HALF YEAR FINANCIAL REPORT

2nd quarter | 1st half

2022

Leading Beyond Chemistry

A STRONG FIRST HALF

2nd quarter

- **Organic sales growth** was 22 percent, with slightly lower volumes and successful price rises to recoup higher raw material and energy costs
- **Adjusted EBITDA** grew by 12 percent to a very good level of €728 million
- Higher earnings in all **chemicals divisions**

1st half

- **Sales** increased 33 percent to €9.3 billion
- **Adjusted EBITDA** improved by 18 percent to €1.5 billion
- **Adjusted net income** rose 43 percent to €707 million
- **Free cash flow** was below the strong prior-year level at -€106 million due to the price-driven rise in net working capital
- **Outlook for adjusted EBITDA 2022 confirmed:** still expected to be between €2.5 billion and €2.6 billion

Key figures for the Evonik Group

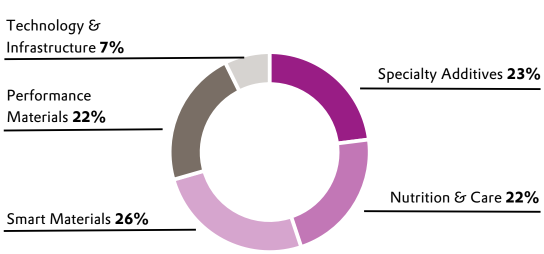
	2nd quarter		1st half	
in € million	2021	**2022**	2021	**2022**
Sales	3,636	4,772	6,994	9,270
Adjusted EBITDA[a]	649	728	1,237	1,462
Adjusted EBITDA margin in %	17.8	15.3	17.7	15.8
Adjusted EBIT[b]	398	456	734	928
Income before financial result and income taxes, continuing operations (EBIT)	380	421	688	876
Net income	218	297	405	611
Adjusted net income	253	351	493	707
Earnings per share in €	0.47	0.64	0.87	1.31
Adjusted earnings per share in €	0.54	0.75	1.06	1.52
Cash flow from operating activities, continuing operations	272	-74	766	235
Cash outflows for investments in intangible assets, property, plant and equipment	-171	-165	-353	-341
Free cash flow[c]	101	-239	413	-106
Net financial debt as of June 30	–	–	-3,170	-3,836
No. of employees as of June 30	–	–	32,661	33,235

[a] Earnings before financial result, taxes, depreciation, and amortization, after adjustments, continuing operations.
[b] Earnings before financial result and taxes, after adjustments, continuing operations.
[c] Cash flow from operating activities, continuing operations less cash outflows for investments in intangible assets, property, plant and equipment.

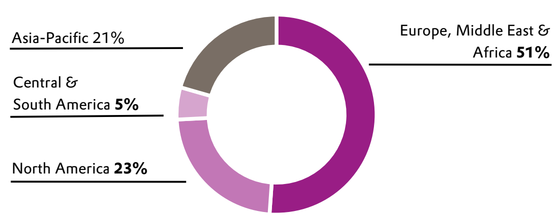
Due to rounding, some figures in this report may not add up exactly to the totals stated.

CONTENTS

Sales by division—1st half



Sales by region[a]—1st half



[a] By location of customer.

Interim management report as of June 30, 2022

1. Business conditions and performance

1.1 Economic background

In the first six months of 2022, **global economic growth** slowed more significantly than had been expected at the beginning of the year. The coronavirus pandemic and, above all, China's strict zero-Covid policy once again contributed to this. Another major downside factor was the war in Ukraine, which led, among other things, to rising raw material costs and, especially, higher energy prices, heightening both inflationary pressure and supply bottlenecks. Central banks responded to inflation with a clear tightening of monetary policy, which further dampened economic growth.

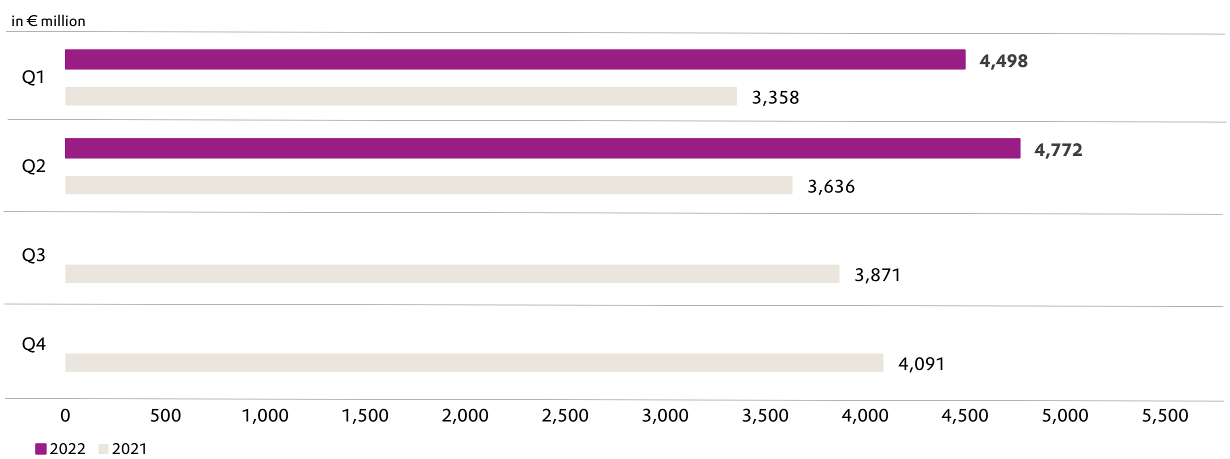
1.2 Business performance

Business performance in Q2 2022

In this difficult environment, Evonik performed positively overall. The supply situation for raw materials, packaging, and logistics remains very difficult due to the war in Ukraine, including the extensive sanctions, and the lockdowns in China to contain the coronavirus. Higher prices, especially for natural gas, continued to have a considerable impact on value chains.

Despite these difficulties, our business developed successfully. Volume sales were slightly lower, yet we more than offset the considerably higher variable costs by raising selling prices. Sales and adjusted EBITDA were higher than in the prior-year period.

Sales by quarter

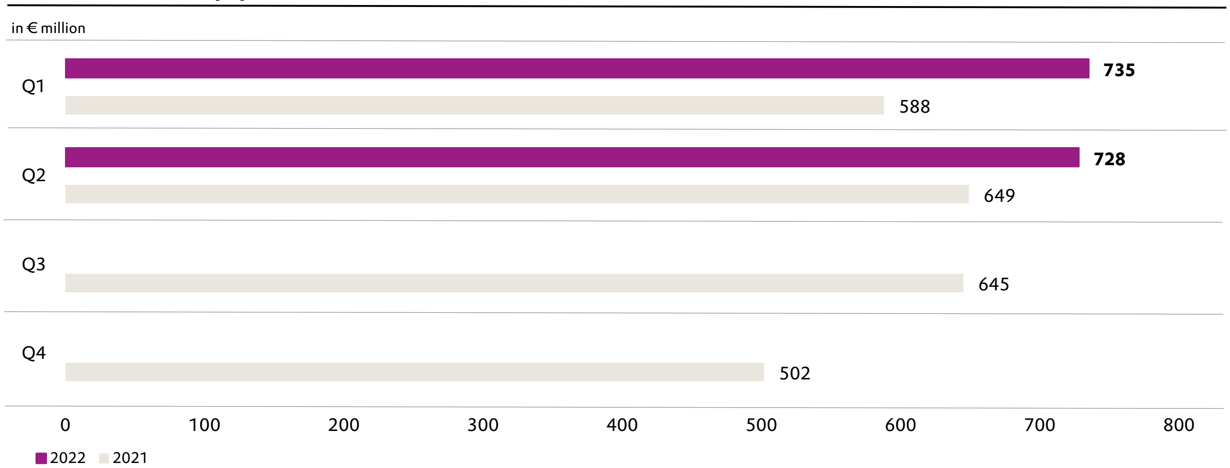


The Evonik Group's **sales** increased by 31 percent year-on-year to €4,772 million. Organic sales growth was 22 percent as a result of a significant improvement in selling prices, while volumes were slightly lower. Moreover, positive currency effects and other effects contributed to the sales growth. The other effects resulted, in particular, from trading in gas and electricity by the Technology & Infrastructure division to supply external customers.

Year-on-year change in sales

in %	1st quarter 2022	2nd quarter 2022	1st half 2022
Volumes	4	-2	1
Prices	22	24	23
Organic sales growth	**26**	**22**	**24**
Exchange rates	4	5	5
Change in the scope of consolidation/other effects	4	4	4
Total	**34**	**31**	**33**

Adjusted EBITDA by quarter



Adjusted EBITDA rose 12 percent to €728 million. All chemicals divisions reported higher earnings. The adjusted EBITDA margin nevertheless fell from 17.8 percent in the prior-year period to 15.3 percent.

Statement of income

	2nd quarter			1st half		
in € million	2021	2022	Change in %	2021	2022	Change in %
Sales	**3,636**	**4,772**	**31**	**6,994**	**9,270**	**33**
Adjusted EBITDA	**649**	**728**	**12**	**1,237**	**1,462**	**18**
Adjusted depreciation, amortization, and impairment losses	-251	-272		-503	-534	
Adjusted EBIT	**398**	**456**	**15**	**734**	**928**	**26**
Adjustments	-18	-35		-46	-52	
thereof restructuring	-10	-23		-13	-23	
thereof impairment losses/reversal of impairment losses	–	–		–	–	
thereof acquisition/divestment of shareholdings	-2	-3		-6	-5	
thereof other	-6	-9		-27	-24	
Income before financial result and income taxes, continuing operations (EBIT)	**380**	**421**	**11**	**688**	**876**	**27**
Financial result	-40	4		-62	-7	
Income before income taxes, continuing operations	**340**	**425**	**25**	**626**	**869**	**39**
Income taxes	-113	-123		-200	-249	
Income after taxes, continuing operations	**227**	**302**	**33**	**426**	**620**	**46**
Income after taxes, discontinued operations	-3	–		-10	–	
Income after taxes	**224**	**302**	**35**	**416**	**620**	**49**
thereof income attributable to non-controlling interests	6	5		11	9	
Net income	**218**	**297**	**36**	**405**	**611**	**51**
Earnings per share in €	**0.47**	**0.64**		**0.87**	**1.31**	

The **adjustments** of -€35 million mainly comprised restructuring expenses of €23 million relating to a new group-wide project to optimize administrative functions. Further expenses included, among other things, the integration of former acquisitions. The prior-year adjustments mainly contained restructuring expenses for a site in the Nutrition & Care division. The **financial result** improved from -€40 million to €4 million. Alongside lower interest expense, the main factors here were higher interest income as a result of an increase in the discount rate for other provisions and the reduction in the interest rate applied to interest on taxes. The prior-year figure contained special items of €10 million for interest income in connection with a claim to a value-added tax refund. **Income before income taxes, continuing operations** rose by 25 percent to €425 million. The income tax rate on the continuing operations and the adjusted income tax rate were both 29 percent, which was slightly below the expected group tax rate.

In parallel with the positive business performance, **net income** increased by 36 percent to €297 million.

After adjustment for special items, **adjusted net income** rose by 39 percent to €351 million, while **adjusted earnings per share** increased from €0.54 to €0.75.

