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## Half-Year Financial Report 2021



### **Q2 2021: BASF with very strong second quarter supported by higher prices and volumes**

- Sales growth of 56% to €19,753 million
- EBIT before special items increased significantly to €2,355 million
- 2021 outlook for sales raised to between €74 billion and €77 billion and for EBIT before special items to between €7.0 billion and €7.5 billion

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## On the cover:

Renewable energies play a central role in achieving climate neutrality. To meet growing demand, BASF will – among other things – acquire 49.5% of Vattenfall's Hollandse Kust Zuid wind farm. The relevant contract was signed at the end of June. This is BASF's first major investment in a renewable power facility. Once fully operational in 2023, the wind farm will be the largest commercial offshore wind farm in the world with 140 wind turbines and a total installed capacity of 1.5 gigawatt. This wind farm does not receive any subsidies for the power produced. On the cover, platforms are shown that enable construction on the wind farm and temporary materials storage at sea. Construction started in early July (photo: Vattenfall /Jorrit Lousberg).

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# Key Figures

## BASF Group H1 2021

		Q2			H1		
		2021	2020	+/-	2021	2020	+/-
Sales	Million €	19,753	12,680	56%	39,153	29,433	33%
Income from operations before depreciation, amortization and special items	Million €	3,217	1,229	162%	6,398	3,808	68%
Income from operations before depreciation and amortization (EBITDA)	Million €	3,199	1,070	199%	6,375	3,498	82%
EBITDA margin	%	16.2	8.4	–	16.3	11.9	–
Depreciation and amortization <sup>a</sup>	Million €	883	1,011	–13%	1,748	1,983	–12%
Income from operations (EBIT)	Million €	2,316	59	.	4,627	1,515	205%
Special items	Million €	–39	–167	77%	–49	–351	86%
EBIT before special items	Million €	2,355	226	.	4,676	1,866	151%
Income before income taxes	Million €	2,189	–923	.	4,436	277	.
Income after taxes from continuing operations	Million €	1,794	–888	.	3,604	–7	.
Income after taxes from discontinued operations	Million €	–	14	–	–	36	–
Net income	Million €	1,654	–878	.	3,372	7	.
Earnings per share	€	1.80	–0.96	.	3.67	0.01	.
Adjusted earnings per share	€	2.03	0.25	.	4.03	1.51	167%
Research and development expenses	Million €	545	480	14%	1,056	974	8%
Personnel expenses	Million €	2,924	2,679	9%	5,871	5,505	7%
Employees (June 30)		107,646	117,563	–8%	107,646	117,563	–8%
Assets (June 30)	Million €	82,938	90,369	–8%	82,938	90,369	–8%
Investments including acquisitions <sup>b</sup>	Million €	831	654	27%	1,376	2,790	–51%
Equity ratio (June 30)	%	45.9	42.5	–	45.9	42.5	–
Net debt (June 30)	Million €	16,241	20,519	–21%	16,241	20,519	–21%
Cash flows from operating activities	Million €	2,537	2,242	13%	2,012	1,212	66%
Free cash flow	Million €	1,770	1,516	17%	789	–83	.

<sup>a</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

<sup>b</sup> Additions to property, plant and equipment and intangible assets

# Consolidated Interim Management's Report 2021

## Significant events

### Corporate Targets

At a Capital Markets Day on March 26, 2021, BASF presented its roadmap to climate neutrality. BASF is setting itself even more ambitious goals than in the past and wants to achieve net zero emissions by 2050. Based on the most recent progress in developing low-emission and CO<sub>2</sub>-free technologies, the company is also significantly raising its medium-term 2030 target for reductions in greenhouse gas emissions: BASF now wants to reduce its greenhouse gas emissions worldwide by 25% compared with 2018<sup>1</sup> – and to achieve this despite targeted growth and the construction of an integrated Verbund site in Zhanjiang, China. Overall, BASF plans to invest up to €1 billion by 2025 to reach its new climate target and a further €2 billion to €3 billion by 2030.

A key way to further reduce CO<sub>2</sub> emissions is to replace fossil electricity with emission-free electricity. BASF and Vattenfall therefore announced on June 24, 2021, the signing of a contract for BASF's purchase of 49.5% of Vattenfall's wind farm, Hollandse Kust Zuid (HKZ). The purchase price is €0.3 billion. Including BASF's contribution to fund the construction of the wind park, BASF's total commitment amounts to around €1.6 billion. The transaction is expected to close in the fourth quarter of 2021, subject to the approval of the relevant authorities. BASF intends to reduce its investment by selling shares to a financial co-investor.

### Changes on the Board of Executive Directors

Wayne T. Smith left BASF's Board of Executive Directors as of May 31, 2021. Smith had been a member of the Board of Executive Directors since 2012 where he was most recently responsible for Monomers, Performance Materials, Petrochemicals, Intermediates, Process Research & Chemical Engineering as well as North America. Michael Heinz took over for Smith on June 1, 2021, while retaining responsibility for South America. Dr. Melanie Maas-Brunner assumed the tasks in the divisions, European Site & Verbund Management, Global Engineering Services and Corporate Environmental Protection, Health & Safety, as well as the role of BASF SE's Industrial Relations Director from Heinz on the same date. She has been serving as Chief Technology Officer since February 1, 2021, with responsibility for the three divisions, Advanced Materials & Systems Research, Bioscience Research, Process Research & Chemical Engineering, as well as for BASF New Business.

[For more information on the redistribution of responsibilities within the Board of Executive Directors, see page 180 of the BASF Report 2020, Management and Supervisory Boards](#)

### Acquisitions

BASF and Hunan Shanshan Energy announced on May 20, 2021, that they had agreed to form a BASF majority-owned joint venture (BASF: 51%; Shanshan: 49%) to produce cathode active materials (CAM) and their precursors (PCAM) in China. Through this joint venture, BASF is further strengthening its position in Asia to create an integrated global supply chain for customers in China and worldwide. After the planned production startup of cathode active materials in Europe in 2022, BASF will be the first company with CAM capacities in all major markets. The transaction closing is targeted for later this summer following the approval of the relevant antitrust authorities.

### Divestitures

Following the approval of all relevant antitrust authorities, BASF concluded the sale of its manufacturing site in Kankakee, Illinois, to an affiliate of One Rock Capital Partners, LLC, a U.S.-based private equity firm, on May 31, 2021. The agreement includes the associated businesses of vegetable-oil-based sterols and natural vitamin E as well as anionic surfactants and esters produced at the Kankakee site. Branded as Kensing, the newly formed company has around 190 employees.

[For more information on the sale of the manufacturing site in Kankakee, see the Notes to the Consolidated Half-Year Financial Report on page 31](#)

As announced on June 16, 2021, the shareholders of Wintershall Dea – BASF and LetterOne – decided to postpone the initial public offering to a later date due to current market conditions. The IPO was previously planned for the second half of 2021, subject to market conditions.

Following the fulfillment of clearance conditions, BASF closed the divestiture of its global pigments business to the Japanese fine chemical company, DIC, on June 30, 2021. The purchase price on a cash and debt-free basis is €1.15 billion. BASF and DIC had signed an agreement on the acquisition of BASF's global pigments business with approximately 2,600 employees on August 29, 2019. The Dispersions & Pigments division was renamed Dispersions & Resins as of July 1, 2021 following the transaction closing.

[For more information on the sale of BASF's global pigments business, see the Notes to the Consolidated Half-Year Financial Report on page 31](#)

<sup>1</sup> The new emissions target corresponds to a reduction of around 60% compared with 1990 and will surpass the European Union's target of –55%.

### **Events after June 30, 2021 (Events after the reporting period)**

BASF and Clayton, Dubilier & Rice announced on July 6, 2021, the signing of an agreement to sell Solenis to Platinum Equity, a private equity company based in Los Angeles, California. The transaction implies an enterprise value for Solenis of \$5.25 billion. That amount includes net financial debt of around \$2.5 billion, subject to any adjustments at closing. Since February 1, 2019, BASF has held a 49% share in Solenis and has reported its share in the company using the equity method; 51% of the shares are held by funds managed by Clayton, Dubilier & Rice, and by Solenis management. Pending approval by the relevant authorities, the closing of the transaction is expected before the end of 2021.

[🔗 For more information on the agreement on the sale of BASF's share in Solenis, see the Notes to the Consolidated Half-Year Financial Report on page 46](#)

On July 9, 2021, BASF provided advance notice that sales in the second quarter of 2021 totaling €19,753 million were considerably above the prior-year quarter, which had been negatively impacted by the coronavirus pandemic, and above analyst estimates. EBIT before special items and the BASF Group's EBIT were also considerably above market expectations as well as the weak prior-year quarter caused by the pandemic. As a result of the strong business development in the first half of 2021 and of the considerable increase in earnings expectations in the Chemicals and Materials segments, the forecast for the 2021 business year was revised.

[🔗 For more information, see Economic Environment and Outlook on page 11 of this Consolidated Half-Year Report](#)

## Results of Operations

**Sales** increased by €9,720 million compared with the first half of 2020 to €39,153 million. This was primarily driven by higher prices, especially in the Surface Technologies, Chemicals and Materials segments, as well as by increased sales volumes in all segments. Currency effects had a negative impact on sales.

