeconomic headwinds. Our customers have reduced their inventory, and demand in some areas has been weaker, which, coupled with the negative extraordinary factors recorded in the quarter, impacted our profitability. Overall, we have weathered the current global economic headwinds well, thanks to the actions we have taken in recent quarters to execute a strong pricing policy, implement our new organizational model, structurally improve our portfolio, and foster our sustainable product range. This is underpinned by the fact that our cash generation continued its positive momentum in the first three months of 2023. We maintain our full year expectations, however uncertainties and risks related to the economic environment remain,” said Conrad Keijzer, Chief Executive Officer of Clariant.

Business Summary

	First Quarter			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**
Sales	1 200	1 262	- 5	1
EBITDA	167	220	- 24	
- margin	13.9 %	17.4 %		

First Quarter 2023 Group Discussion

MUTTENZ, May 5, 2023

Clariant, a sustainability-focused specialty chemical company, today announced first quarter 2023 sales of CHF 1.200 billion, compared to CHF 1.262 billion in the first quarter of 2022. This corresponds to an increase of 1 % in local currency and 5 % lower sales in Swiss francs. The positive pricing impact was 7 %, and the consolidation of the US Attapulgite business (scope) added 1 %, while volumes decreased by 7 %. The currency impact on the quarter was – 6 %. Sales growth was strong in the Business Unit Catalysts, which to some extent compensated for the slight sales decreases in the Care Chemicals and Adsorbents & Additives Business Units.

In the first quarter of 2023, local currency sales were flat in the Europe, Middle East & Africa region as Catalysts sales increased, Care Chemicals slightly weakened at a low single-digit percentage rate, and Adsorbents & Additives weakened at a mid-single-digit percentage rate. Sales in the Americas grew by 7 % primarily due to pricing impacts in Care Chemicals and Adsorbents & Additives as well as the acquisition of the US Attapulgite business assets. Sales in the US were 3 % higher, and sales in Brazil grew by 5 %. Sales in Asia-Pacific were down by 4 % due to 16 % lower sales in China attributable to a slow recovery versus a high comparison base. This development was partly compensated for by higher sales in India and Southeast Asia.

Care Chemicals sales decreased by 2 % in local currency in the first quarter of 2023. This development was driven by a volume decline with lower sales in both Consumer Care and Industrial Applications versus a tough comparison base. Catalysts sales rose by 18 % in local currency with growth in all business segments. Adsorbents & Additives sales decreased by 5 % in local currency due to weaker demand for Additives in particular, against a very strong first quarter in 2022.

Group EBITDA decreased by 24 % to CHF 167 million, and the corresponding 13.9 % margin was below the 17.4 % reported in the first quarter of the previous year. Pricing measures supported the profitability development. However, these measures did not fully offset the negative impact from lower volumes impacting production utilization in certain businesses and a CHF 13 million negative impact from sunliquid®. In addition, the fair value adjustment of the Heubach Group participation resulted in a negative CHF 11 million one-off charge in Corporate in the first quarter of 2023. Excluding the CHF 13 million negative sunliquid® impact and the CHF 11 million one-off Heubach Group fair value adjustment, the EBITDA margin was 15.9 % in the first quarter of 2023. Cost savings of approximately CHF 8 million from performance programs contributed positively to the margin by absorbing higher selling, general, and administrative expenses, i.e., related to trade fairs and a pickup in traveling activities.

ESG Update – Leading in sustainability

Clariant's Scope 1 and 2 total greenhouse gas emissions fell to 0.60 million tons in the last twelve months (April 2022 to March 2023), a decline of 3 % from 0.62 million tons in the full year 2022. The total indirect greenhouse gas emissions for purchased goods and services (Scope 3) also decreased by 5 %, from 2.58 million tons in the full year 2022 to 2.46 million tons in the last twelve months. These results demonstrate continued progress toward reaching the Group's 2030 emissions reduction targets.

In 2022, several projects implemented within Clariant to shift to lower-emission raw materials positively impacted the first quarter of 2023 and will continue to generate a benefit for the Group going forward. Clariant expects full year 2023 emissions to remain below last year's level despite the inclusion of additional sites in the reported Scope 1 and 2 emissions, the acquired Attapulgite site in the US, and the sunliquid® bioethanol plant in Romania.

Clariant is executing on its strategy to lead the Group through sustainability and innovation across the portfolio. The recently launched advanced skincare ingredient Rootness® Mood+ in the Business Unit Care Chemicals is an example of how Clariant promotes a sustainable bio-economy as it uses a smart plant cultivation technology, Plant Milking Technology. It ensures that the host plant is not destroyed during the chemical production process, requires 90 % less water compared to conventional culture, and provides Clariant's customers with traceability from the seed to the ingredient. Clariant's focus on sustainability is also reflected in the bio-based ingredients for paints and coatings provided by the Adsorbents & Additives Business Unit. The lower carbon footprints of these ingredients help customers to reduce their Scope 3 emissions.