Reconciliation to adjusted net income

	2nd quarter			1st half		
in € million	2021	2022	Change in %	2021	2022	Change in %
Adjusted EBITDA	**649**	**728**	**12**	**1,237**	**1,462**	**18**
Adjusted depreciation, amortization, and impairment losses	-251	-272		-503	-534	
Adjusted EBIT	**398**	**456**	**15**	**734**	**928**	**26**
Adjusted financial result	-50	4		-72	-7	
Amortization and impairment losses on intangible assets	35	41		71	82	
Adjusted income before income taxes[a]	**383**	**501**	**31**	**733**	**1,003**	**37**
Adjusted income taxes	-124	-145		-229	-287	
Adjusted income after taxes[a]	**259**	**356**	**37**	**504**	**716**	**42**
thereof adjusted income attributable to non-controlling interests	6	5		11	9	
Adjusted net income[a]	**253**	**351**	**39**	**493**	**707**	**43**
Adjusted earnings per share in €[a]	**0.54**	**0.75**		**1.06**	**1.52**	

[a] Continuing operations.

Business performance in H1 2022

Sales grew by 33 percent to €9,270 million thanks to higher selling prices and positive currency effects. **Adjusted EBITDA** improved by 18 percent to €1,462 million. The adjusted EBITDA margin was 15.8 percent, which was below the margin registered in the first half of 2021 (17.7 percent).

The **adjustments** of -€52 million included restructuring expenses of €23 million, principally for a new group-wide project to optimize administrative functions. Expenses for the acquisition of shareholdings mainly related to the integration of acquisitions made in the past. The line item "Other" essentially contains expenses for the recognition of power derivatives and termination of a project in Russia. In the prior-year period, the adjustments mainly comprised restructuring expenses, principally for a site in the Nutrition & Care division, and expenses in connection with settlement of a legal dispute. The **financial result** improved to -€7 million, mainly because interest income rose as a result of an increase in the discount rate for other provisions and lower interest expense. The prior-year figure contained special items of €10 million for interest income in connection with a claim to a value-added tax refund. **Income before income taxes, continuing operations** rose by 39 percent to €869 million. The income tax rate on the continuing operations and the adjusted income tax rate were both 29 percent, which was slightly below the expected group tax rate. Overall, **net income** improved by 51 percent to €611 million.

Adjusted net income improved by 43 percent to €707 million, while **adjusted earnings per share** increased from €1.06 to €1.52.

1.3 Performance of the divisions

Specialty Additives

Key figures

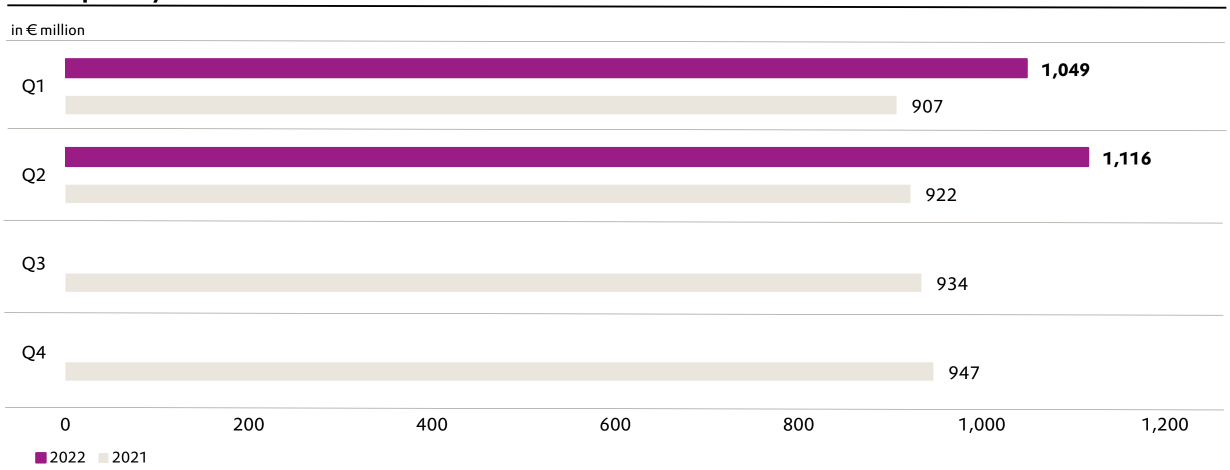
	2nd quarter			1st half		
in € million	2021	**2022**	Change in %	2021	**2022**	Change in %
External sales	922	1,116	21	1,829	2,165	18
Adjusted EBITDA	242	263	9	515	515	–
Adjusted EBITDA margin in %	26.2	23.6	–	28.2	23.8	–
Adjusted EBIT	198	214	8	428	419	-2
Capital expenditures[a]	18	22	22	31	40	29
No. of employees as of June 30	–	–	–	3,680	3,733	1

[a] Capital expenditures for intangible assets, property, plant and equipment.

In the Specialty Additives division, sales rose 21 percent to €1,116 million in the **second quarter of 2022.** The sales growth resulted from considerably higher selling prices, as higher variable costs were passed on to customers, and positive currency effects. Volumes were slightly below the prior-year level.

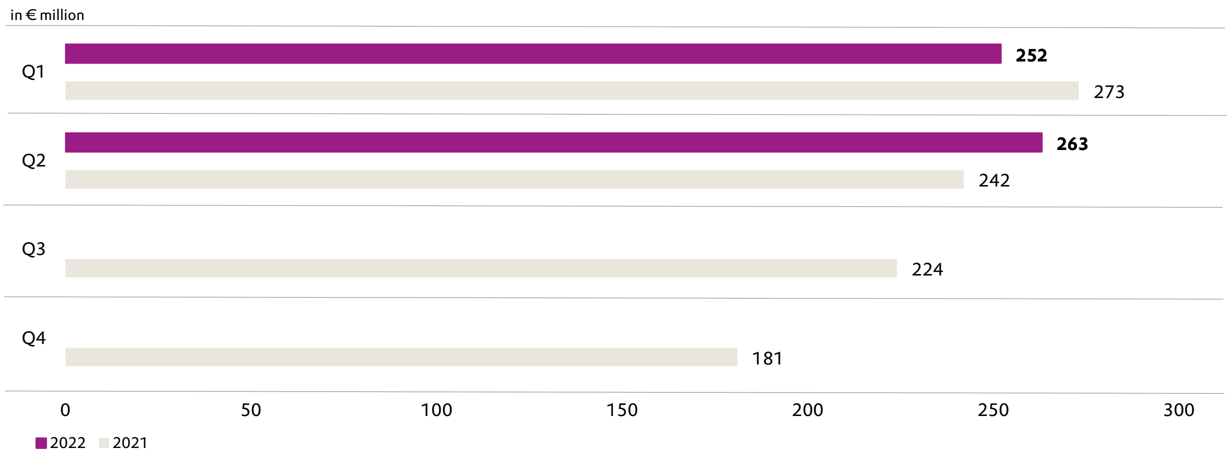
Products for the construction and coating industries and for renewable energies generated considerably higher sales as a result of successful price rises to offset higher costs. Sales of additives for polyurethane foams and paints and coatings also increased, primarily on price grounds. Sales of additives for the automotive sector rose due, thanks to slightly higher volumes and improved prices.

Sales Specialty Additives



Adjusted EBITDA improved 9 percent to €263 million, driven by price adjustments, which more than offset the rise in raw material, energy, and logistics costs, and by positive currency effects. The adjusted EBITDA margin was high at 23.6 percent but nevertheless below the prior-year level.

Adjusted EBITDA Specialty Additives



In the **first six months of 2022,** sales in the Specialty Additives division increased by 18 percent to €2,165 million. Since volumes were slightly lower, this was attributable to a significant rise in selling prices, mainly to pass on higher variable costs, and positive currency effects. Adjusted EBITDA was €515 million and thus in line with the prior-year level. The adjusted EBITDA margin declined from 28.2 percent in the prior-year period to 23.8 percent.

Nutrition & Care

Key figures

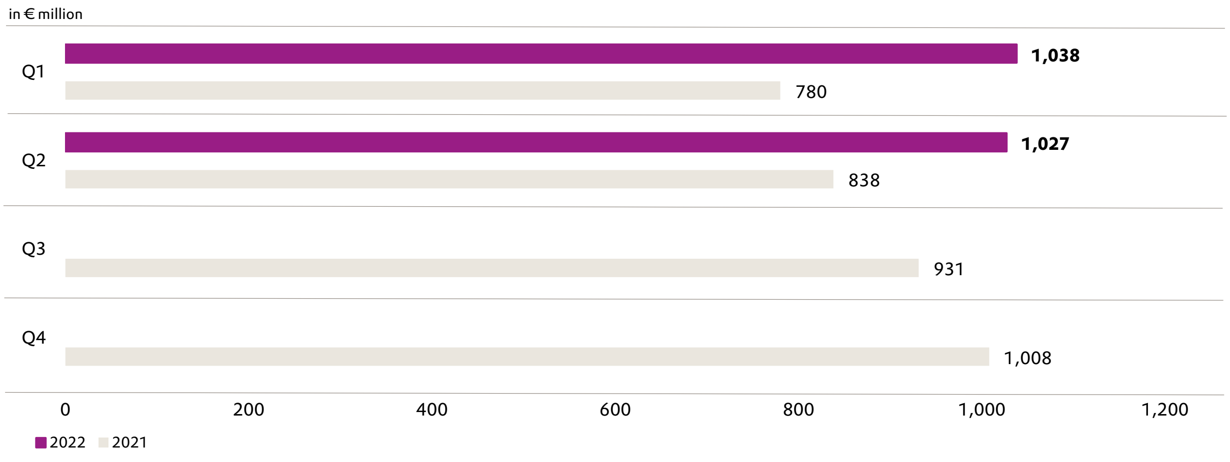
	2nd quarter			1st half		
in € million	2021	**2022**	Change in %	2021	**2022**	Change in %
External sales	838	1,027	23	1,618	2,064	28
Adjusted EBITDA	183	185	1	325	407	25
Adjusted EBITDA margin in %	21.8	18.0	–	20.1	19.7	–
Adjusted EBIT	122	120	-2	200	274	37
Capital expenditures[a]	34	42	24	56	66	18
No. of employees as of June 30	–	–	–	5,323	5,594	5

[a] Capital expenditures for intangible assets, property, plant and equipment.

In the Nutrition & Care division, sales were 23 percent higher at €1,027 million in the **second quarter of 2022.** The reasons for this were significantly higher selling prices and positive currency effects. By contrast, volumes declined, mainly because of the disruption to supply chains caused by the lockdown in China.