### Factors influencing BASF Group sales in H1 2021

Volumes	17%	
Prices	23%	
Portfolio	0%	
Currencies	-7%	
<b>Sales</b>	<b>33%</b>	

Compared with the prior-year period, **income from operations (EBIT) before special items<sup>1</sup>** increased by €2,810 million to €4,676 million. This was due primarily to the considerable rise in EBIT before special items in the Chemicals and Materials segments. The Surface Technologies and Industrial Solutions segments also increased earnings considerably. By contrast, EBIT before special items declined considerably in Other and in the Nutrition & Care segment, and decreased slightly in the Agricultural Solutions segment.

**Special items** in EBIT amounted to -€49 million in the first half of 2021, compared with -€351 million in the prior-year period. Gains on divestitures totaled €134 million, primarily from the sale of the production site in Kankakee, Illinois, of the condensate splitter in Port Arthur, Texas, and of BASF's global pigments business. Offsetting effects resulted primarily from expenses associated with restructuring measures in the amount of €118 million, mainly in connection with our excellence program and measures relating to

streamlining the global glufosinate-ammonium production network. Further expenses in the amount of €65 million resulted from integration costs as well as other charges and income.

**Income from operations (EBIT)<sup>2</sup>** increased by €3,112 million compared with the first half of 2020 to €4,627 million. This figure includes income from integral companies accounted for using the equity method, which increased by €287 million to €321 million, primarily due to the earnings contribution of BASF-YPC Company Ltd., Nanjing, China, which rose by €226 million.

**Income from operations before depreciation, amortization and special items (EBITDA before special items)<sup>3</sup>** was €6,398 million compared with €3,808 million in the first half of 2020; and **EBITDA<sup>3</sup>** was €6,375 million compared with €3,498 million.

**Net income from shareholdings** improved by €980 million to €24 million year on year. The contribution from Wintershall Dea improved by €970 million after an impairment of €819 million had been included in the previous year. Solenis' earnings contribution was €26 million compared with -€12 million in the first half of 2020.

The **financial result** amounted to -€215 million, compared with -€282 million in the prior-year period. This mainly reflected the €53 million improvement in the interest result due to lower interest expenses on financial indebtedness. The other financial result also improved and was up €14 million from the first half of 2020. This was primarily due to gains on fair values of derivatives.

### H1 EBITDA before special items

Million €	2021	2020
EBIT	4,627	1,515
- Special items	-49	-351
<b>EBIT before special items</b>	<b>4,676</b>	<b>1,866</b>
+ Depreciation and amortization before special items	1,718	1,929
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets before special items	4	13
<b>Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets before special items</b>	<b>1,722</b>	<b>1,942</b>
<b>EBITDA before special items</b>	<b>6,398</b>	<b>3,808</b>

### H1 EBITDA

Million €	2021	2020
EBIT	4,627	1,515
+ Depreciation and amortization	1,718	1,929
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets	30	54
<b>Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets</b>	<b>1,748</b>	<b>1,983</b>
<b>EBITDA</b>	<b>6,375</b>	<b>3,498</b>

<sup>1</sup> For an explanation of this indicator, see page 33 onward of the BASF Report 2020, Value-Based Management

<sup>2</sup> The calculation of income from operations (EBIT) is shown in the Statement of Income on page 23 of this Half-Year Financial Report

<sup>3</sup> For an explanation of this indicator, see page 56 onward of the BASF Report 2020, Results of Operations

## H1 adjusted earnings per share

Million €		2021	2020
<b>Income after taxes</b>		<b>3,604</b>	<b>29</b>
– Special items		–49	–1,170
+ Amortization, impairments and reversals of impairments on intangible assets		306	340
– Amortization, impairments and reversals of impairments on intangible assets contained in special items		–	2
– Adjustments to income taxes		26	187
– Adjustments to income after taxes from discontinued operations		–	–56
<b>Adjusted income after taxes</b>		<b>3,933</b>	<b>1,406</b>
– Adjusted noncontrolling interests		233	21
<b>Adjusted net income</b>		<b>3,700</b>	<b>1,385</b>
Weighted average number of outstanding shares	in thousands	918,479	918,479
<b>Adjusted earnings per share</b>	€	<b>4.03</b>	<b>1.51</b>

**Income before taxes** increased to €4,436 million (H1 2020: €277 million). The tax rate was 18.8%.

**Net income** was €3,604 million, compared with €29 million in the first half of 2020. Of this amount, €3,372 million was attributable to shareholders of BASF SE. **Noncontrolling interests** amounted to €232 million after €22 million in the prior-year period. The increase was mainly due to higher earnings contributions from BASF TOTAL Petrochemicals LLC, Port Arthur, Texas, BASF PETRONAS Chemicals Sdn. Bhd., Petaling Jaya, Malaysia, and Shanghai BASF Polyurethane Company Ltd., Shanghai, China.

**Earnings per share** rose to €3.67 in the first half of 2021, compared with €0.01 in the first half of 2020. **Earnings per share adjusted<sup>1</sup>** for special items and amortization of intangible assets amounted to €4.03 (H1 2020: €1.51).

## Segment sales and EBIT before special items

Compared with the first half of 2020, sales in the **Chemicals** segment increased considerably, mainly due to higher prices. Prices in the Petrochemicals division rose for cracker products and styrene monomers in particular, while the Intermediates division recorded higher prices especially in the butanediol and derivatives business and in the acids and polyalcohols business. Following the considerable burden the coronavirus pandemic put on the segment's volume development in the prior-year period, the recovery in demand, in particular, led to increased volumes in both divisions in the first half of 2021. Volume development was negatively impacted by plant shutdowns in North America due to unseasonably low temperatures in the first quarter of 2021, as well as production outages and raw material bottlenecks. Negative currency effects dampened sales performance. EBIT before special items rose considerably, especially in the Petrochemicals division. The earnings increase in both divisions was mainly attributable to higher margins, improved income from shareholdings accounted for using the equity method, and lower fixed costs.

Sales in the **Materials** segment rose considerably compared with the prior-year period, particularly as a result of increased prices and volumes. Prices rose especially in the isocyanates business in the Monomers division. Volumes increased in particular due to a recovery in demand across all customer industries, especially in the Performance Materials division. Plant shutdowns in North America due to cold weather led to significant production outages and raw material bottlenecks, which dampened sales performance in both divisions. Portfolio effects from the acquisition of the integrated polyamide business from Solvay, which closed as of January 31, 2020, had a positive impact on sales. Sales performance was weighed down by currency effects. EBIT before special items increased considerably in both divisions. While the Monomers division recorded higher margins due mainly to prices, EBIT before

<sup>1</sup> For an explanation of this indicator, see page 56 onward of the BASF Report 2020, Results of Operations

special items in the Performance Materials division rose primarily as a result of sales volumes.

Sales in the **Industrial Solutions** segment increased considerably. Sales growth was mainly driven by higher volumes in nearly all business areas in both divisions. Considerably higher price levels in the Dispersions & Pigments division, especially due to increased raw materials prices, more than compensated for slightly lower prices in the Performance Chemicals division. Currency effects dampened sales performance. The segment's EBIT before special items rose considerably. This was largely attributable to the considerable volume-related earnings increase in the Dispersions & Pigments division. The Performance Chemicals division recorded a slightly higher EBIT before special items, also due primarily to the development of sales volumes.

Sales in the **Surface Technologies** segment rose considerably due primarily to higher precious metal prices in the Catalysts division. The sales growth was supported by increased volumes in nearly all business areas in both divisions, resulting mainly from greater demand from the automotive industry. This segment's sales volumes had been heavily impacted by the effects of the coronavirus pandemic in the prior-year period. Negative currency effects had an offsetting impact. EBIT before special items in both divisions was considerably above the level of the prior-year period, largely due to volume development. Additionally, earnings performance in the Catalysts division was helped by a considerably higher contribution from precious metal trading.

Compared with the first half of 2020, sales in the **Nutrition & Care** segment decreased slightly due to currency effects. Increased volumes in both divisions had a positive impact on sales performance. The Care Chemicals division increased its volumes mainly in the home care, industrial and institutional cleaning and industrial formulators businesses, while the Nutrition & Health division

recorded higher volumes primarily in the pharmaceutical and aroma businesses. This more than offset lower volumes in the animal nutrition business, which resulted largely from reduced vitamin A availability due to the expansion of the plant. Prices were at prior-year level. Higher prices in the Care Chemicals division balanced out the lower price levels in Nutrition & Health. EBIT before special items declined considerably in both divisions compared with the first half of 2020. This was primarily attributable to lower margins and higher fixed costs, due in part to scheduled turnarounds and the expansion of the vitamin A plant.

Sales in the **Agricultural Solutions** segment were slightly up from the prior-year period. This was largely driven by volume growth in all regions. Higher price levels also contributed to sales growth. Sales performance was weighed down by currency effects. EBIT before special items declined slightly despite the sales growth, mainly as a result of negative currency effects.