Outlook – Full Year 2023

From a macroeconomic perspective, Clariant anticipates a soft recessionary environment in the first half of 2023, compared to a very strong first half of 2022, and expects to see an economic recovery in the second half of 2023, while uncertainties and risks related to the economic environment remain. For the full year 2023, Clariant expects to achieve sales of around CHF 5 billion, including a net negative top line impact of around CHF 130 million from divestments and the bolt-on acquisition. Clariant aims to slightly improve its year-on-year reported EBITDA margin due to continued growth in Catalysts, which is expected to offset lower sales in the other Business Units. Clariant expects an increasing negative annualized sunliquid® impact and an easing inflationary environment given the current economic outlook, counterbalanced by savings benefits from the restructuring programs.

In the medium term, Clariant aims to grow above the market to achieve higher profitability through sustainability and innovation. The Group has become a true specialty chemical company and confirms its 2025 ambition to deliver profitable sales growth (4 – 6 % CAGR), a Group EBITDA margin between 19 – 21 %, and a free cash flow conversion of around 40 %.

Business Discussion
Business Unit Care Chemicals

	First Quarter			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**
Sales	703	758	- 7	- 2
EBITDA	128	149	- 14	
- margin	18.2 %	19.7 %		
EBITDA before exceptional items	130	151	- 14	
- margin	18.5 %	19.9 %		

Sales

In the first quarter of 2023, sales in the Business Unit Care Chemicals decreased by 2 % in local currency and by 7 % in Swiss francs. This development was primarily driven by higher year-on-year prices, while volumes declined. The quarter was characterized by softer demand against a very strong comparison base, some continued customer destocking, as well as plant shutdowns of several key suppliers due to force majeure events. As a result, Personal & Home Care sales decreased at a mid-single-digit percentage rate, while Crop Solutions sales rose at a low single-digit percentage rate. Industrial Applications sales weakened in a mid-teen range despite a positive contribution from the Aviation business in specific regions. Sales rose significantly in Oil Services and, to a lesser degree, in Mining Solutions.

Care Chemicals sales in the Europe, Middle East & Africa region decreased at a mid-single-digit percentage rate in the first quarter of 2023. In the Americas, the second largest region, sales were up at a mid-single-digit percentage rate due to active price management, despite the force majeure declarations in the region noted above. Sales came under pressure in Asia-Pacific, particularly in China, and decreased in a high single-digit range in the region.

EBITDA Margin

In the first quarter, the EBITDA margin decreased to 18.2 % versus a strong comparison base of 19.7 %. The margin was supported by continued active price management, while the raw material cost development remained volatile. Profitability levels were negatively impacted by notably lower volumes and customer destocking, especially in industrial end markets, which resulted in lower operating leverage.

Care Chemicals Insight

The environmentally conscious consumers of today are looking beyond a product's label to seek out skincare brands and products with sustainably derived, natural ingredients. These ingredients must, however, still offer exceptional performance to meet a variety of complex needs. With the recently launched Rootness® Mood+, Clariant has designed an advanced skincare ingredient that enhances the benefits of natural light for a global population that spends more and more of its time indoors. It increases the effect of Vitamin D in the skin, enhances mood, and improves complexion. In keeping with Clariant's focus on sustainability, Rootness® Mood+ is a natural ingredient that is completely eco-responsible thanks to a patented Plant Milking Technology, which allows for the harvesting of the required compounds without damage to the plant.

Business Unit Catalysts

	First Quarter			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**
Sales	205	185	11	18
EBITDA	13	14	- 7	
- margin	6.3 %	7.6 %		
EBITDA before exceptional items	13	14	- 7	
- margin	6.3 %	7.6 %		

Sales

In the first quarter of 2023, sales in the Business Unit Catalysts increased by 18 % in local currency and by 11 % in Swiss francs. Sales in Propylene increased at a high-twenties percentage rate, while sales in Ethylene (Petrochemicals) increased at a mid-single-digit percentage rate. This development was exceeded by the growth in Syngas & Fuels, against a soft comparison base. Specialties sales also increased at a mid-single-digit percentage rate, despite a high comparison base.

Sales grew strongly in the largest geographic market, Asia-Pacific, at a mid-teen percentage rate, driven by the CATOFIN® (propane dehydrogenation) catalyst production site in Jiaxing, Zhejiang Province, China. Sales in the Europe, Middle East & Africa region were also significantly above the first quarter levels in 2022 due to the timing of projects. The weaker result in the Americas was attributable to the normal project nature of the catalyst business.