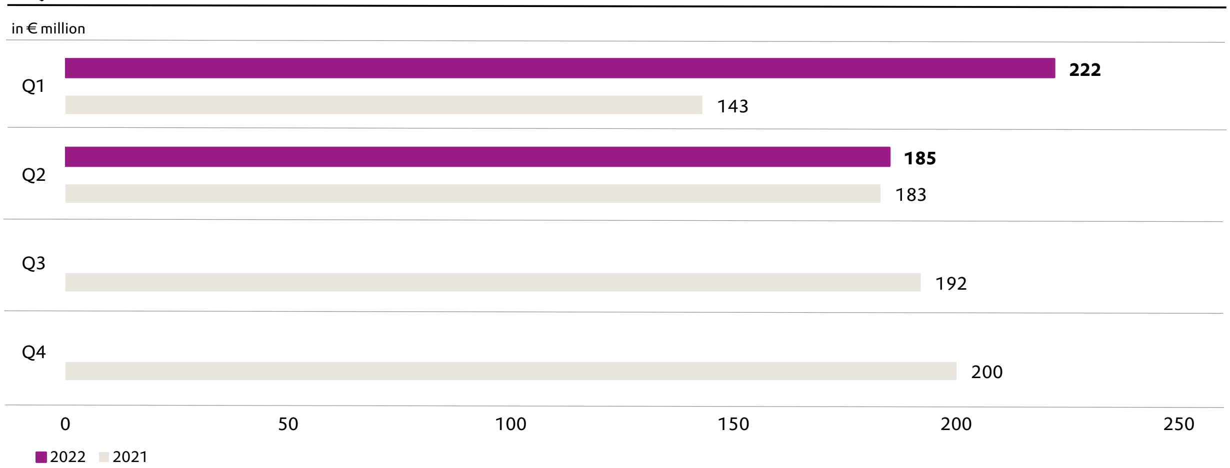
Despite lower volume sales in China, the essential amino acids posted significant sales growth thanks to improved selling prices. Sales of health and care products also grew considerably. In particular, the business with drug delivery systems and active ingredients for cosmetic applications developed positively.

Sales Nutrition & Care



Due to lower volumes, adjusted EBITDA only rose by 1 percent to €185 million. The adjusted EBITDA margin was 18.0 percent and therefore fell short of the prior-period level.

Adjusted EBITDA Nutrition & Care



In the **first six months of 2022,** the Nutrition & Care division's sales grew 28 percent to €2,064 million. This was principally due to the improvement in selling prices and positive currency effects. Adjusted EBITDA rose 25 percent to €407 million, mainly because of the positive price trend. The adjusted EBITDA margin was 19.7 percent, which was around the prior-period level.

Smart Materials

Key figures

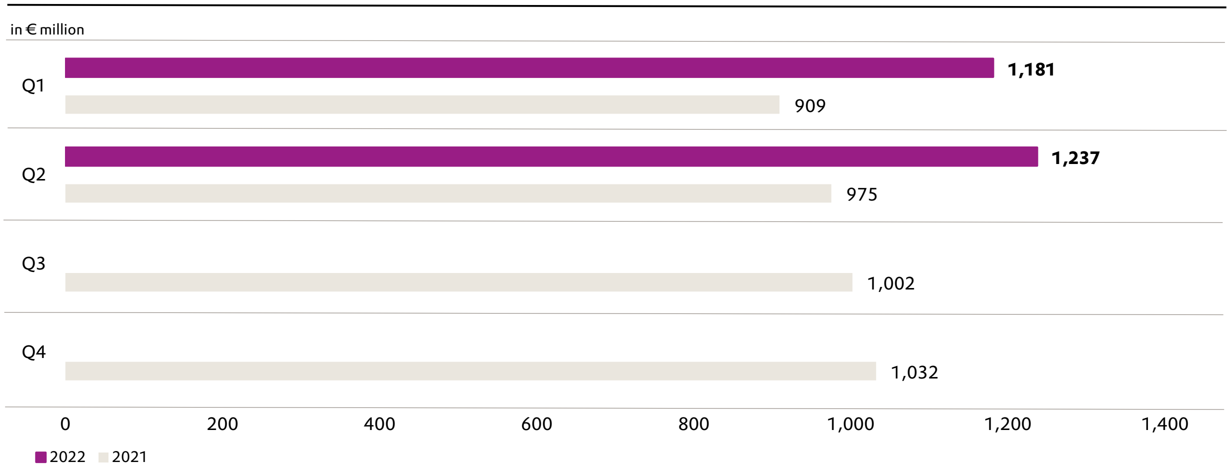
	2nd quarter			1st half		
in € million	2021	**2022**	Change in %	2021	**2022**	Change in %
External sales	975	1,237	27	1,884	2,419	28
Adjusted EBITDA	176	198	13	350	395	13
Adjusted EBITDA margin in %	18.1	16.0	–	18.6	16.3	–
Adjusted EBIT	111	126	14	218	253	16
Capital expenditures[a]	87	60	-31	146	105	-28
No. of employees as of June 30	–	–	–	7,765	7,846	1

[a] Capital expenditures for intangible assets, property, plant and equipment.

In the Smart Materials division, sales grew 27 percent to €1,237 million in the **second quarter of 2022.** This resulted from a significant increase in selling prices, slightly higher volumes, and positive currency effects.

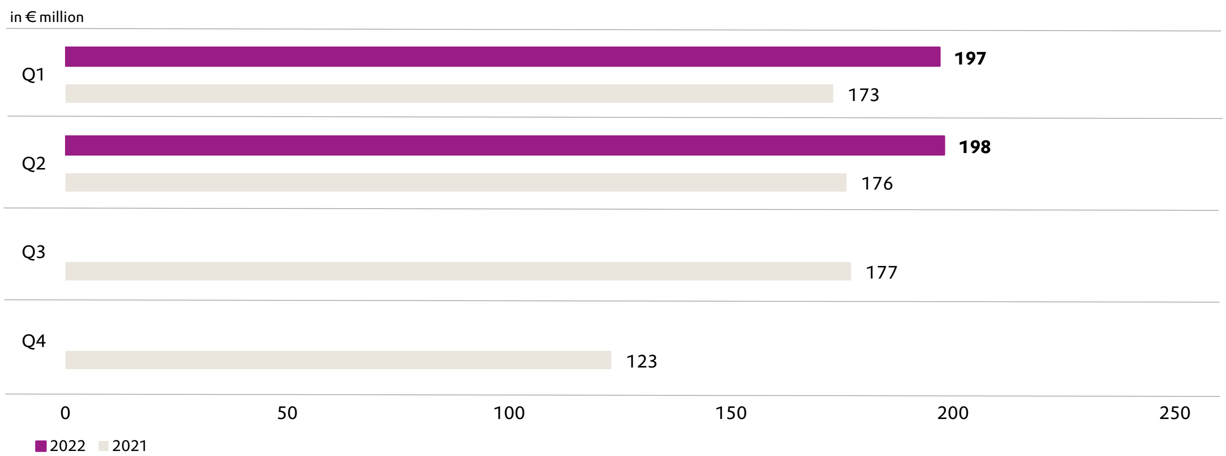
There was a substantial rise in sales of inorganic products. Since demand developed favorably, it was possible to raise selling prices significantly to recoup the rise in variable costs. Despite stable volumes, the Polymers business also registered considerably higher sales than in the prior-year period, thanks to improved selling prices.

Sales Smart Materials



Adjusted EBITDA increased by 13 percent to €198 million. The successful price rises were the main reason for this. The adjusted EBITDA margin fell from 18.1 percent in the prior-year period to 16.0 percent.

Adjusted EBITDA Smart Materials



In the **first six months of 2022,** sales in the Smart Materials division increased by 28 percent to €2,419 million, driven by volumes and prices. Adjusted EBITDA improved 13 percent to €395 million. The adjusted EBITDA margin declined from 18.6 percent in the first half of 2021 to 16.3 percent.

Performance Materials

Key figures

	2nd quarter			1st half		
in € million	2021	2022	Change in %	2021	2022	Change in %
External sales	708	1,043	47	1,288	1,990	55
Adjusted EBITDA	99	163	65	140	260	86
Adjusted EBITDA margin in %	14.0	15.6	–	10.9	13.1	–
Adjusted EBIT	66	129	95	76	195	157
Capital expenditures[a]	11	12	9	19	24	26
No. of employees as of June 30	–	–	–	1,791	1,998	12

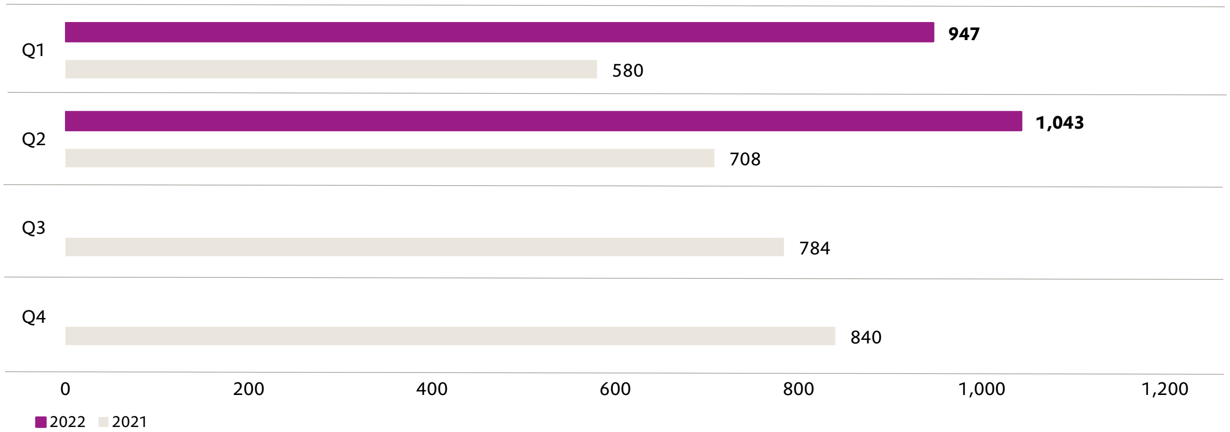
[a] Capital expenditures for intangible assets, property, plant and equipment.

Sales in the Performance Materials division climbed 47 percent to €1,043 million in the **second quarter of 2022** with contributions coming from considerably higher prices and positive currency effects, whereas volumes decreased.

Substantial sales growth was reported by C_4 products as demand was high and there was a strong improvement in selling prices. There was also a substantial rise in sales of superabsorbents thanks to an upturn in demand and higher selling prices.

Sales Performance Materials

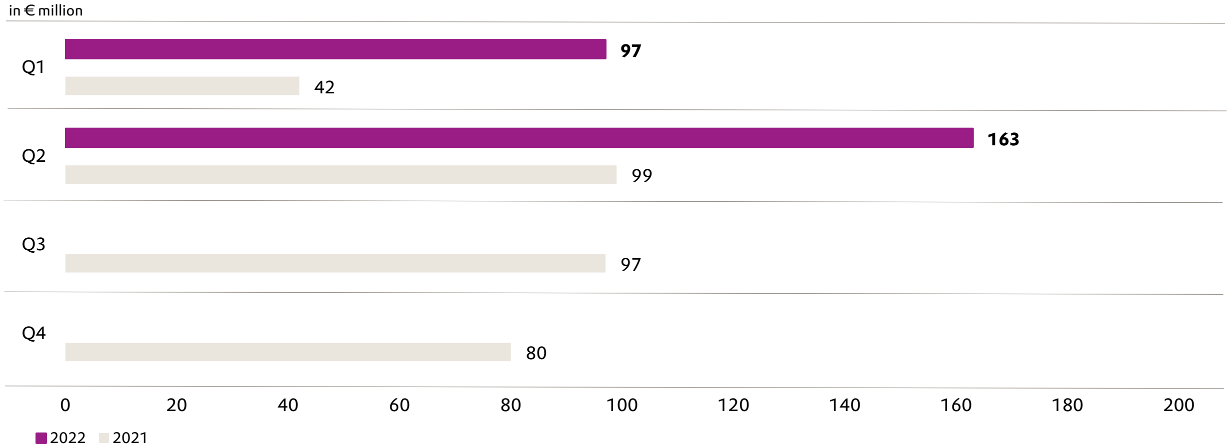
in € million



Adjusted EBITDA increased by 65 percent to €163 million, mainly due to the higher price of naphtha and improved product margins. The adjusted EBITDA margin increased to 15.6 percent, up from 14.0 percent in the prior-year period.