Sales in **Other** increased considerably compared with the prior-year period primarily due to sales growth in commodity trading. EBIT before special items was considerably below the figure for the first half of 2020. This was mainly due to higher additions to provisions for variable compensation components (bonus) in the first half of 2021.

### H1 sales

Million €, relative change			
Chemicals	2021	6,155	49%
	2020	4,141	
Materials	2021	7,190	43%
	2020	5,017	
Industrial Solutions	2021	4,467	14%
	2020	3,917	
Surface Technologies	2021	11,839	59%
	2020	7,427	
Nutrition & Care	2021	3,117	-1%
	2020	3,137	
Agricultural Solutions	2021	4,809	5%
	2020	4,585	
Other	2021	1,576	30%
	2020	1,209	

### H1 EBIT before special items

Million €, absolute change			
Chemicals	2021	1,548	1,376
	2020	172	
Materials	2021	1,464	1,335
	2020	129	
Industrial Solutions	2021	573	137
	2020	436	
Surface Technologies	2021	649	580
	2020	69	
Nutrition & Care	2021	356	-154
	2020	510	
Agricultural Solutions	2021	882	-47
	2020	929	
Other	2021	-796	-417
	2020	-379	



## Net Assets and Financial Position

### Net assets

Total assets rose by €2,646 million compared with the 2020 year-end to €82,938 million.

**Noncurrent assets** declined by €605 million. This was mainly due to the decline in deferred taxes caused by lower pension provisions. Lower carrying amounts of non-integral shareholdings accounted for using the equity method were primarily a result of the dividend payment from Wintershall Dea GmbH. This was offset by an increase in the carrying amount of integral shareholdings accounted for using the equity method, primarily due to the positive result of BASF-YPC Company Ltd. The value of property, plant and equipment was above the level of December 31, 2020, particularly due to positive currency effects. These were partially offset by depreciation, which was higher than the additions. Amortization of intangible assets also exceeded additions and more than compensated for positive currency effects.

**Current assets** rose by €3,251 million to €33,119 million compared with the 2020 year-end. This was mainly attributable to higher trade accounts receivable resulting from the positive business performance in the first half of 2021 as well as to increased inventories due to higher raw materials prices. The €1,614 million increase in other receivables was due primarily to the rise in precious metal trading items. The decline in cash and cash equivalents and the derecognition of the disposal group in connection with the sale of the global pigments business as of June 30, 2021, had an offsetting effect.

### Financial position

**Equity** rose by €3,689 million compared with December 31, 2020, to €38,087 million. This was driven by net income and other comprehensive income, which rose as a result of actuarial gains and translation effects. Dividends paid in the second quarter of 2021 in the amount of €3,031 million had an offsetting effect. The equity ratio increased from 42.8% to 45.9%.

**Noncurrent liabilities** decreased by €4,297 million compared with the 2020 year-end to €25,317 million primarily due to the considerable decline in pension provisions as a result of higher interest rates in relevant currency zones. The decline in noncurrent financial indebtedness mainly reflected the reclassification of two bonds and one bank loan with a total carrying amount of €924 million to current financial indebtedness. Currency effects had an offsetting impact.

**Current liabilities** rose by €3,254 million compared with the 2020 year-end to €19,534 million, primarily a result of higher current provisions attributable mainly to higher provisions for rebates and bonus payments. The rise in current financial indebtedness was primarily due to new bank loans taken out in the amount of €1.3 billion and the reclassification of the above-mentioned bonds and bank loan from noncurrent to current financial indebtedness. The repayment of a €1 billion bond and of commercial paper at BASF SE had an offsetting effect. The increase in trade accounts payable reflects the positive business performance in the first half of 2021.

**Net debt<sup>1</sup>** rose by €1,564 million compared with December 31, 2020, to €16,241 million. This resulted from the decline in cash and cash equivalents and the slight increase in financial indebtedness.

### Net debt

Million €	June 30, 2021	Dec. 31, 2020
Noncurrent financial indebtedness	14,954	15,819
+ Current financial indebtedness	4,364	3,395
<b>Financial indebtedness</b>	<b>19,318</b>	<b>19,214</b>
– Marketable securities	208	207
– Cash and cash equivalents	2,869	4,330
<b>Net debt</b>	<b>16,241</b>	<b>14,677</b>

In the first half of 2021, **cash flows from operating activities** rose by €800 million compared with the prior-year period to €2,012 million. The increase was primarily attributable to the €3,365 million rise in net income. An offsetting factor was the €954 million higher amount of cash tied up in net working capital, due mainly to a larger increase in trade accounts receivable and expansion of inventories, which had been reduced in the prior-year period. This was partially compensated by the release of cash from the expansion of trade accounts payable in contrast to a decrease in the first half of 2020. Furthermore, income from companies accounted for using the equity method, which increased by €1,301 million, was eliminated through miscellaneous items.

**Cash flows from investing activities** improved considerably in the first half of 2021 by €2,413 to –€112 million. Payments from divestitures were received in the amount of €1,118 million in the first half of 2021, whereas payments in the amount of €1,245 million were made in the prior-year period for the acquisition of Solvay's polyamide business. Payments made for property, plant and equipment and intangible assets were slightly below the prior-year figure at €1,223 million.

<sup>1</sup> For an explanation of this indicator, see page 63 onward of the BASF Report 2020, Financial Position

**Cash flows from financing activities** amounted to –€3,434 million, €8,101 million below the figure for the prior-year period. While the repayment of financial and similar liabilities slightly exceeded additions in the first half of 2021, primarily net additions to financial and similar liabilities amounting to €7,799 million led to a considerable rise in financing cash flows in the first half of 2020. Dividends totaling €3,152 million, of which €3,031 million were paid to shareholders of BASF SE, were slightly above the figures from the first half of 2020.

**Free cash flow**<sup>1</sup> improved considerably by €872 million to €789 million.

#### H1 free cash flow

Million €	2021	2020
Cash flows from operating activities	2,012	1,212
– Payments made for property, plant and equipment and intangible assets	1,223	1,295
<b>Free cash flow</b>	<b>789</b>	<b>–83</b>

BASF enjoys good credit **ratings**, especially compared with competitors in the chemical industry. On July 16, 2021, Standard & Poor's confirmed its long and short-term rating for BASF of "A/A-1" and raised its outlook from "negative" to "stable." On June 11, 2021, Fitch confirmed its rating for BASF of "A/F1/outlook stable." Moody's most recently confirmed its rating of "A3/P-2/outlook stable" on February 12, 2021.

<sup>1</sup> For an explanation of this indicator, see page 63 onward of the BASF Report 2020, Financial Position

## Economic Environment and Outlook

The recovery of the global economy continued in the first half of 2021, following the pandemic-related collapse in the first half of 2020. Industrial production grew significantly compared with the prior-year period, whereas activities across large parts of the retail industry, food services and other consumer-oriented service sectors continued to be restricted by health and safety measures. **Global gross domestic product** is expected to have grown by around 7% year on year in the first half of 2021.

Based on preliminary data as well as some estimates, **global industrial production** expanded by around 10% in the first half of 2021 compared with the prior-year period. Due to the varying degree of contraction in production across customer industries in the first half of 2020, growth rates also varied compared to the prior-year period. The global automotive industry recorded especially strong growth of over 30%. Its recovery was relatively strong compared with China due to greater base effects in the United States and Europe. In absolute terms, however, the Chinese market showed the most robust growth at 2.3 million units. Consumer goods production also increased by a double-digit rate, for example in the furniture and textiles sectors as well as in the electronics and electric industries. Due to low interest rates and government economic stimulus packages, the construction industry also expanded at a relatively high rate. Growth in agriculture, the food industry, as well as the detergent and cleaner industry was above the longer-term average, but lagged behind other industries. This was because these sectors were impacted to a lesser extent by the lockdowns in the spring of 2020.

**Global chemical production** in the first half of 2021 also expanded by around 10% compared with the prior-year period. The momentum of global chemical production varied by region: The Chinese market recorded growth of more than 20% in the first quarter of 2021. In the second quarter of 2021, high demand and base effects subsequently led to double-digit growth rates in Europe. By contrast, overall chemical production in the United States declined slightly in the first half of 2021. This was caused by a multi-week loss of petrochemical capacities on the Gulf coast of Texas due to a sudden frost in mid-February.

The **price of oil** averaged \$65 per barrel (Brent crude) in the first half of 2021, significantly above the average for the prior-year period (\$40 per barrel). The growing demand for oil due to economic factors alongside the largely constant supply led to a rise in the price of oil from \$55 per barrel in January to \$73 per barrel in June.