EBITDA Margin

In the first quarter, the EBITDA margin decreased to 6.3 % from 7.6 %. Excluding the CHF 13 million negative sunliquid® impact, the EBITDA margin was 12.9 % in the first quarter of 2023, a 360-basis point improvement on a like-for-like basis versus the first quarter of 2022. Volume growth underpinned a slight operating leverage improvement, which was counterbalanced by a less favorable product mix with a high share of Syngas & Fuels and, within Specialties, a higher contribution from the emission catalyst business. On sunliquid®, the EBITDA impact increased by CHF 10 million in the first quarter of 2023 versus the first quarter of 2022. However this reflects a notable improvement compared to the CHF 20 million sunliquid® EBITDA impact recorded in the fourth quarter of 2022. This sequential improvement is the result of the team's efforts addressing the mechanical, chemical, and operational challenges involved in the ramp-up of this first-of-a-kind technology.

The Catalysts order book reflects solid demand going forward and an attractive product mix as 2023 progresses.

Catalysts Insight

Clariant recently held a grand opening event for its new high-tech CATOFIN® production facility in Jiaxing, China, introducing it to the press, customers, and partners. Representing an investment of CHF 80 million, the site was completed on budget and within only 18 months from ground-breaking in September 2020 and became fully operational in 2022. Investing in innovations such as CATOFIN® is a core element of Clariant's new purpose-led strategy, as expressed in the statement 'Greater chemistry – between people and planet.' Beyond that, the site serves to increase the Group's already expanding footprint in China, adding on to the existing nearby catalyst plants in Jinshan and the catalyst research and development center within the One Clariant Campus in Shanghai. As a result, the share of local production in China as a percentage of sales for the Group in China reached 50 % in the first quarter 2023, which is already close to Clariant's 2025 target to exceed 50 %.

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Business Unit Adsorbents & Additives

	First Quarter			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**
Sales	292	319	- 8	-5
EBITDA	54	83	- 35	
- margin	18.5 %	26.0 %		
EBITDA before exceptional items	55	83	- 34	
- margin	18.8 %	26.0 %		

Sales

In the first quarter of 2023, sales in the Business Unit Adsorbents & Additives decreased by 5 % in local currency and by 8 % in Swiss francs. The acquisition of the US based Attapulgite business assets contributed sales growth of 2 % in local currency. A 7 % price increase was countered by 14 % lower volumes as destocking and softer demand continued in the Additives business. Adsorbents started the year well across the globe with higher sales at a double-digit percentage rate, driven by purification and foundry applications. Additives sales slowed at a double-digit percentage rate, against a very strong comparison base in the first quarter of 2022. Sales overall were negatively impacted by continued destocking and cautious demand, especially in key end markets such as plastics, building and construction, and electrical and electronics applications.

Sales in the Europe, Middle East & Africa region were down at a mid-single-digit percentage rate, below the level in the first quarter of 2022. Asia-Pacific reflected a weaker development, with a decline in sales at a low-twenties percentage rate in the region and significantly weaker in China, as growth in Adsorbents did not offset the Additives sales slowdown after a very strong previous year. In the Americas, sales grew very strongly, exceeding the thirty percent mark, especially in the US, where the acquisition of the Attapulgite business assets accounted for a large part of this increase.

EBITDA Margin

In the first quarter, the EBITDA margin decreased to 18.5 % from a record high of 26.0 % in the same period of the previous year. Profitability levels were impacted by softer volumes and continued customer destocking, especially in Additives, which resulted in lower operating leverage. The business mix was less favorable due to the strong Adsorbents performance. Raw material price volatility led to a positive inventory revaluation in the first quarter of 2022, which, together with the strong operational performance, resulted in an elevated profitability level. In the first quarter of 2023, the inventory revaluation effect was slightly negative.

Adsorbents & Additives Insight

Clariant is committed to furthering the bio-based economy and reducing the carbon footprint in the entire lifecycle of a product. One promising method is shifting the use of fossil carbon to green carbon along the value chain, as demonstrated by Adsorbents & Additives in its offering for the paint and coatings industry. The new Ceridust® additives are bio-based wax blends that offer scratch-resistant protection for packaging barrier coatings. Clariant's VITA range is more than 98 % based on carbon derived from plants and offers a number of Polyglycols (PEGs) and ethylene oxide derivatives that are used as surfactants as well as intermediates in paint and coatings production. Compared to their fossil-based counterparts, they reduce up to 85 % of CO_2 emissions.

Key Financial Group Figures

	First Quarter			
in CHF million	**2023**	**2022**	**% CHF**	**% LC**
Sales	1 200	1 262	- 5	1
EBITDA	167	220	- 24	
- margin	13.9 %	17.4 %		
EBITDA before exceptional items	184	238	- 23	
- margin	15.3 %	18.9 %		

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