Adjusted EBITDA Performance Materials

in € million



In the **first six months of 2022,** sales in the Performance Materials division grew 55 percent to €1,990 million with virtually stable volumes and significantly higher prices. Adjusted EBITDA increased by €140 million to €260 million, principally as a consequence of the considerable improvement in margins. The adjusted EBITDA margin increased to 13.1 percent, compared with 10.9 percent in the first half of 2021.

Technology & Infrastructure

Key figures

	2nd quarter			1st half		
in € million	2021	2022	Change in %	2021	2022	Change in %
External sales	179	328	83	348	599	72
Adjusted EBITDA	26	-6	–	55	30	-45
Adjusted EBITDA margin in %	14.5	-1.8	–	15.8	5.0	–
Adjusted EBIT	-2	-34	–	1	-27	–
Capital expenditures[a]	33	17	-48	50	40	-20
No. of employees as of June 30	–	–	–	8,413	7,997	-5

[a] Capital expenditures for intangible assets, property, plant and equipment.

In the Technology & Infrastructure division, sales were 83 percent higher at €328 million in the **second quarter of 2022,** driven principally by higher natural gas and electricity prices in energy trading with external customers at our sites. The main reason for the decline in adjusted EBITDA to -€6 million was the increase in the cost of supplying energy.

In the **first six months of 2022,** sales were up 72 percent at €599 million. Adjusted EBITDA dropped to €30 million due to the increase in the cost of supplying energy.

2. Earnings, financial and asset position

2.1 Earnings position

Sales rose by 33 percent to €9,270 million in the first six months of 2022, primarily because of adjustments to selling prices. Currency effects were also positive. The cost of sales rose 39 percent to €6,835 million, principally due to raw material and energy costs. Overall, the **gross profit on sales** improved by 18 percent to €2,435 million. The 24 percent rise in selling expenses to €1,004 million resulted, among other things, from higher logistics costs, as well as increased marketing activities and a rise in business trips. Research and development expenses were €225 million, 5 percent higher than in the prior-year period. The 10 percent rise in general administrative expenses to €284 million was partly due to expenses in connection with planned measures for further optimization of administrative structures. Other operating income amounted to €104 million, which was around the prior-year level. The other operating expenses were 20 percent below the prior-year level at €156 million. The reasons for this included a lower loss on the disposal of assets. **Income before financial result and income taxes, continuing operations** increased by 27 percent to €876 million.

The **financial result** improved by €55 million year-on-year to -€7 million. The general rise in interest rates had a positive effect as it resulted in higher income due to greater discounting of other provisions. In addition, a change in German legislation reduced the interest rate applied to interest on taxes for periods from 2019 and contributed to the favorable development of the financial result.

Income taxes increased to €249 million due to the improvement in business performance, giving an income tax rate of 29 percent. Overall, **net income** improved by 51 percent to €611 million.

2.2 Financial and asset position

The cash flow from operating activities, continuing operations decreased by €531 million to €235 million in the first six months of 2022. This was due to a significant increase in net working capital as a result of higher raw material costs, a deliberate increase in inventories in light of the present situation in order to be prepared for possible supply chain disruption, and higher cash outflows for bonuses. The **free cash flow** therefore decreased from €413 million to -€106 million.

Cash flow statement (excerpt)

	1st half	
in € million	2021	2022
Cash flow from operating activities, continuing operations	766	235
Cash outflows for investments in intangible assets, property, plant and equipment	-353	-341
Free cash flow	**413**	**-106**
Cash flow from other investing activities, continuing operations	142	80
Cash flow from financing activities, continuing operations	-605	295
Change in cash and cash equivalents	**-50**	**269**

The cash flow from other investing activities was €80 million and contained proceeds from the sale of current securities. The cash inflow from financing activities was €295 million and mainly related to the issue of a new bond, while payment of the dividend for fiscal 2021 resulted in a cash outflow of €545 million.

Net financial debt was €3,836 million, an increase of €979 million compared with December 31, 2021. This was principally attributable to the regular payment of annual bonuses in the second quarter and the dividend for the previous fiscal year.

Net financial debt

in € million	Dec. 31, 2021	June 30, 2022
Non-current financial liabilities[a]	-3,527	-3,626
Current financial liabilities[a]	-232	-1,282
Financial debt	**-3,759**	**-4,908**
Cash and cash equivalents	456	731
Current securities	446	341
Financial assets	**902**	**1,072**
Net financial debt	**-2,857**	**-3,836**

[a] Excluding derivatives and excluding the liabilities under rebate and bonus agreements.

The bond due in January 2023, which has a nominal value of €750 million, was reclassified from non-current to current financial liabilities. To refinance this bond, in May 2022, Evonik Industries AG issued a **green bond** with a nominal value of €750 million and a tenor of 5 years and 4 months. The issue price was 99.386 percent and the annual coupon is 2.25 percent. Following the issue in August 2021 of a green hybrid bond with a nominal value of €500 million, this is the second green bond issued under the Green Finance Framework published in August 2021 to integrate the sustainability strategy even more closely into the financial strategy. The proceeds from the issue will be used primarily to fund investment in our Next Generation Solutions[1].

In the first six months of 2022, **capital expenditures for property, plant and equipment** amounted to €298 million (H1 2021: €323 million). In principle, there is a slight timing difference in cash outflows for property, plant and equipment. The expansion of capacity for isobutene derivatives at the C_4 production complex in Marl (Germany) was completed. In June 2022, the groundbreaking ceremony was held for the production plant for bio-based rhamnolipids, which is currently being constructed in Slovenská L'upca (Slovakia). Investment in this plant is in the triple-digit million euro range.

As of June 30, 2022, **total assets** were €23.5 billion, an increase of €1.2 billion compared with December 31, 2021.

Non-current assets decreased by €0.4 billion to €15.8 billion. This decrease was largely attributable to the change in deferred tax assets following the remeasurement of pension obligations in equity. Current assets increased by €1.6 billion to €7.7 billion. The main reasons for this were a raw material and energy price-induced increase in inventories and trade accounts receivable, as well as a rise in cash and cash equivalents.

Equity rose by €1.8 billion to €11.2 billion. The equity ratio increased from 42.1 percent to 47.8 percent because the after-tax effect of the remeasurement of defined benefit pension plans was recognized directly in equity. This was driven principally by a higher discount rate for pensions.

The decline in pension provisions reduced non-current liabilities by €1.8 billion to €7.1 billion. The reclassification of the bond due in January 2023 and the issuance of commercial paper increased current liabilities by €1.2 billion to €5.2 billion.

[1] Next Generation Solutions are products and solutions which our analysis shows have a strong sustainability profile that is above or even well above the market reference level.

3. Employees

As of June 30, 2022, the Evonik Group had 33,235 employees, an increase of 231 compared with December 31, 2021.

Employees by division

	Dec. 31, 2021	**June 30, 2022**
Specialty Additives	3,693	3,733
Nutrition & Care	5,453	5,594
Smart Materials	7,742	7,846
Performance Materials	1,964	1,998
Technology & Infrastructure	8,152	7,997
Enabling functions, other activities, consolidation	6,000	6,067
Evonik	**33,004**	**33,235**

4. Opportunity and risk report

As an international group with a diversified portfolio of specialty chemicals, Evonik is exposed to a wide range of opportunities and risks. The risk categories and principal individual opportunities and risks relating to our earnings, financial, and asset position, and the structure of our risk management system were described in detail in the opportunity and risk report, which is part of the management report for 2021.

Some opportunities and risks materialized in the first half of 2022. The risk exposure in the second half of the year has increased significantly, not least due to the development of the war in Ukraine. It is still very difficult to assess the far-reaching consequences for the global economy of the ongoing risks associated with this crisis. The most direct and material risk, although it does not jeopardize the company's position as a going concern, is the complete suspension of the supply of natural gas from Russia to Germany or Europe. This could lead to the implementation of the third level of the emergency plan, resulting in a reduction in consumption or complete cut in supply to industrial customers and state-ordered substitution of natural gas by other fuels. Since the start of the crisis, Evonik has been working on a site-specific supply scenario, including possibilities for a fuel switch. For example, steps have been taken to prepare for continued operation of the coal-fired power plant at the Marl site and for the use of fuel oil, especially at production locations in Germany. Alongside the risk of lower output due to reductions in the supply of gas and the availability of raw materials, we see a risk of a drop in volume sales in relevant end-markets. If financial support for gas importers were to be necessary, this would have further adverse effects on the economy as a whole. Since the exact effects are not yet known, the direct impact on Evonik cannot yet be estimated.

Looking at the group-wide risks identified as of June 30, 2022, neither individual risks nor their interaction could jeopardize the continued existence of Evonik as a whole, including Evonik Industries AG in its role as the holding company for the Group and material group companies.

5. Expected development

Our expectations for the **global economic situation** in 2022 have deteriorated since the beginning of the year and are still dominated by a high degree of uncertainty. Overall, compared with 2021, we now assume lower global economic growth of 2.7 percent year-on-year in 2022 (growth assumption at the start of the year: 4.2 percent).[2]

The development of the global economy depends, in particular, on the further course of the war in Ukraine and its knock-on effects. Further rises in raw material, energy, and food prices could result in inflation becoming established at a high level, reducing disposable income and thus consumer spending.

Moreover, ongoing supply bottlenecks or a possible suspension of the supply of Russian gas would represent a substantial risk for the European chemical industry and the entire economy. The emergence of new coronavirus mutations and China's zero-Covid policy could lead to further disruption of global supply chains and renewed economic downturns. That would also adversely affect demand in Evonik's end-customer industries. Furthermore, central banks could speed up the already rapid reversal of their expansionary monetary policy, increasing the risk of recession and a financial crisis. Last but not least, the development of the global economy could be below our expectations as a result of other geopolitical conflicts.

In view of the continued global uncertainty, we predict that the price of Evonik-specific raw materials will be significantly higher in 2022 than in 2021.

Our forecast is based on the following assumptions:

- Global growth: 2.7 percent (start of 2022: 4.2 percent; May 2022: 3.3 percent)
- Internal raw material index: significantly higher than in the prior year (start of 2022: higher than in the prior year)

Sales and earnings

Despite the difficult global economic situation, Evonik posted a strong operating performance in the first six months of this year. The three growth divisions will benefit from structural trends and continue their positive long-term development. Equally positively, we are seeing increased demand from customers for our Next Generation Solutions, in other words, Evonik products and solutions with a superior sustainability profile. Moreover, we expect our six innovation growth fields[3] to make a further contribution to growth in 2022. Our successful increases in selling prices offset the significant rise in raw material, energy, and logistics costs in the first half of the year. Consequently, Evonik now anticipates that full-year **sales** will be between €17.0 billion and €18.0 billion (previously: between €15.5 billion and €16.5 billion; 2021: €15.0 billion). Our expectation for **adjusted EBITDA** is unchanged at between €2.5 billion and €2.6 billion (2021: €2,383 million). Based on the strong first half and assuming a successive slowdown in growth in the second half of the year, around €2.6 billion seems a realistic scenario. In view of the tense gas supply situation, our outlook is based on the current legal situation and assumes sufficient gas to maintain our production on the necessary scale. To be optimally prepared for a shortage of gas, Evonik is implementing extensive measures at its German sites to enable it to switch from natural gas to alternative energy sources.