The assessment of the **global economic environment** in 2021 was adjusted as follows (previous forecast from the BASF Quarterly Statement Q1 2021 in parentheses):

- Growth in gross domestic product: +5.5% (+5.0%)
- Growth in industrial production: +6.5% (+5.0%)
- Growth in chemical production: +6.5% (+5.0%)
- Average euro/dollar exchange rate of \$1.20 per euro (\$1.18 per euro)
- Average annual oil price (Brent crude) of \$65 per barrel (\$60 per barrel)

Due to the strong business development in the first half of 2021, the ongoing upturn of the global economy, and the considerable increase in earnings expectations in the Chemicals and Materials segments, the **forecast** for the 2021 business year was adjusted as follows (previous forecast from the BASF Quarterly Statement Q1 2021 in parentheses):

- Sales growth to between €74 billion and €77 billion (between €68 billion and €71 billion)
- EBIT before special items of between €7.0 billion and €7.5 billion (between €5.0 billion and €5.8 billion)
- Return on capital employed (ROCE) of between 12.1% and 12.9% (between 9.2% and 11.0%)
- Increase in Accelerator sales to between €21.0 billion and €22.0 billion (between €19.0 billion and €20.0 billion)
- Stabilization of CO<sub>2</sub> emissions at between 20.5 million metric tons and 21.5 million metric tons (unchanged)

For the second half of 2021, BASF anticipates largely stable industrial economic development and assumes in its forecast that economic activity will not be restricted by coronavirus pandemic prevention measures. However, a high degree of uncertainty remains due to dynamic infection rates and lasting disruptions in global supply chains.

Risks result from the volatility of raw materials prices and a faster-than-expected price decrease due to weaker market development. Opportunities could arise from continued positive development of margins and demand as well as from a short-term elimination of supply bottlenecks, primarily in the chip industry. For the remaining risk factors, the **statements on opportunities and risks** made in the BASF Report 2020 continue to apply overall. According to the company's assessment, there continue to be no individual risks that pose a threat to the continued existence of the BASF Group. The same applies to the sum of individual risks, even in the case of another global economic crisis.

# Information on Q2 2021 BASF Group

**Sales** increased by €7,073 million compared with the second quarter of 2020 to €19,753 million. This was largely attributable to higher prices and volumes in all segments. Price levels in Surface Technologies, Chemicals and Materials in particular increased, while volumes grew primarily in Surface Technologies, Materials and Industrial Solutions. Negative currency effects had an offsetting impact.

## Factors influencing BASF Group sales in Q2 2021

Factor	Change
Volumes	28%
Prices	35%
Portfolio	0%
Currencies	-7%
<b>Sales</b>	<b>56%</b>

Compared with the prior-year quarter, **income from operations (EBIT) before special items<sup>1</sup>** increased by €2,129 million to €2,355 million. This was mainly attributable to the considerable rise in EBIT before special items in the Chemicals and Materials segments. The Surface Technologies and Industrial Solutions segments also increased earnings considerably. By contrast, EBIT before special items in Other and in the Nutrition & Care and Agricultural Solutions segments decreased considerably.

## Q2 sales

Segment	2021	2020	Relative change
Chemicals	3,419	1,791	91%
Materials	3,743	2,143	75%
Industrial Solutions	2,359	1,819	30%
Surface Technologies	5,892	3,099	90%
Nutrition & Care	1,584	1,555	2%
Agricultural Solutions	1,963	1,766	11%
Other	793	507	56%

**Special items** in EBIT totaled -€39 million in the second quarter of 2021, compared with -€167 million in the prior-year quarter. Gains on divestitures totaled €93 million, primarily from the sale of the production site in Kankakee, Illinois, and the sale of BASF's global pigments business. These were overcompensated by expenses mainly from restructuring measures in connection with streamlining the global glufosinate-ammonium production network, and from measures relating to our excellence program.

## Q2 EBIT before special items

Segment	2021	2020	Absolute change
Chemicals	990	-2	992
Materials	792	-80	872
Industrial Solutions	307	163	144
Surface Technologies	289	-151	440
Nutrition & Care	138	256	-118
Agricultural Solutions	75	120	-45
Other	-236	-80	-156

**EBIT<sup>2</sup>** increased by €2,257 million to €2,316 million. This figure includes income from integral companies accounted for using the equity method, which rose by €155 million to €183 million. This was due in particular to the considerable improvement in the earnings contribution of BASF-YPC Company Ltd., Nanjing, China, which had been negatively affected by a scheduled turnaround in the prior-year quarter.

<sup>1</sup> For an explanation of this indicator, see page 33 onward of the BASF Report 2020, Value-Based Management

<sup>2</sup> The calculation of income from operations (EBIT) is shown in the Statement of Income on page 23 of this half-year financial report

**Income from operations before depreciation, amortization and special items (EBITDA before special items)<sup>1</sup>** increased by €1,988 million to €3,217 million and **EBITDA<sup>1</sup>** by €2,129 million to €3,199 million in the second quarter of 2021.

**Q2 EBITDA before special items**

Million €	2021	2020
EBIT	2,316	59
- Special items	-39	-167
<b>EBIT before special items</b>	<b>2,355</b>	<b>226</b>
+ Depreciation and amortization before special items	859	995
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets before special items	3	8
<b>Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets before special items</b>	<b>862</b>	<b>1,003</b>
<b>EBITDA before special items</b>	<b>3,217</b>	<b>1,229</b>

**Q2 EBITDA**

Million €	2021	2020
EBIT	2,316	59
+ Depreciation and amortization	859	969
+ Impairments and reversals of impairments on property, plant and equipment and intangible assets	24	42
<b>Depreciation, amortization, impairments and reversals of impairments on property, plant and equipment and intangible assets</b>	<b>883</b>	<b>1,011</b>
<b>EBITDA</b>	<b>3,199</b>	<b>1,070</b>

**Net income from shareholdings** improved by €744 million to -€44 million compared with the second quarter of 2020. This figure in the prior-year period included the €819 million impairment of the shareholding in Wintershall Dea. Solenis' earnings contribution in the second quarter of 2021 was -€2 million (Q2 2020: -€11 million).

The **financial result** amounted to -€83 million, compared with -€194 million in the prior-year quarter. This was primarily due to the €77 million increase in other financial result from higher gains on fair values of derivatives. The interest result improved by €34 million over the prior-year period, due mainly to lower interest expenses for financial indebtedness.

Compared with the second quarter of 2020, **income before income taxes** increased by €3,112 million to €2,189 million. The tax rate was 18.0%.

**Q2 adjusted earnings per share**

Million €	2021	2020
<b>Income after taxes</b>	<b>1,794</b>	<b>-874</b>
- Special items	-39	-986
+ Amortization, impairments and reversals of impairments on intangible assets	149	169
- Amortization, impairments and reversals of impairments on intangible assets contained in special items	-	-24
- Adjustments to income taxes	-20	113
- Adjustments to income after taxes from discontinued operations	-	-37
<b>Adjusted income after taxes</b>	<b>2,002</b>	<b>229</b>
- Adjusted noncontrolling interests	141	4
<b>Adjusted net income</b>	<b>1,861</b>	<b>225</b>
Weighted average number of outstanding shares	in thousands 918,479	918,479
<b>Adjusted earnings per share</b>	<b>€ 2.03</b>	<b>0.25</b>

**Income after taxes** increased by €2,668 million to €1,794 million. Of this amount, €1,654 million was attributable to shareholders of BASF SE (Q2 2020: -€878 million). **Noncontrolling interests** amounted to €140 million after €4 million in the prior-year period. The increase was mainly due to higher earnings contributions from BASF TOTAL Petrochemicals LLC, Port Arthur, Texas, and BASF PETRONAS Chemicals Sdn. Bhd., Petaling Jaya, Malaysia.

**Earnings per share** increased to €1.80 in the second quarter of 2021, after -€0.96 in the prior-year period. **Earnings per share adjusted<sup>2</sup>** for special items and amortization of intangible assets amounted to €2.03 (Q2 2020: €0.25).

<sup>1</sup> For an explanation of this indicator, see page 56 onward of the BASF Report 2020, Results of Operations

<sup>2</sup> For an explanation of this indicator, see page 56 onward of the BASF Report 2020, Results of Operations

**Cash flows from operating activities** amounted to €2,537 million in the second quarter of 2021, €295 million above the figure for the prior-year quarter. A primary driver of the improvement was the increase in net income. The €1,181 million decrease in cash released from the change in net working capital negatively impacted cash flows from operating activities. The decrease was mainly due to a slight rise in trade accounts receivable, whereas in the second quarter of the previous year, a decline in this item bolstered operating cash flows. Furthermore, income from companies accounted for using the equity method, which was eliminated through miscellaneous items, increased by €921 million.

**Cash flows from investing activities** amounted to €323 million in the second quarter of 2021, which reflects an improvement of €1,028 million compared with the second quarter of 2020. This was mainly due to payments received for divestitures in the amount of €1,125 million. Payments made for property, plant and equipment and intangible assets were slightly above the prior-year figure at €767 million.

At –€4,144 million, **cash flows from financing activities** decreased by €4,517 million compared with the second quarter of 2020. Repayment of financial and similar liabilities exceeded additions by €999 million; while in the prior-year quarter, net additions in the amount of €3,470 million increased financing cash flows. Dividend payments totaling €3,145 million, of which €3,031 million were made to shareholders of BASF SE, were slightly above the prior year quarter.