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[2] Based on data from IHS Markit as of July 15, 2022.

[3] See section 4. Research and development in the 2021 financial report.

We expect the development of the chemicals divisions to be as follows:
We still expect the Specialty Additives division to develop positively in 2022, driven by customer-specific solutions for more sustainable products with improved properties. Our own price rises have now offset most of the increases in raw material, energy, and logistics costs. Moreover, in the remainder of the year, restrictions on the availability of individual raw materials should decline further. Overall, we still anticipate that this division's earnings will be slightly above the prior-year level (2021: €920 million).

As in previous years, the Nutrition & Care division is benefiting from the continuing structural growth trend in its resilient end-markets. This division's growth will increasingly be determined by its clear focus on system solutions in the consumer goods, nutrition, and health care businesses. Overall, we still expect this division's earnings to be considerably higher than in the prior year (2021: €717 million).

We still assume positive growth momentum in the Smart Materials division. Alongside the sustainable hygiene, personal care, and environmental applications in the Inorganics business, the Polymers business will benefit from additional capacity for our versatile high-performance polymers. Moreover, we will offset higher raw material costs by raising our prices. Overall, we expect earnings to be considerably higher than in the prior year (2021: €650 million).

In the Performance Materials division, we should benefit from a market improvement in the Superabsorbents business and our long-standing customer relationships. Following the clearly positive impact of the higher naphtha price and better product margins on the performance of our C_4 derivatives in the first half of the year, we now expect this division's earnings to be significantly higher than in the prior year (2021: €317 million).

For Technology & Infrastructure and Others[4], we assume that overall earnings will be considerably less negative than in the previous year (2021: -€221 million) despite the increase in energy costs and personnel expenses. 2021 was impacted, among other things, by insurance deductibles for weather-related damage in Europe and the USA and by power plant outages in Germany.

In 2022, the return on capital employed **(ROCE)** is expected to be slightly above the previous year's level (2021: 9.0 percent).

Financing and investments

We still expect **cash outflows for investments in intangible assets, property, plant and equipment** to be around €900 million in 2022 (2021: €865 million).

In the first half of 2022, the free cash flow was affected by higher cash outflows from net working capital (mainly due to higher raw material costs and measures to prevent supply bottlenecks). We are continuing our efforts to reduce net working capital this year. Nevertheless, we anticipate a significant cash outflow for the full year. Moreover, as expected, the free cash flow will be held back by higher bonuses for 2021. Our consistently high investment discipline has a stabilizing effect. For the free cash flow 2022, we now assume a year-on-year reduction in the **cash conversion rate** to around 30 percent (2021: 40 percent). With adjusted EBITDA expected to be around €2.6 billion, the absolute free cash flow is therefore also likely to be below the prior-year level (2021: €950 million).

[4] Enabling functions, other activities, consolidation

Forecast for 2022

Forecast performance indicators	2021	Forecast for 2022[a]	Revised forecast for 2022
Group sales	€15.0 billion	Between €15.5 billion and €16.5 billion	Between €17.0 billion and €18.0 billion
Adjusted EBITDA	€2.4 billion	Between €2.5 billion and €2.6 billion	Between €2.5 billion and €2.6 billion
ROCE	9.0%	Slightly above the prior-year level	Slightly above the prior-year level
Cash outflows for investments in intangible assets, property, plant and equipment	€865 million	Around €900 million	Around €900 million
Free cash flow: cash conversion rate[b]	40%	Around 40%	Around 30%

[a] As in the financial report 2021.
[b] Ratio of free cash flow to adjusted EBITDA.

Consolidated interim financial statements as of June 30, 2022

Income statement

	2nd quarter		1st half	
in € million	2021	2022	2021	2022
Sales	3,636	4,772	6,994	9,270
Cost of sales	-2,564	-3,559	-4,934	-6,835
Gross profit on sales	**1,072**	**1,213**	**2,060**	**2,435**
Selling expenses	-416	-512	-807	-1,004
Research and development expenses	-111	-113	-215	-225
General administrative expenses	-123	-154	-258	-284
Other operating income	56	70	100	104
Other operating expense	-100	-88	-196	-156
Result from investments recognized at equity	2	5	4	6
Income before financial result and income taxes, continuing operations (EBIT)	**380**	**421**	**688**	**876**
Interest income	13	39	20	52
Interest expense	-37	-22	-67	-48
Other financial income/expense	-16	-13	-15	-11
Financial result	**-40**	**4**	**-62**	**-7**
Income before income taxes, continuing operations	**340**	**425**	**626**	**869**
Income taxes	-113	-123	-200	-249
Income after taxes, continuing operations	**227**	**302**	**426**	**620**
Income after taxes, discontinued operations	-3	–	-10	–
Income after taxes	**224**	**302**	**416**	**620**
thereof attributable to non-controlling interests	6	5	11	9
thereof attributable to shareholders of Evonik Industries AG (net income)	218	297	405	611
Earnings per share in € (basic and diluted)	**0.47**	**0.64**	**0.87**	**1.31**
thereof continuing operations	0.47	0.64	0.89	1.31
thereof discontinued operations	0.00	0.00	-0.02	0.00

Prior-year figures restated.

Statement of comprehensive income

in € million	2nd quarter 2021	2nd quarter 2022	1st half 2021	1st half 2022
Income after taxes	**224**	**302**	**416**	**620**
Unrealized amounts from hedging instruments: designated risk components	-6	-33	-63	-50
Realized amounts from hedging instruments reclassified to profit or loss: designated risk components	–	24	–	36
Deferred taxes on hedging instruments: designated risk components	1	4	20	6
Unrealized amounts from hedging components: cost of hedging	1	-9	4	-10
Realized amounts from hedging instruments reclassified to profit or loss: cost of hedging	–	3	–	6
Deferred taxes on hedging instruments: cost of hedging	–	1	-2	1
Other comprehensive income from currency translation	-36	337	229	504
Other comprehensive income from currency translation of investments recognized at equity	–	1	–	3
Other comprehensive income that can be reclassified	**-40**	**328**	**188**	**496**
Other comprehensive income from the remeasurement of the net defined benefit liability	135	1,417	919	2,054
Deferred taxes from the remeasurement of the net defined benefit liability	-44	-428	-287	-607
Other comprehensive income from equity instruments measured at fair value through OCI	11	-126	-30	-166
Other comprehensive income that cannot be reclassified	**102**	**863**	**602**	**1,281**
Other comprehensive income after taxes	**62**	**1,191**	**790**	**1,777**
Total comprehensive income	**286**	**1,493**	**1,206**	**2,397**
thereof attributable to non-controlling interests	7	7	13	11
thereof attributable to shareholders of Evonik Industries AG	279	1,486	1,193	2,386

Balance sheet

in € million	Dec. 31, 2021	June 30, 2022
Goodwill	4,785	4,966
Other intangible assets	1,260	1,238
Property, plant and equipment	6,963	7,071
Right-of-use assets	608	748
Investments recognized at equity	81	82
Other financial assets	581	451
Deferred taxes	1,755	1,134
Other income tax assets	16	16
Other non-financial assets	125	112
Non-current assets	**16,174**	**15,818**
Inventories	2,548	3,279
Trade accounts receivable	1,954	2,482
Other financial assets	571	487
Other income tax assets	199	156
Other non-financial assets	382	527
Cash and cash equivalents	456	731
Current assets	**6,110**	**7,662**
Total assets	**22,284**	**23,480**
Issued capital	466	466
Capital reserve	1,168	1,168
Retained earnings	7,767	9,280
Other equity components	-112	223
Equity attributable to shareholders of Evonik Industries AG	**9,289**	**11,137**
Non-controlling interests	83	84
Equity	**9,372**	**11,221**
Provisions for pensions and other post-employment benefits	3,766	1,780
Other provisions	657	639
Other financial liabilities	3,531	3,649
Deferred taxes	628	656
Other income tax liabilities	195	216
Other non-financial liabilities	143	132
Non-current liabilities	**8,920**	**7,072**
Other provisions	892	660
Trade accounts payable	2,022	2,173
Other financial liabilities	477	1,565
Other income tax liabilities	211	226
Other non-financial liabilities	390	563
Current liabilities	**3,992**	**5,187**
Total equity and liabilities	**22,284**	**23,480**

Statement of changes in equity

				Other equity components						
in € million	Issued capital	Capital reserve	Retained earnings	Equity instruments at fair value through OCI	Hedging instruments: designated risk components	Hedging instruments cost of hedging	Currency translation	**Equity attributable to shareholders of Evonik Industries AG**	Equity attributable to non-controlling interests	**Total equity**
As of January 1, 2021	**466**	**1,167**	**6,876**	**99**	**46**	**-1**	**-641**	**8,012**	**87**	**8,099**
Capital increases/ decreases	–	–	–	–	–	–	–	–	-3	**-3**
Dividend distribution	–	–	-536	–	–	–	–	-536	-20	**-556**
Income after taxes	–	–	405	–	–	–	–	405	11	**416**
Other comprehensive income after taxes	–	–	632	-30	-43	2	227	788	2	**790**
Total comprehensive income	–	–	1,037	-30	-43	2	227	1,193	13	**1,206**
Other changes	–	1	12	–	–	–	–	13	–	**13**
As of June 30, 2021	**466**	**1,168**	**7,389**	**69**	**3**	**1**	**-414**	**8,682**	**77**	**8,759**
As of December 31, 2021	**466**	**1,168**	**7,767**	**37**	**-34**	**1**	**-116**	**9,289**	**83**	**9,372**
Adjustments in accordance with IAS 8[a]	–	–	–	–	–	–	7	7	–	7
As of January 1, 2022	**466**	**1,168**	**7,767**	**37**	**-34**	**1**	**-109**	**9,296**	**83**	**9,379**
Capital increases/ decreases	–	–	–	–	–	–	–	–	–	–
Dividend distribution	–	–	-545	–	–	–	–	-545	-10	-555
Income after taxes	–	–	611	–	–	–	–	611	9	620
Other comprehensive income after taxes	–	–	1,447	-166	-8	-3	505	1,775	2	1,777
Total comprehensive income	–	–	2,058	-166	-8	-3	505	2,386	11	2,397
Other changes	–	–	–	–	–	–	–	–	–	–
As of June 30, 2022	**466**	**1,168**	**9,280**	**-129**	**-42**	**-2**	**396**	**11,137**	**84**	**11,221**

[a] Due to initial application of IAS 29 Financial Reporting in Hyperinflationary Economies for Turkey.

Cash flow statement

in € million	2nd quarter 2021	2nd quarter 2022	1st half 2021	1st half 2022
Income before financial result and income taxes, continuing operations	380	421	688	876
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	250	274	501	538
Result from investments recognized at equity	-2	-4	-4	-6
Gains/losses on the disposal of non-current assets	22	2	21	3
Change in inventories	-161	-336	-319	-614
Change in trade accounts receivable	-91	-100	-320	-462
Change in trade accounts payable	30	15	240	165
Change in provisions for pensions and other post-employment benefits	17	9	42	30
Change in other provisions	-103	-289	-56	-223
Change in miscellaneous assets/liabilities	-18	7	49	42
Cash inflows from dividends	6	4	17	15
Cash outflows for income taxes	-73	-138	-137	-210
Cash inflows from income taxes	15	61	44	81
Cash flow from operating activities, continuing operations	**272**	**-74**	**766**	**235**
Cash outflows for investments in intangible assets, property, plant and equipment	-171	-165	-353	-341
Cash outflows to obtain control of businesses	–	–	-2	–
Cash outflows relating to the loss of control over businesses	-67	–	-145	–
Cash outflows for investments in other shareholdings	–	-1	-4	-12
Cash inflows from divestments of intangible assets, property, plant and equipment	1	–	8	3
Cash inflows from divestment of other shareholdings	1	–	1	–
Cash inflows/outflows relating to securities, deposits, and loans	73	91	277	82
Cash inflows from interest	5	4	7	7
Cash flow from investing activities, continuing operations	**-158**	**-71**	**-211**	**-261**
Cash outflows for dividends to shareholders of Evonik Industries AG	-536	-545	-536	-545
Cash outflows for dividends to non-controlling interests	-14	-8	-20	-10
Cash outflows for the purchase of treasury shares	–	–	-15	-16
Cash inflows from the sale of treasury shares	12	12	12	12
Cash inflows from the addition of financial liabilities	3	926	84	1,082
Cash outflows for repayment of financial liabilities	-56	-81	-185	-141
Cash inflows/outflows in connection with financial transactions	77	-65	89	-64
Cash outflows for interest	-18	-9	-34	-23
Cash flow from financing activities, continuing operations	**-532**	**230**	**-605**	**295**
Change in cash and cash equivalents	**-418**	**85**	**-50**	**269**
Cash and cash equivalents as of April 1/January 1	**936**	**647**	**563**	**456**
Change in cash and cash equivalents	-418	85	-50	269
Changes in exchange rates and other changes in cash and cash equivalents	2	-1	7	6
Cash and cash equivalents as on the balance sheet as of June 30	**520**	**731**	**520**	**731**

Notes to the consolidated financial statements

1. Segment report

Segment report by operating segments—2nd quarter

	Specialty Additives		Nutrition & Care		Smart Materials	
in € million	2021	**2022**	2021	**2022**	2021	**2022**
External sales	922	1,116	838	1,027	975	1,237
Internal sales	3	2	4	3	15	21
Total sales	925	1,118	842	1,030	990	1,258
Adjusted EBITDA	242	263	183	185	176	198
Adjusted EBITDA margin in %	26.2	23.6	21.8	18.0	18.1	16.0
Adjusted EBIT	198	214	122	120	111	126
Capital expenditures[a]	18	22	34	42	87	60
Financial investments	–	–	–	–	–	2

[a] For intangible assets, property, plant and equipment.

Segment report by regions—2nd quarter

	Europe, Middle East & Africa		North America	
in € million	2021	**2022**	2021	**2022**
External sales[a]	1,803	2,453	855	1,119
Capital expenditures	157	110	21	36

[a] External sales Europe, Middle East & Africa: thereof Germany €742 million (Q2 2021: €588 million).

Performance Materials		Technology & Infrastructure		Enabling functions, other activities, consolidation		**Total Group (continuing operations)**	
2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**
708	1,043	179	328	14	21	3,636	4,772
29	54	355	418	-406	-498	–	–
737	1,097	534	746	-392	-477	3,636	4,772
99	163	26	-6	-77	-75	649	728
14.0	15.6	14.5	-1.8	–	–	17.8	15.3
66	129	-2	-34	-97	-99	398	456
11	12	33	17	10	8	193	161
–	–	–	–	2	2	2	4

Central & South America		Asia-Pacific		**Total Group (continuing operations)**	
2021	**2022**	2021	**2022**	2021	**2022**
154	247	824	953	3,636	4,772
1	2	14	13	193	161

Segment report by operating segments—1st half

	Specialty Additives		Nutrition & Care		Smart Materials	
in € million	2021	2022	2021	2022	2021	2022
External sales	1,829	2,165	1,618	2,064	1,884	2,419
Internal sales	6	4	6	6	24	41
Total sales	1,835	2,169	1,624	2,070	1,908	2,460
Adjusted EBITDA	515	515	325	407	350	395
Adjusted EBITDA margin in %	28.2	23.8	20.1	19.7	18.6	16.3
Adjusted EBIT	428	419	200	274	218	253
Capital expenditures[a]	31	40	56	66	146	105
Financial investments	–	–	–	1	5	11
No. of employees as of June 30	3,680	3,733	5,323	5,594	7,765	7,846

[a] For intangible assets, property, plant and equipment.

Segment report by regions—1st half

	Europe, Middle East & Africa		North America	
in € million	2021	2022	2021	2022
External sales[a]	3,445	4,739	1,628	2,141
Non-current assets in accordance with IFRS 8 as of June 30	7,233	7,568	4,113	4,572
Capital expenditures	266	212	38	61
No. of employees as of June 30	22,126	22,454	4,826	4,967

Prior-year figures restated.

[a] External sales Europe, Middle East & Africa: thereof Germany €1,499 million (H1 2021: €1,146 million).

Performance Materials		Technology & Infrastructure		Enabling functions, other activities, consolidation		**Total Group (continuing operations)**	
2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**
1,288	1,990	348	599	27	33	6,994	9,270
55	112	700	854	-791	-1,017	–	–
1,343	2,102	1,048	1,453	-764	-984	6,994	9,270
140	260	55	30	-148	-145	1,237	1,462
10.9	13.1	15.8	5.0	–	–	17.7	15.8
76	195	1	-27	-189	-186	734	928
19	24	50	40	21	23	323	298
–	–	–	–	3	9	8	21
1,791	1,998	8,413	7,997	5,689	6,067	32,661	33,235

Central & South America		Asia-Pacific		**Total Group (continuing operations)**	
2021	**2022**	2021	**2022**	2021	**2022**
303	481	1,618	1,909	6,994	9,270
169	170	1,869	1,907	13,384	14,217
2	3	17	22	323	298
690	728	5,019	5,086	32,661	33,235

2. Basis of preparation of the financial statements

2.1 Compliance with IFRS

The present condensed and consolidated interim financial statements (consolidated interim financial statements) of Evonik Industries AG and its subsidiaries (referred to jointly as Evonik or the Evonik Group) as of June 30, 2022 have been prepared in accordance with the provisions of IAS 34 Interim Financial Reporting using the International Financial Reporting Standards (IFRS) and comply with these standards. The IFRSs comprise the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB), London (UK) and the interpretations (IFRIC, SIC) of the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union.

For an explanation of the events and transactions that are relevant for an understanding of the development of earnings and the change in the assets and financial position of the Evonik Group in the first six months of 2022, please refer to the interim group management report.

2.2 Presentation and use of discretion in decisions on accounting policies

The consolidated interim financial statements as of June 30, 2022 are presented in euros. The reporting period is January 1 to June 30, 2022. All amounts are stated in millions of euros (€ million) except where otherwise indicated. In some cases, rounding may mean that the figures in this report do not add up exactly to the totals stated, and percentages do not correlate exactly to the figures presented.

The consolidated interim financial statements are drawn up using uniform accounting policies and decisions based on the use of discretion. The basis for the consolidated interim financial statements comprises the consolidated financial statements for the Evonik Group as of December 31, 2021, which should be referred to for further information. Where applicable, deviations from this principle are outlined in the relevant notes.

2.3 Assumptions and estimation uncertainties

The preparation of consolidated interim financial statements involves assumptions and estimates about the future. The subsequent circumstances may differ from these estimates. Adjustments to estimates are recognized in income as soon as better information is available. We regularly review our assumptions and estimates in comparison with the consolidated financial statements as of December 31, 2021 to identify any need for adjustment. Where necessary, this is reported in the relevant notes to the consolidated financial statements.

Estimation uncertainties arise, in particular, from the war in Ukraine and its indirect effects. In view of the low business volume in Russia and Ukraine, the war does not have any direct material impact on the Evonik Group's assets, financial position, and earnings. Indirect effects of the war on the assets, financial position, and earnings of the Evonik Group result from higher raw material and energy costs and supply bottlenecks.

2.4 Accounting standards to be applied for the first time

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements as of December 31, 2021, with the exception of the new policies that came into effect on January 1, 2022, which are outlined on page 109 of the financial report 2021. The new rules that took effect on January 1, 2022 did not have a material impact on the consolidated interim financial statements.

2.5 Restatement of prior-year figures

Restatement in the income statement

The **presentation of the adjustments** was altered as of December 31, 2021. Irrespective of their classification as adjustments, they are now allocated to the relevant function costs. The prior-year figures have been restated.

Impact on the income statement

	2021	
in € million	2nd quarter	1st half
Sales	–	–
Cost of sales	-14	-16
Gross profit on sales	**-14**	**-16**
Selling expenses	–	-1
Research and development expenses	–	–
General administrative expenses	–	-3
Other operating income	–	-2
Other operating expense	14	22
Result from investments recognized at equity	–	–
Income before financial result and income taxes, continuing operations (EBIT)	**–**	**–**

2.6 Currency translation and financial reporting in hyperinflationary economies

Exchange rates

	Average rates in the half year		Closing rates	
€1 corresponds to	2021	**2022**	Dec. 31, 2021	**June 30, 2022**
Brazilian real (BRL)	6.46	5.58	6.31	5.42
British pound (GBP)	0.87	0.84	0.84	0.86
Chinese renminbi yuan (CNY)	7.80	7.06	7.19	6.96
Japanese yen (JPY)	129.87	134.22	130.38	141.54
Singapore dollar (SGD)	1.61	1.49	1.53	1.45
US dollar (USD)	1.21	1.09	1.13	1.04

Turkey was classified as a hyperinflationary economy for the first time as of June 30, 2022. Therefore, the concept of historical cost of acquisition and production pursuant to IAS 29 Financial Reporting in Hyperinflationary Economies has been applied to two Turkish subsidiaries for the first time. Initial application resulted in income of €7 million. This is recognized in other comprehensive income from currency translation. Currency translation and measurement is based on the consumer price index published by the Turkish Statistical Institute (Turkstat) as of June 30, 2022, which was 977.90.

Argentina has been classified as a hyperinflationary economy since July 1, 2018. The inflation rate is derived from the consumer price index as of May 31, 2022, which was 753.15 (November 30, 2021: 560.92).