**Free cash flow**<sup>1</sup> increased by €254 million to €1,770 million compared with the second quarter of 2020.

**Q2 free cash flow**

Million €	2021	2020
Cash flows from operating activities	2,537	2,242
– Payments made for property, plant and equipment and intangible assets	767	726
<b>Free cash flow</b>	<b>1,770</b>	<b>1,516</b>

<sup>1</sup> For an explanation of this indicator, see page 63 onward of the BASF Report 2020, Financial Position

## Chemicals

### Q2 2021

Sales<sup>1</sup> in the Chemicals segment rose considerably compared with the prior-year quarter, especially in the Petrochemicals division.

#### Factors influencing sales in Q2 2021 – Chemicals

	Chemicals	Petrochemicals	Intermediates
Volumes	20%	19%	22%
Prices	78%	100%	37%
Portfolio	0%	-1%	0%
Currencies	-7%	-8%	-5%
<b>Sales</b>	<b>91%</b>	<b>110%</b>	<b>54%</b>

The sales increase was primarily due to significantly higher price levels, owing largely to strong demand alongside lower product availability. The Petrochemicals division increased prices significantly, in particular for cracker products, styrene monomers and acrylic monomers. Price levels also rose considerably in the Intermediates division, mainly in the butanediol and derivatives as well as in the acids and polyalcohols businesses.

Significantly higher volumes had a positive impact on sales in both divisions. The segment's sales volumes had been heavily burdened by the effects of the coronavirus pandemic in the prior-year quarter. Volumes in the Petrochemicals division were higher, especially for styrene monomers, acrylic monomers and cracker products, while the Intermediates division increased volumes particularly in the butanediol and derivatives and in the acids and polyalcohols businesses.

#### Segment data – Chemicals

Million €

	Q2			H1		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	3,419	1,791	91%	6,155	4,141	49%
of which Petrochemicals	2,467	1,173	110%	4,404	2,812	57%
Intermediates	952	618	54%	1,751	1,329	32%
Income from operations before depreciation, amortization and special items	1,168	216	441%	1,905	607	214%
Income from operations before depreciation and amortization (EBITDA)	1,162	210	453%	1,946	596	227%
Depreciation and amortization <sup>a</sup>	181	228	-21%	360	444	-19%
Income from operations (EBIT)	981	-18	.	1,586	152	.
Special items	-9	-16	44%	38	-20	.
EBIT before special items	990	-2	.	1,548	172	.
Assets (June 30)	8,971	8,642	4%	8,971	8,642	4%
Investments including acquisitions <sup>b</sup>	243	153	59%	371	513	-28%
Research and development expenses	25	24	4%	51	49	4%

<sup>a</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

<sup>b</sup> Additions to property, plant and equipment and intangible assets

Negative currency effects, mainly relating to the U.S. dollar, had an offsetting effect.

**Income from operations (EBIT) before special items<sup>1</sup>** was considerably above the second quarter of 2020. This was largely attributed to considerably higher EBIT before special items in the Petrochemicals division, which resulted mainly from increased margins, greater sales volumes as well as a considerable improvement in income from equity-accounted companies. In the prior-year quarter, apart from the effects of the coronavirus pandemic, the division's earnings had also been negatively impacted

by scheduled turnarounds in Nanjing, China. EBIT before special items also rose considerably in the Intermediates division. This was due primarily to higher margins in the butanediol and derivatives business, improved income from equity-accounted companies and lower fixed costs.

<sup>1</sup> For sales, "slight" represents a change of 1%–5%, while "considerable" applies to changes of 6% and higher. "At prior-year level" indicates no change (+/-0%). For earnings, "slight" means a change of 1%–10%, while "considerable" is used for changes of 11% and higher. "At prior-year level" indicates no change (+/-0%).

## Materials

### Q2 2021

Compared with the second quarter of 2020, sales in the Materials segment rose considerably in both divisions.

#### Factors influencing sales in Q2 2021 – Materials

	Materials	Performance Materials	Monomers
Volumes	42%	54%	30%
Prices	38%	21%	55%
Portfolio	0%	0%	0%
Currencies	-5%	-6%	-5%
<b>Sales</b>	<b>75%</b>	<b>69%</b>	<b>80%</b>

Sales development resulted primarily from a significant demand-related increase in volumes. The Performance Materials division increased volumes across all customer industries, especially in the transportation industry in Europe; the Monomers division increased volumes mainly in isocyanates and polyamides.

Significantly higher prices also had a positive impact on sales. The higher price level was especially due to strong demand alongside lower product availability as well as higher raw materials prices. While the Monomers division achieved higher prices mainly for isocyanates, price levels in the Performance Materials division rose primarily for polyurethane systems and engineering plastics.

Sales performance was dampened by negative currency effects.

#### Segment data – Materials

Million €

	Q2			H1		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	3,743	2,143	75%	7,190	5,017	43%
of which Performance Materials	1,812	1,071	69%	3,544	2,602	36%
Monomers	1,931	1,072	80%	3,646	2,415	51%
Income from operations before depreciation, amortization and special items	985	147	.	1,848	562	229%
Income from operations before depreciation and amortization (EBITDA)	971	134	.	1,814	459	295%
Depreciation and amortization <sup>a</sup>	209	236	-11%	404	442	-9%
Income from operations (EBIT)	762	-102	.	1,410	17	.
Special items	-30	-22	-36%	-54	-112	52%
EBIT before special items	792	-80	.	1,464	129	.
Assets (June 30)	10,245	9,831	4%	10,245	9,831	4%
Investments including acquisitions <sup>b</sup>	150	87	72%	255	1,506	-83%
Research and development expenses	52	41	27%	94	86	9%

<sup>a</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

<sup>b</sup> Additions to property, plant and equipment and intangible assets

**Income from operations (EBIT) before special items** rose considerably in both divisions. The Monomers division achieved an increase in EBIT before special items largely as a result of higher isocyanate margins and a higher contribution from the polyamides business. Earnings in the Performance Materials division were considerably higher than in the prior-year quarter, mainly due to the positive development of sales volumes.



## Industrial Solutions

### Q2 2021

Sales in the Industrial Solutions segment were considerably higher than in the prior-year quarter, particularly in the Dispersions & Pigments division.

#### Factors influencing sales in Q2 2021 – Industrial Solutions

	Industrial Solutions	Dispersions & Pigments	Performance Chemicals
Volumes	26%	25%	26%
Prices	9%	13%	1%
Portfolio	0%	0%	0%
Currencies	-5%	-4%	-5%
<b>Sales</b>	<b>30%</b>	<b>34%</b>	<b>22%</b>

The sales growth was largely attributable to higher volumes in almost all businesses in both divisions. This segment's sales volume development had been heavily impacted by the effects of the coronavirus pandemic in the prior-year quarter.

Higher price levels in both divisions, mainly due to increased raw materials prices, had a positive impact on sales. Especially the Dispersions & Pigments division increased prices considerably.

Sales performance was weighed down by negative currency effects, mainly relating to the U.S. dollar.

**Income from operations (EBIT) before special items** rose considerably in both divisions compared with the second quarter of 2020. This was largely driven by the positive development of sales volumes in both divisions.

#### Segment data – Industrial Solutions

Million €

	Q2			H1		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	2,359	1,819	30%	4,467	3,917	14%
of which Dispersions & Pigments	1,574	1,173	34%	2,923	2,474	18%
Performance Chemicals	785	646	22%	1,544	1,443	7%
Income from operations before depreciation, amortization and special items	388	280	39%	738	623	18%
Income from operations before depreciation and amortization (EBITDA)	424	225	88%	767	560	37%
Depreciation and amortization <sup>a</sup>	84	92	-9%	168	187	-10%
Income from operations (EBIT)	340	133	156%	599	373	61%
Special items	33	-30	.	26	-63	.
EBIT before special items	307	163	88%	573	436	31%
Assets (June 30)	5,881	6,983	-16%	5,881	6,983	-16%
Investments including acquisitions <sup>b</sup>	70	68	3%	132	135	-2%
Research and development expenses	46	43	7%	90	88	2%

<sup>a</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)  
<sup>b</sup> Additions to property, plant and equipment and intangible assets

**EBIT** in the second quarter of 2021 included special income from the sale of the global pigments business. After the completion of the sale of BASF's global pigments business, the Dispersions & Pigments division was renamed Dispersions & Resins as of July 1, 2021.

## Surface Technologies

### Q2 2021

**Sales** in the Surface Technologies segment rose considerably compared with the second quarter of 2020, especially in the Catalysts division.

#### Factors influencing sales in Q2 2021 – Surface Technologies

	Surface Technologies	Catalysts	Coatings
Volumes	44%	42%	56%
Prices	57%	69%	4%
Portfolio	0%	0%	0%
Currencies	-11%	-13%	-7%
<b>Sales</b>	<b>90%</b>	<b>98%</b>	<b>53%</b>

The sales increase was attributable to significantly higher prices and volumes overall.

Price levels increased, especially in the Catalysts division, due to higher precious metal prices. This led to a considerable increase in sales in precious metal trading to €2,927 million (Q2 2020: €1,502 million). Coatings raised prices in all businesses.

The significantly higher sales volumes resulted primarily from greater demand from the automotive industry. Catalysts achieved higher volumes in all businesses, especially for mobile emissions catalysts. Coatings also increased volumes in all businesses, particularly for automotive OEM coatings. However, the segment's volume growth was dampened by the shortage of semiconductors in the automotive market.

#### Segment data – Surface Technologies

Million €

	Q2			H1		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	5,892	3,099	90%	11,839	7,427	59%
of which Catalysts	5,049	2,549	98%	10,159	6,081	67%
Coatings	843	550	53%	1,680	1,346	25%
Income from operations before depreciation, amortization and special items	399	-34	.	869	304	186%
Income from operations before depreciation and amortization (EBITDA)	400	-44	.	866	290	199%
Depreciation and amortization <sup>a</sup>	111	132	-16%	221	249	-11%
Income from operations (EBIT)	289	-176	.	645	41	.
Special items	-	-25	-	-4	-28	86%
EBIT before special items	289	-151	.	649	69	.
Assets (June 30)	13,190	11,700	13%	13,190	11,700	13%
Investments including acquisitions <sup>b</sup>	125	137	-9%	198	220	-10%
Research and development expenses	68	48	42%	135	103	31%

<sup>a</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

<sup>b</sup> Additions to property, plant and equipment and intangible assets

Negative currency effects, mainly relating to the U.S. dollar, had an offsetting effect.

**Income from operations (EBIT) before special items** was considerably above the level of the prior-year quarter in both divisions due primarily to sales volumes. Additionally, earnings performance in the Catalysts division was supported by a considerably higher contribution from precious metal trading.

## Nutrition & Care

### Q2 2021

**Sales** in the Nutrition & Care segment slightly increased compared with the prior-year quarter. This was driven by considerable sales growth in the Care Chemicals division, while sales in the Nutrition & Health division declined considerably.

#### Factors influencing sales in Q2 2021 – Nutrition & Care

	Nutrition & Care	Care Chemicals	Nutrition & Health
Volumes	5%	8%	0%
Prices	2%	5%	-4%
Portfolio	-1%	-1%	-1%
Currencies	-4%	-4%	-4%
<b>Sales</b>	<b>2%</b>	<b>8%</b>	<b>-9%</b>

Sales performance was driven primarily by slightly higher overall volumes resulting from the volume increase in all business areas of Care Chemicals. Volumes in the Nutrition & Health division matched the level of the prior-year quarter. Higher volumes in the pharmaceutical business offset lower volumes in the animal nutrition business, mainly due to the ongoing expansion of the vitamin A plant.

Slightly higher prices overall also had a positive impact on sales. Higher price levels in the Care Chemicals division, especially in oleo surfactants and alcohols as well as in the home care, industrial and institutional cleaning and industrial formulators businesses, more than offset lower prices in Nutrition & Health.

Sales performance was weighed down by negative currency effects, mainly relating to the U.S. dollar.

#### Segment data – Nutrition & Care

Million €

	Q2			H1		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	1,584	1,555	2%	3,117	3,137	-1%
of which Care Chemicals	1,083	1,007	8%	2,142	2,095	2%
Nutrition & Health	501	548	-9%	975	1,042	-6%
Income from operations before depreciation, amortization and special items	239	362	-34%	555	719	-23%
Income from operations before depreciation and amortization (EBITDA)	295	359	-18%	608	711	-14%
Depreciation and amortization <sup>a</sup>	101	104	-3%	199	212	-6%
Income from operations (EBIT)	194	255	-24%	409	499	-18%
Special items	56	-1	.	53	-11	.
EBIT before special items	138	256	-46%	356	510	-30%
Assets (June 30)	6,611	6,584	0%	6,611	6,584	0%
Investments including acquisitions <sup>b</sup>	118	104	13%	218	206	6%
Research and development expenses	43	37	16%	83	74	12%

<sup>a</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

<sup>b</sup> Additions to property, plant and equipment and intangible assets

Portfolio effects from the sale of the production site in Kankakee, Illinois, reduced sales.

**Income from operations (EBIT) before special items** declined considerably compared with the second quarter of 2020, due primarily to lower margins and higher fixed costs in both divisions.

Margins in Nutrition & Health declined, particularly because of the price and currency-related sales decrease as well as higher raw materials costs. The margin decrease in Care Chemicals resulted mainly from higher raw materials costs.

The higher fixed costs were due in part to scheduled turnarounds in both divisions and the expansion of the vitamin A plant.

**EBIT** included special income from the sale of the production site in Kankakee, Illinois.

## Agricultural Solutions

### Q2 2021

**Sales** in the Agricultural Solutions segment were considerably above the level of the second quarter of 2020. This was due primarily to the considerably higher volumes in all regions and to higher prices. Negative currency effects, especially in South and North America, had a dampening impact on sales.

#### Factors influencing sales in Q2 2021 – Agricultural Solutions

Volumes	15%
Prices	3%
Portfolio	0%
Currencies	-7%
<b>Sales</b>	<b>11%</b>

The considerable sales increase in **Europe** was attributable mainly to increased volumes, especially of fungicides and herbicides resulting from more favorable weather conditions. Slightly higher prices supported sales performance, while negative currency effects had an offsetting impact.

Sales in **North America** rose considerably compared with the prior-year quarter. This increase was driven primarily by higher volumes, mainly of fungicides and herbicides. Negative currency effects had a dampening impact on sales. Prices were at the same level as in the prior-year quarter.

Sales in **Asia** improved considerably, primarily due to increased volumes of fungicides and herbicides. Slightly higher prices also had a positive impact on sales, while currency effects had a negative impact.

### Segment data – Agricultural Solutions

Million €

	Q2			H1		
	2021	2020	+/-	2021	2020	+/-
Sales to third parties	1,963	1,766	11%	4,809	4,585	5%
Income from operations before depreciation, amortization and special items	239	299	-20%	1,210	1,288	-6%
Income from operations before depreciation and amortization (EBITDA)	200	275	-27%	1,168	1,242	-6%
Depreciation and amortization <sup>a</sup>	165	180	-8%	329	360	-9%
Income from operations (EBIT)	35	95	-63%	839	882	-5%
Special items	-40	-25	-60%	-43	-47	9%
EBIT before special items	75	120	-38%	882	929	-5%
Assets (June 30)	15,922	16,736	-5%	15,922	16,736	-5%
Investments including acquisitions <sup>b</sup>	85	71	20%	133	136	-2%
Research and development expenses	228	200	14%	444	407	9%

<sup>a</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

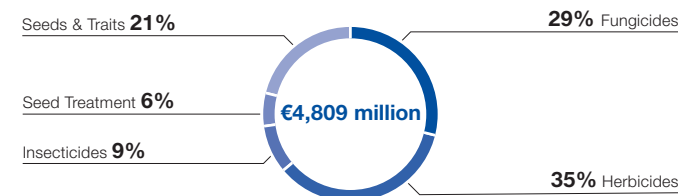
<sup>b</sup> Additions to property, plant and equipment and intangible assets

Sales in the region **South America, Africa, Middle East** rose considerably. This was primarily the result of considerably higher volumes, mainly of crop protection products in Brazil. Significantly higher price levels also contributed to the positive sales development. This more than offset significantly negative currency effects, especially in Argentina and Brazil.

Despite higher sales, **income from operations (EBIT) before special items** was considerably below the level of the prior-year quarter. This was mainly attributable to currency effects as well as to higher fixed costs.

**EBIT** included a special charge for measures in connection with the streamlining of the global glufosinate-ammonium production network.

#### H1 2021 sales by indication and sector



## Other

### Q2 2021

**Sales** in Other rose considerably compared with the prior-year quarter. This primarily reflected the sales growth in commodity trading.

**Income from operations (EBIT) before special items** was considerably below the figure from the prior-year quarter. This was mainly due to higher additions to provisions for variable compensation components (bonus) as a result of the strong second quarter of 2021.

### Financial data – Other

Million €

	Q2			H1		
	2021	2020	+/-	2021	2020	+/-
Sales	793	507	56%	1,576	1,209	30%
Income from operations before depreciation, amortization and special items	-201	-41	.	-727	-295	.
Income from operations before depreciation and amortization (EBITDA)	-253	-89	.	-794	-360	.
Depreciation and amortization <sup>a</sup>	32	39	-18%	67	89	-25%
Income from operations (EBIT)	-285	-128	.	-861	-449	-92%
Special items	-49	-48	-2%	-65	-70	7%
EBIT before special items	-236	-80	.	-796	-379	.
of which costs for cross-divisional corporate research	-78	-81	4%	-147	-156	6%
costs of corporate headquarters	-61	-57	-7%	-119	-111	-7%
other businesses	75	24	213%	104	51	104%
foreign currency results, hedging and other measurement effects	22	-43	.	-31	11	.
miscellaneous income and expenses	-194	77	.	-603	-174	.
Assets (June 30) <sup>b</sup>	22,118	29,893	-26%	22,118	29,893	-26%
Investments including acquisitions <sup>c</sup>	40	34	18%	69	74	-7%
Research and development expenses	83	87	-5%	159	167	-5%

<sup>a</sup> Depreciation and amortization of property, plant and equipment and intangible assets (including impairments and reversals of impairments)

<sup>b</sup> Contains assets of businesses recognized under Other as well as reconciliation to assets of the BASF Group

<sup>c</sup> Additions to property, plant and equipment and intangible assets

## Regions

### Q2 2021

Sales at companies located in **Europe** rose by 59% compared with the second quarter of 2020. This sales growth was attributable to higher prices, especially in the Chemicals and Materials segments, as well as to a considerable increase in sales volumes in all segments. Particularly Surface Technologies, Materials, Industrial Solutions and Chemicals recorded higher volumes. Negative currency effects had an offsetting impact. Income from operations (EBIT) rose by €906 million to €930 million. This was primarily due to earnings increases in Materials, Chemicals and Industrial Solutions. By contrast, EBIT in Other and Nutrition & Care was down considerably from the prior-year quarter.