3. Changes in the Evonik Group

Changes in the scope of consolidation

No. of companies	Germany	Other countries	**Total**
Evonik Industries AG and consolidated subsidiaries			
As of December 31, 2021	**28**	**127**	**155**
Intragroup mergers	-1	-1	-2
Other companies deconsolidated	–	-1	-1
As of June 30, 2022	**27**	**125**	**152**
Joint operations			
As of December 31, 2021	**1**	**2**	**3**
As of June 30, 2022	**1**	**2**	**3**
Investments recognized at equity			
As of December 31, 2021	**4**	**11**	**15**
Divestments	–	-1	-1
Other companies deconsolidated	–	-2	-2
As of June 30, 2022	**4**	**8**	**12**
Total	**32**	**135**	**167**

4. Notes to the income statement

4.1 Sales

Sales by segments and regions—1st half 2022

in € million	Europe, Middle East & Africa	North America	Central & South America	Asia-Pacific	**Total Group**
Specialty Additives	908	586	64	607	**2,165**
Nutrition & Care	642	669	280	473	**2,064**
Smart Materials	1,117	605	80	617	**2,419**
Performance Materials	1,494	259	55	182	**1,990**
Technology & Infrastructure	558	20	–	21	**599**
Enabling functions, other activities, consolidation	20	2	2	9	**33**
Total Group	**4,739**	**2,141**	**481**	**1,909**	**9,270**
thereof sales outside the scope of IFRS 15	6	-32	–	-10	-36

Sales by segments and regions—1st half 2021

in € million	Europe, Middle East & Africa	North America	Central & South America	Asia-Pacific	**Total Group**
Specialty Additives	778	470	50	531	**1,829**
Nutrition & Care	515	498	168	437	**1,618**
Smart Materials	880	465	54	485	**1,884**
Performance Materials	944	178	31	135	**1,288**
Technology & Infrastructure	313	16	–	19	**348**
Enabling functions, other activities, consolidation	15	1	–	11	**27**
Total Group	**3,445**	**1,628**	**303**	**1,618**	**6,994**
thereof sales outside the scope of IFRS 15	9	14	1	7	31

Sales outside the scope of IFRS 15 comprise the results of currency hedging of forecast sales in foreign currencies, which are included in hedge accounting, and revenues from operating leases.

4.2 Other operating income/expense

Other operating income/expense—1st half

	Other operating income		Other operating expense	
in € million	2021	2022	2021	2022
Restructuring measures[a]	–	1	–	–
thereof income from the reversal of/additions to other provisions	–	1	–	–
Reversal of/additions to other provisions[b]	5	2	-21	-17
Recultivation and environmental protection measures	–	–	-6	-5
Disposal of assets[b]	3	1	-20	-6
Impairment losses/reversal of impairment losses pursuant to IAS 36[b]	–	–	-7	-7
Impairment losses/reversal of impairment losses pursuant to IFRS 9 (net presentation)[a,c]	–	3	-4	–
Currency translation of operating monetary assets and liabilities (net presentation)[c]	–	–	-3	-10
Operational currency hedging (net presentation)[c]	–	1	-3	–
REACH Regulation	1	1	-5	-6
Other	91	95	-127	-105
Other operating income/expense	**100**	**104**	**-196**	**-156**

Prior-year figures restated.

[a] Excluding amounts disclosed in the function costs.
[b] Excluding restructuring expenses and amounts disclosed in the function costs.
[c] The gross income and expense from operational currency hedging, currency translation of operating monetary assets and liabilities, and impairment losses/reversal of impairment losses pursuant to IFRS 9 are netted. The corresponding net amounts are recognized in other operating income or other operating expense as appropriate.

The amounts recognized in other operating income and expense for restructuring measures, reversal of/additions to other provisions, gains/losses from the disposal of assets, impairment losses/reversal of impairment losses pursuant to IAS 36, and the analogous amounts recognized in the function costs are explained in note 4.3.

The net income and expense from the **currency translation of operating monetary assets** and **operational currency hedging** mainly comprises balance sheet items recognized in foreign currencies that arose in the course of the operating business, where the currency risk is hedged using the portfolio approach.

The **other income** of €95 million (H1 2021: €91 million) contains income from occasional, unplanned business activities not intended to be permanent operations (non-core operations). Furthermore, this item contains income in connection with measures relating to the change in German energy policy. In addition, the other income contains insurance refunds, insurance premiums, and commission.

The **other expenses** of €105 million (H1 2021: €127 million) contain costs in connection with insurance deductibles, outsourcing, expenses for non-core business, other taxes, and legal and consultancy fees.

4.3 Income before financial result and income taxes (EBIT)

Income before financial result and income taxes (EBIT) contains restructuring measures, reversals of/additions to other provisions, gains/losses from the disposal of assets, and impairment losses/reversal of impairment losses pursuant to IAS 36, which are divided among the following line items in the income statement:

Additional information on income before financial result and income taxes—1st half 2022

in € million	Cost of sales	Selling expenses	Administrative expenses	Other operating income	Other operating expense	Result from investments recognized at equity	**Total**
Restructuring measures	-1	1	-24	1	–	–	-23
thereof from the reversal of/additions to other provisions	–	1	-24	1	–	–	-22
Reversal of/additions to other provisions	–	–	–	2	-17	–	-15
Result from the disposal of assets	–	–	–	1	-6	–	-5
Impairment losses/reversal of impairment losses pursuant to IAS 36	–	–	–	–	-7	-1	-8
Impairment losses/reversal of impairment losses pursuant to IFRS 9	–	–	–	3	–	–	3

Additional information on income before financial result and income taxes—1st half 2021

in € million	Cost of sales	Selling expenses	Administrative expenses	Other operating income	Other operating expense	Result from investments recognized at equity	**Total**
Restructuring measures	-9	-1	-3	–	–	–	-13
thereof from the reversal of/additions to other provisions	-9	-1	-3	–	–	–	-13
Reversal of/additions to other provisions	-1	–	–	5	-21	–	-17
Result from the disposal of assets	-6	–	–	3	-20	–	-23
Impairment losses/reversal of impairment losses pursuant to IAS 36	–	–	–	–	-7	–	-7
Impairment losses/reversal of impairment losses pursuant to IFRS 9	-1	–	–	–	-4	–	-5

Prior-year figures restated.

The income and expenses relating to **restructuring measures** in the current fiscal year mainly result from provisions for a new group-wide project to optimize administrative functions. As in the previous year, expenses from the shutdown of a production facility in the Nutrition & Care division and effects from the program to reduce selling & administrative expenses are also included.

The **losses from the disposal of assets** mainly comprise €15 million from the end of a legal dispute in connection with the sale of the former carbon blacks business and €7 million from the deconsolidation of an Indian company.

Overall, other operating expense contains **impairment losses pursuant to IAS 36** amounting to €7 million (H1 2021: €7 million). In both periods, these relate mainly to impairment losses on property, plant and equipment.

The net income/expense for the current period contains income of €3 million from **impairment losses and reversal of impairment losses for expected credit losses pursuant to IFRS 9** Financial Instruments (H1 2021: expense of €5 million). These amounts related entirely to trade accounts receivable.

4.4 Financial result

Financial result—1st half

in € million	2021	2022
Interest income from securities and loans	4	9
Interest and similar income from derivatives	1	1
Interest income from other provisions [a]	4	23
Other interest-type income	11	19
Interest income	**20**	**52**
Interest expense on financial liabilities	-22	-14
Interest and similar expenses for derivatives	-5	–
Interest expense for other provisions [a]	-2	-2
Net interest expense for pensions	-22	-25
Interest expense for leases	-7	-7
Other interest-type expense	-9	–
Interest expense	**-67**	**-48**
Result from currency translation of monetary assets and liabilities	-67	60
Income from financing-related currency hedging	66	-63
Miscellaneous financial income and expenses	-14	-8
Other financial income/expense	**-15**	**-11**

[a] These items contain income/expense from the unwinding of discounting and from changes in interest rates for other provisions.

The result of netting gross income and expense from the currency translation of financing-related income/expense mainly results from the exchange rate risk of current intragroup financing transactions denominated in foreign currencies and from cash and cash equivalents in foreign currencies. The effects of the associated currency hedges are recognized in income from financing-related currency hedging.

4.5 Income after taxes

Income after taxes—1st half

in € million	2021	2022
Income after taxes, continuing operations	**426**	**620**
thereof attributable to non-controlling interests	11	9
thereof attributable to shareholders of Evonik Industries AG	415	611
Income after taxes, discontinued operations	**-10**	**–**
thereof attributable to non-controlling interests	–	–
thereof attributable to shareholders of Evonik Industries AG	-10	–

5. Notes to the balance sheet

As of June 30, 2022, the **provisions for pensions and other post-employment benefits** were €1,780 million, a decline of €1,986 million compared with December 31, 2021. This was principally attributable to the reduction in the present value of the defined benefit obligation as a consequence of the increase in the discount rate for pensions in Germany from 1.30 percent as of December 31, 2021 to 3.30 percent as of June 30, 2022. A countereffect came from the increase in the pension trend for Germany from 1.60 percent as of December 31, 2021 to 1.90 percent as of June 30, 2022 and a market-driven reduction in plan assets. Overall, the remeasurement of the net defined benefit liability as of June 30, 2022 resulted in a reduction of €2,054 million. The positive result and, as a countereffect, the associated change in deferred taxes of €607 million were recognized in other comprehensive income in the statement of comprehensive income, resulting in a total increase in retained earnings of €1,447 million.

The **other financial liabilities** amounted to €5,214 million as of June 30, 2022, a rise of €1,206 million compared with December 31, 2021. In May 2022, Evonik Industries AG issued a green bond in a nominal amount of €750 million. This has a coupon of 2.25 percent and matures in September 2027.

6. Notes to the cash flow statement

The cash outflows for repayment of financial liabilities recognized in the **cash flow from financing activities** include the payment of lease liabilities. These cash outflows amounted to €37 million in the second quarter of 2022 (Q2 2021: €35 million) and €69 million in the first half of 2022 (H1 2021: €70 million).

7. Notes to the segment report

Composition of enabling functions, other activities, consolidation—1st half 2022

	Enabling functions		Other activities		Consolidation		**Total**	
in € million	2021	**2022**	2021	**2022**	2021	**2022**	2021	**2022**
External sales	16	22	11	11	–	–	27	33
Internal sales	445	508	2	2	-1,238	-1,527	-791	-1,017
Total sales	461	530	13	13	-1,238	-1,527	-764	-984
Adjusted EBITDA	-121	-122	-16	-17	-11	-6	-148	-145
Adjusted EBIT	-154	-157	-23	-24	-12	-5	-189	-186
Capital expenditures	21	23	–	–	–	–	21	23
Financial investments	3	9	–	–	–	–	3	9
No. of employees as of June 30	5,689	6,067	–	–	–	–	5,689	6,067

Reconciliation from adjusted EBITDA of the reporting segments to income before income taxes, continuing operations—1st half

in € million	2021	**2022**
Adjusted EBITDA, reporting segments	1,385	1,607
Adjusted EBITDA, other activities	-16	-17
Adjusted EBITDA enabling functions, consolidation, less discontinued operations	-132	-128
Adjusted EBITDA	**1,237**	**1,462**
Depreciation and amortization	-494	-531
Impairment losses/reversal of impairment losses	-12	-5
Depreciation, amortization, impairment losses/reversal of impairment losses included in adjustments	3	2
Adjusted depreciation, amortization, and impairment losses	-503	-534
Adjusted EBIT	**734**	**928**
Adjustments	-46	-52
Financial result	-62	-7
Income before income taxes, continuing operations	**626**	**869**

Adjustments by categories—1st half 2022

in € million	Cost of sales	Selling expenses	Administrative expenses	Other operating income	Other operating expense	Result from investments recognized at equity	**Total**
Restructuring	-1	1	-24	1	–	–	-23
Impairment losses/reversal of impairment losses	–	–	–	–	–	–	–
Acquisition/divestment of shareholdings	-1	–	–	–	-4	–	-5
Other	-15	–	–	–	-8	-1	-24
Adjustments	**-17**	**1**	**-24**	**1**	**-12**	**-1**	**-52**

Adjustments by categories—1st half 2021

in € million	Cost of sales	Selling expenses	Administrative expenses	Other operating income	Other operating expense	Result from investments recognized at equity	**Total**
Restructuring	-9	-1	-3	–	–	–	-13
Impairment losses/reversal of impairment losses	–	–	–	–	–	–	–
Acquisition/divestment of shareholdings	-3	–	–	–	-3	–	-6
Other	-5	–	–	18	-40	–	-27
Adjustments	**-17**	**-1**	**-3**	**18**	**-43**	**–**	**-46**

Prior-year figures restated.