In **North America**, sales rose by 62% in euros and by 77% in local currency terms compared with the prior-year quarter. This was primarily due to considerably higher precious metal prices in the Surface Technologies segment. Significantly higher volumes in all segments supported sales performance. Currency effects had a negative impact on sales. Attributable mainly to higher contributions from Chemicals, Surface Technologies and Materials, EBIT rose by €603 million to €440 million.

Sales in **Asia Pacific** increased by 46% in euros and by 51% in local currency terms compared with the second quarter of 2020. This was largely due to higher prices, especially in the Surface Technologies, Chemicals and Materials segments. Considerably higher volumes, particularly in Surface Technologies and Materials, also contributed to sales growth. Sales performance was weighed down by negative currency effects. EBIT exceeded the prior-year quarter's figure by €579 million at €759 million. This was the result of considerable earnings increases in Chemicals, Materials and Surface Technologies.

### Regions

Million €

Q2	Sales by location of company			Sales by location of customer			Income from operations by location of company		
	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-
Europe	8,073	5,081	59%	7,731	4,689	65%	930	24	.
of which Germany	3,277	2,149	52%	1,903	1,062	79%	391	-182	.
North America	5,739	3,533	62%	5,511	3,477	58%	440	-163	.
Asia Pacific	5,020	3,443	46%	5,181	3,589	44%	759	180	322%
South America, Africa, Middle East	921	623	48%	1,330	925	44%	187	18	.
<b>BASF Group</b>	<b>19,753</b>	<b>12,680</b>	<b>56%</b>	<b>19,753</b>	<b>12,680</b>	<b>56%</b>	<b>2,316</b>	<b>59</b>	<b>.</b>
<b>H1</b>									
Europe	16,202	12,601	29%	15,562	11,900	31%	1,722	705	144%
of which Germany	6,386	5,422	18%	3,717	2,750	35%	645	16	.
North America	11,529	8,779	31%	11,069	8,462	31%	1,153	311	271%
Asia Pacific	9,742	6,738	45%	10,038	7,062	42%	1,529	466	228%
South America, Africa, Middle East	1,680	1,315	28%	2,484	2,009	24%	223	33	.
<b>BASF Group</b>	<b>39,153</b>	<b>29,433</b>	<b>33%</b>	<b>39,153</b>	<b>29,433</b>	<b>33%</b>	<b>4,627</b>	<b>1,515</b>	<b>205%</b>

In the region **South America, Africa, Middle East**, sales rose by 48% in euros and by 60% in local currency terms compared with the prior-year quarter. This was primarily due to higher sales volumes in all segments. Higher prices, especially in the Surface Technologies, Chemicals and Agricultural Solutions segments, contributed to sales growth. Currency effects had a negative impact on sales. EBIT rose by €169 million to €187 million resulting from considerable increases in contributions from nearly all segments. EBIT in the Agricultural Solutions segment was below the level of the prior-year quarter.

# Condensed Consolidated Half-Year Financial Statements 2021

## Statement of Income

### Statement of income

Million €

Explanations in Note	Q2			H1		
	2021	2020	+/-	2021	2020	+/-
<b>Sales revenue</b>	<b>19,753</b>	<b>12,680</b>	<b>56%</b>	<b>39,153</b>	<b>29,433</b>	<b>33%</b>
Cost of sales	-14,672	-9,549	-54%	-28,974	-21,775	-33%
<b>Gross profit on sales</b>	<b>5,081</b>	<b>3,131</b>	<b>62%</b>	<b>10,179</b>	<b>7,658</b>	<b>33%</b>
Selling expenses	-2,076	-1,827	-14%	-3,984	-3,798	-5%
General administrative expenses	-357	-313	-14%	-683	-637	-7%
Research and development expenses	-545	-480	-14%	-1,056	-974	-8%
Other operating income	[6] 503	104	384%	839	604	39%
Other operating expenses	[6] -473	-584	19%	-989	-1,372	28%
Income from integral companies accounted for using the equity method	[7] 183	28	.	321	34	.
<b>Income from operations (EBIT)</b>	<b>2,316</b>	<b>59</b>	<b>.</b>	<b>4,627</b>	<b>1,515</b>	<b>205%</b>
Income from non-integral companies accounted for using the equity method	[8] -9	-775	99%	73	-941	.
Income from other shareholdings	-1	10	.	11	22	-50%
Expenses from other shareholdings	-34	-23	-48%	-60	-37	-62%
<b>Net income from shareholdings</b>	<b>[8] -44</b>	<b>-788</b>	<b>94%</b>	<b>24</b>	<b>-956</b>	<b>.</b>
Interest income	41	37	11%	79	83	-5%
Interest expenses	-113	-143	21%	-236	-293	19%
<b>Interest result</b>	<b>-72</b>	<b>-106</b>	<b>32%</b>	<b>-157</b>	<b>-210</b>	<b>25%</b>
Other financial income	12	-15	.	27	73	-63%
Other financial expenses	-23	-73	68%	-85	-145	41%
<b>Other financial result</b>	<b>-11</b>	<b>-88</b>	<b>88%</b>	<b>-58</b>	<b>-72</b>	<b>19%</b>
<b>Financial result</b>	<b>[8] -83</b>	<b>-194</b>	<b>57%</b>	<b>-215</b>	<b>-282</b>	<b>24%</b>
<b>Income before income taxes</b>	<b>2,189</b>	<b>-923</b>	<b>.</b>	<b>4,436</b>	<b>277</b>	<b>.</b>
Income taxes	[9] -395	35	.	-832	-284	.
<b>Income after taxes from continuing operations</b>	<b>1,794</b>	<b>-888</b>	<b>.</b>	<b>3,604</b>	<b>-7</b>	<b>.</b>
<b>Income after taxes from discontinued operations</b>	<b>-</b>	<b>14</b>	<b>-</b>	<b>-</b>	<b>36</b>	<b>-</b>
<b>Income after taxes</b>	<b>1,794</b>	<b>-874</b>	<b>.</b>	<b>3,604</b>	<b>29</b>	<b>.</b>
of which attributable to shareholders of BASF SE (net income)	1,654	-878	.	3,372	7	.
attributable to noncontrolling interests	[10] 140	4	.	232	22	.
<b>Earnings per share from continuing operations</b>	<b>[5] € 1.80</b>	<b>-0.98</b>	<b>.</b>	<b>3.67</b>	<b>-0.03</b>	<b>.</b>
<b>Earnings per share from discontinued operations</b>	<b>[5] € -</b>	<b>0.02</b>	<b>-</b>	<b>-</b>	<b>0.04</b>	<b>-</b>
<b>Basic earnings per share</b>	<b>[5] € 1.80</b>	<b>-0.96</b>	<b>.</b>	<b>3.67</b>	<b>0.01</b>	<b>.</b>
Diluted earnings per share	[5] € 1.80	-0.96	.	3.67	0.01	.

## Statement of Income and Expense Recognized in Equity

### H1 statement of comprehensive income

Million €

	2021	2020
<b>Income after taxes</b>	<b>3,604</b>	<b>29</b>
Remeasurement of defined benefit plans	3,374	-231
Deferred taxes on the remeasurement of defined benefit plans	-868	-38
Remeasurement of defined benefit plans from investments accounted for using the equity method (after taxes)	41	-12
<b>Nonreclassifiable gains/losses</b>	<b>2,547</b>	<b>-281</b>
Unrealized gains/losses in connection with cash flow hedges	-12	117
Reclassification of realized gains/losses recognized in the statement of income in connection with cash flow hedges	-10	10
Unrealized gains/losses from currency translation	650	-528
Reclassification of realized gains/losses from currency translation recognized in the statement of income	52	-
Deferred taxes on reclassifiable gains/losses	-1	-30
Reclassifiable gains/losses after taxes from investments accounted for using the equity method (after taxes)	27	-150
Reclassification of realized gains/losses recognized in the statement of income from investments accounted for using the equity method	-14	-
<b>Reclassifiable gains/losses</b>	<b>692</b>	<b>-581</b>
<b>Other comprehensive income after taxes</b>	<b>3,239</b>	<b>-862</b>
of which attributable to shareholders of BASF SE	3,216	-859
attributable to noncontrolling interests	23	-3
<b>Comprehensive income</b>	<b>6,843</b>	<b>-833</b>
of which attributable to shareholders of BASF SE	6,588	-852
attributable to noncontrolling interests	255	19