8. Other disclosures

8.1 Financial instruments

Disclosures on the carrying amounts and fair values of financial instruments

Carrying amounts and fair values of financial assets as of June 30, 2022

	Carrying amounts by IFRS 9 valuation category						
in € million	At fair value through OCI	At amortized cost	At fair value through profit or loss	Not allocated to any category	Not measured in accordance with IFRS 9	**Carrying amount**	Fair value IFRS 9 categories
Trade accounts receivable	**–**	**2,482**	**–**	**–**	**–**	**2,482**	**2,482**
Cash and cash equivalents	**–**	**731**	**–**	**–**	**–**	**731**	**731**
Other investments	346	–	–	–	24	370	346
Loans	–	49	7	–	–	56	56
Securities and similar claims	–	–	388	–	–	388	388
Receivables from derivatives	–	–	86	17	–	103	103
Miscellaneous other financial assets	–	21	–	–	–	21	21
Other financial assets	**346**	**70**	**481**	**17**	**24**	**938**	**914**
Total	**346**	**3,283**	**481**	**17**	**24**	**4,151**	**4,127**

Carrying amounts and fair values of financial assets as of December 31, 2021

	Carrying amounts by IFRS 9 valuation category						
in € million	At fair value through OCI	At amortized cost	At fair value through profit or loss	Not allocated to any category	Not measured in accordance with IFRS 9	**Carrying amount**	Fair value IFRS 9 categories
Trade accounts receivable	**29**	**1,925**	**–**	**–**	**–**	**1,954**	**1,954**
Cash and cash equivalents	**–**	**456**	**–**	**–**	**–**	**456**	**456**
Other investments	502	–	–	–	13	515	502
Loans	–	39	12	–	–	51	51
Securities and similar claims	–	–	489	–	–	489	489
Receivables from derivatives	–	–	66	4	–	70	70
Miscellaneous other financial assets	–	27	–	–	–	27	27
Other financial assets	**502**	**66**	**567**	**4**	**13**	**1,152**	**1,139**
Total	**531**	**2,447**	**567**	**4**	**13**	**3,562**	**3,549**

The column “at fair value through OCI” contains both debt instruments, where the amounts recognized in OCI are subsequently reclassified, and equity instruments, where amounts are not reclassified.

Carrying amounts and fair values of financial liabilities as of June 30, 2022

in € million	Carrying amounts by IFRS 9 valuation category: At fair value through profit or loss	At amortized cost	Not allocated to any category	Not measured in accordance with IFRS 9	**Carrying amount**	Fair value IFRS 9 categories
Trade accounts payable	**–**	**2,173**	**–**	**–**	**2,173**	**2,173**
Bonds	–	3,723	–	–	3,723	3,475
Commercial paper	–	266	–	–	266	266
Liabilities to banks	–	67	–	–	67	67
Loans from non-banks	–	22	–	–	22	22
Lease liabilities	–	–	–	728	728	–
Liabilities from derivatives	157	–	98	–	255	255
Refund liability	–	–	–	51	51	–
Miscellaneous other financial liabilities	–	102	–	–	102	102
Other financial liabilities	**157**	**4,180**	**98**	**779**	**5,214**	**4,187**
Total	**157**	**6,353**	**98**	**779**	**7,387**	**6,360**

Carrying amounts and fair values of financial liabilities as of December 31, 2021

in € million	Carrying amounts by IFRS 9 valuation category: At fair value through profit or loss	At amortized cost	Not allocated to any category	Not measured in accordance with IFRS 9	**Carrying amount**	Fair value IFRS 9 categories
Trade accounts payable	**–**	**2,022**	**–**	**–**	**2,022**	**2,022**
Bonds	–	2,992	–	–	2,992	3,031
Commercial paper	–	–	–	–	–	–
Liabilities to banks	–	46	–	–	46	47
Loans from non-banks	–	16	–	–	16	16
Lease liabilities	–	–	–	590	590	–
Liabilities from derivatives	124	–	57	–	181	181
Refund liability	–	–	–	68	68	–
Miscellaneous other financial liabilities	–	115	–	–	115	113
Other financial liabilities	**124**	**3,169**	**57**	**658**	**4,008**	**3,388**
Financial liabilities	**124**	**5,191**	**57**	**658**	**6,030**	**5,410**

Financial instruments recognized at fair value are allocated to the following levels in the fair value hierarchy:

Financial instruments recognized at fair value

in € million	Level	Description	Valuation method	Material non-observable inputs	Dec. 31, 2021	June 30, 2022
Trade accounts receivable	Level 3	Bank acceptance drafts	Discount on the nominal value of the respective transaction	Discount rate	29	–
	Level 1	Borussia Dortmund GmbH & Co. KGaA	Present stock market price	–	39	32
	Level 3	Vivawest GmbH	Discounted cash flow method (see below)	Cost of capital and growth	408	247
Other investments	Level 3	Unlisted equity instruments	Observable prices from equity refinancing, and discounted cash flow and multiples methods	Cost of capital and growth-adjusted market multipliers	68	91
Loans	Level 3	Convertible bonds	Nominal value of the bonds; where material, a conversion right is taken into account	Quoted price	12	7
	Level 1	Short-term money market instruments	Present stock market price	–	446	341
Securities and similar claims	Level 3	Unlisted investment funds	Net asset values provided by investment fund companies, which are determined using internationally recognized valuation guidelines	Cost of capital and growth Market multipliers Cash flow forecasts	43	48
Receivables from derivatives	Level 2	Currency and commodity derivatives	Discounted cash flow method based on exchange rates at the European Central Bank, observable yield structure curves, exchange rate volatilities, commodity prices, and credit default premiums	–	70	103
Liabilities from derivatives	Level 2	Currency and commodity derivatives	Discounted cash flow method based on exchange rates at the European Central Bank, observable yield structure curves, exchange rate volatilities, commodity prices, and credit default premiums	–	-181	-255

For the shares in **Borussia Dortmund GmbH & Co. KGaA,** a rise or fall of 10 percent in the share price would result in an increase or decrease in the other equity components of €3 million (December 31, 2021: €4 million).

For the 7.5 percent shareholding in **Vivawest GmbH**, an increase in the cost of capital accompanied by a drop in sales growth of 10 percent in each case would reduce the fair value by €182 million (December 31, 2021: €176 million). A reduction in the cost of capital accompanied by an increase in sales growth of 10 percent in each case would increase the fair value by €257 million (December 31, 2021: €349 million).

The other **unlisted equity instruments** comprise a mid-double-digit number of investments whose individual fair values are immaterial in a range of €0 million to €8 million. €57 million of this amount (December 31, 2021: €45 million) comprises equity investments resulting from venture capital activities. A 10 percent relative change in the key valuation parameters (segment-specific cost of capital, sustained dividend expectations, EBITDA multiple) does not result in a material change in the fair values. There is no intention of selling these investments.

Similarly, a 10 percent relative change in the input factors for the **convertible bonds,** the **unlisted investment funds,** and the **trade accounts receivable** does not result in a material change in the fair values.

There were no transfers between the levels of the fair value hierarchy in the reporting period.

Fair value of level 3:
Reconciliation from the opening to the closing balances

in € million	Other investments	Loans	Securities and similar claims	Trade accounts receivable	**Total**
As of January 1, 2021	**519**	**12**	**28**	**–**	**559**
Additions/disposals	1	–	2	–	3
Recognized in other comprehensive income for the period	-36	–	–	–	-36
Recognized in other financial income/expense for the period	–	–	–	–	–
As of June 30, 2021	**484**	**12**	**30**	**–**	**526**
As of January 1, 2022	**476**	**12**	**43**	**29**	**560**
Additions/disposals	22	-5	2	-29	-10
Recognized in other comprehensive income for the period	-160	–	–	–	-160
Recognized in other financial income/expense for the period	–	–	3	–	3
As of June 30, 2022	**338**	**7**	**48**	**–**	**393**

The **fair value of financial instruments recognized at amortized cost** is calculated as follows: The fair value of bonds is their directly observable stock market price on the reporting date. For loans, miscellaneous other financial assets, liabilities to banks, loans from non-banks, and miscellaneous other financial liabilities, the fair value is determined as the present value of the expected future cash inflows or outflows and is therefore allocated to level 2. Discounting is based on the interest rate for the respective maturity on the reporting date, taking the creditworthiness of the counterparties into account. Since the majority of other financial receivables and liabilities and trade accounts receivable and payable are current, their fair values—like the fair value of cash and cash equivalents—correspond to their carrying amounts.

8.2 Related parties

Following the resolution of the annual shareholders' meeting on May 25, 2022, the dividend for fiscal 2021 was paid in the second quarter. RAG-Stiftung, Essen (Germany) received €307 million.

There has not been any other material change in relations with related parties since December 31, 2021.

8.3 Contingent receivables and liabilities

There has not been any material change in contingent receivables and liabilities since the consolidated financial statements as of December 31, 2021.

8.4 Events after the reporting date

No material events have occurred since the reporting date.

8.5 Date of preparation of the financial statements

The executive board of Evonik Industries AG prepared the consolidated interim financial statements and the interim management report as of June 30, 2022 at its meeting on July 27, 2022 and approved them for publication. They were submitted to the audit committee for discussion at its meeting on August 4, 2022.

Essen, July 27, 2022

Evonik Industries AG
The Executive Board

Kullmann Dr. Schwager

Wessel Wolf

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the consolidated interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group, and the interim management report for 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 material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Essen, July 27, 2022

Evonik Industries AG
The Executive Board

Kullmann Dr. Schwager

Wessel Wolf

Review report

Note: This is a translation of the German original. Solely the original text in German language is authoritative.

To Evonik Industries AG, Essen
We have reviewed the condensed consolidated interim financial statements of Evonik Industries AG, Essen/Germany, – comprising the Income statement, Statement of comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement and selected explanatory Notes – together with the interim group management report of Evonik Industries AG, for the period from January 1 to June 30, 2022 that are part of the half year financial report according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed consolidated interim financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and additionally observed the International Standard on Review Engagements "Review of Interim Financial Information performed by the Independent Auditor of the Entity" (ISRE 2410). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments 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 issue an auditor's report.

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 material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Essen, July 28, 2022
KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dr. Hain	Dr. Ackermann
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

Financial calendar

Financial calendar 2022/23

Event	Date
Interim report Q3 2022	November 8, 2022
Report on Q4 2022 and FY 2022	March 2, 2023
Interim report Q1 2023	May 9, 2023
Annual shareholders' meeting 2023	May 31, 2023
Interim report Q2 2023	August 4, 2023
Interim report Q3 2023	November 7, 2023

Credits

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