## Balance Sheet

### Assets

Million €						
	Explanations in Note	June 30, 2021	December 31, 2020	+/-	June 30, 2020	+/-
Intangible assets		13,068	13,145	-1%	14,874	-12%
Property, plant and equipment		19,810	19,647	1%	21,883	-9%
Integral investments accounted for using the equity method		2,129	1,878	13%	1,761	21%
Non-integral investments accounted for using the equity method		10,488	10,874	-4%	11,982	-12%
Other financial assets		533	582	-8%	628	-15%
Deferred tax assets		2,598	3,386	-23%	2,826	-8%
Other receivables and miscellaneous assets		1,193	912	31%	1,202	-1%
<b>Noncurrent assets</b>	<b>[11]</b>	<b>49,819</b>	<b>50,424</b>	<b>-1%</b>	<b>55,156</b>	<b>-10%</b>
Inventories		11,155	10,010	11%	10,797	3%
Accounts receivable, trade		12,600	9,466	33%	9,403	34%
Other receivables and miscellaneous assets		6,287	4,673	35%	4,761	32%
Marketable securities		208	207	0%	350	-41%
Cash and cash equivalents <sup>a</sup>		2,869	4,330	-34%	5,212	-45%
Assets of disposal groups		-	1,182	-	4,690	-
<b>Current assets</b>	<b>[12]</b>	<b>33,119</b>	<b>29,868</b>	<b>11%</b>	<b>35,213</b>	<b>-6%</b>
<b>Total assets</b>		<b>82,938</b>	<b>80,292</b>	<b>3%</b>	<b>90,369</b>	<b>-8%</b>

a For a reconciliation of the amounts in the statement of cash flows with the balance sheet item cash and cash equivalents, see page 27 of these Consolidated Half-Year Financial Statements.

## Equity and liabilities

Million €						
	Explanations in Note	June 30, 2021	December 31, 2020	+/-	June 30, 2020	+/-
Subscribed capital		1,176	1,176	–	1,176	–
Capital reserves		3,115	3,115	–	3,115	–
Retained earnings		38,174	37,911	1%	39,029	–2%
Other comprehensive income		–5,182	–8,474	39%	–5,709	9%
<b>Equity attributable to shareholders of BASF SE</b>		<b>37,283</b>	<b>33,728</b>	<b>11%</b>	<b>37,611</b>	<b>–1%</b>
Noncontrolling interests		804	670	20%	770	4%
<b>Equity</b>	<b>[13]</b>	<b>38,087</b>	<b>34,398</b>	<b>11%</b>	<b>38,381</b>	<b>–1%</b>
Provisions for pensions and similar obligations	[15]	5,405	8,566	–37%	7,871	–31%
Deferred tax liabilities		1,382	1,447	–4%	2,073	–33%
Tax provisions		393	587	–33%	563	–30%
Other provisions	[16]	1,591	1,484	7%	1,319	21%
Financial indebtedness	[14]	14,954	15,819	–5%	16,664	–10%
Other liabilities	[14]	1,592	1,711	–7%	1,819	–12%
<b>Noncurrent liabilities</b>		<b>25,317</b>	<b>29,614</b>	<b>–15%</b>	<b>30,309</b>	<b>–16%</b>
Accounts payable, trade	[14]	5,771	5,291	9%	3,820	51%
Provisions	[16]	4,427	2,825	57%	3,138	41%
Tax liabilities	[14]	1,401	988	42%	931	50%
Financial indebtedness	[14]	4,364	3,395	29%	9,417	–54%
Other liabilities	[14]	3,571	3,440	4%	3,179	12%
Liabilities of disposal groups		–	341	–	1,194	–
<b>Current liabilities</b>		<b>19,534</b>	<b>16,280</b>	<b>20%</b>	<b>21,679</b>	<b>–10%</b>
<b>Total equity and liabilities</b>		<b>82,938</b>	<b>80,292</b>	<b>3%</b>	<b>90,369</b>	<b>–8%</b>

## Statement of Cash Flows

### Statement of cash flows

Million €

	Q2		H1	
	2021	2020	2021	2020
Net income	1,654	-878	3,372	7
Depreciation and amortization of property, plant and equipment and intangible assets	883	1,050	1,748	2,049
Changes in net working capital	9	1,190	-2,764	-1,810
Miscellaneous items	-9	880	-344	966
<b>Cash flows from operating activities</b>	<b>2,537</b>	<b>2,242</b>	<b>2,012</b>	<b>1,212</b>
Payments made for property, plant and equipment and intangible assets	-767	-726	-1,223	-1,295
Acquisitions/divestitures	1,125	-	1,118	-1,245
Changes in financial assets and miscellaneous items	-35	21	-7	15
<b>Cash flows from investing activities</b>	<b>323</b>	<b>-705</b>	<b>-112</b>	<b>-2,525</b>
Capital increases/repayments and other equity transactions	-	3	-	4
Changes in financial and similar liabilities	-999	3,470	-282	7,799
Dividends	-3,145	-3,100	-3,152	-3,136
<b>Cash flows from financing activities</b>	<b>-4,144</b>	<b>373</b>	<b>-3,434</b>	<b>4,667</b>
Cash-effective changes in cash and cash equivalents <sup>a</sup>	-1,284	1,910	-1,534	3,354
Cash and cash equivalents at the beginning of the period and other changes <sup>b</sup>	4,153	3,852	4,403	2,408
<b>Cash and cash equivalents at the end of the period<sup>b</sup></b>	<b>2,869</b>	<b>5,762</b>	<b>2,869</b>	<b>5,762</b>

<sup>a</sup> In the first quarter of 2020, BASF SE transferred securities in the amount of €80 million to BASF Pensionstreuhand e.V., Ludwigshafen am Rhein, Germany. This transfer was not cash effective and therefore had no effect on the statement of cash flows.

<sup>b</sup> In 2021 and 2020, cash and cash equivalents presented in the statement of cash flows deviate from the figures in the balance sheet, as the relevant amounts were reclassified in the balance sheet to assets of disposal groups. The disposal group for the pigments business contained cash and cash equivalents of €5 million as of January 1, 2021, and March 31, 2021. Due to the derecognition of the disposal group of the pigments business, cash and cash equivalents as of June 30, 2021 correspond to the value in the balance sheet. As of January 1, 2020, cash and cash equivalents deviate from the figure in the balance sheet due to the reclassification of cash and cash equivalents to the disposal groups for the construction chemicals business (€21 million) and the pigments business (€7 million). As of March 31, 2020, €24 million was reclassified in the balance sheet to the disposal group for the construction chemicals business, and €12 million to the disposal group for the pigments business. As of June 30, 2020, €538 million was reclassified to the disposal group for the construction chemicals business, and €12 million to the disposal group for the pigments business.

## Statement of Changes in Equity

### H1 2021<sup>a</sup>

Million €

	Subscribed capital	Capital reserves	Retained earnings	Remeasurement of defined benefit plans	Currency translation	Measurement of securities at fair value	Cash flow hedges	Other comprehensive income <sup>b</sup>	Equity attributable to shareholders of BASF SE	Non-controlling interests	Equity
<b>As of January 1, 2021</b>	<b>1,176</b>	<b>3,115</b>	<b>37,911</b>	<b>-6,538</b>	<b>-1,800</b>	<b>7</b>	<b>-143</b>	<b>-8,474</b>	<b>33,728</b>	<b>670</b>	<b>34,398</b>
Dividends paid	-	-	-3,031	-	-	-	-	-	-3,031	-121 <sup>c</sup>	-3,152
Income after taxes	-	-	3,372	-	-	-	-	-	3,372	232	3,604
Other comprehensive income after taxes	-	-	-	2,547	899	-2	-228	3,216	3,216	23	3,239
Changes in scope of consolidation and other changes	-	-	-78 <sup>d</sup>	76 <sup>d</sup>	-	-	-	76	-2	-	-2
<b>As of June 30, 2021</b>	<b>1,176</b>	<b>3,115</b>	<b>38,174</b>	<b>-3,915</b>	<b>-901</b>	<b>5</b>	<b>-371</b>	<b>-5,182</b>	<b>37,283</b>	<b>804</b>	<b>38,087</b>

### H1 2020<sup>a</sup>

Million €

	Subscribed capital	Capital reserves	Retained earnings	Remeasurement of defined benefit plans	Currency translation	Measurement of securities at fair value	Cash flow hedges	Other comprehensive income <sup>b</sup>	Equity attributable to shareholders of BASF SE	Non-controlling interests	Equity
<b>As of January 1, 2020</b>	<b>1,176</b>	<b>3,115</b>	<b>42,056</b>	<b>-5,618</b>	<b>798</b>	<b>5</b>	<b>-35</b>	<b>-4,850</b>	<b>41,497</b>	<b>853</b>	<b>42,350</b>
Dividends paid	-	-	-3,031	-	-	-	-	-	-3,031	-105 <sup>c</sup>	-3,136
Income after taxes	-	-	7	-	-	-	-	-	7	22	29
Other comprehensive income after taxes	-	-	-	-281	-689	3	108	-859	-859	-3	-862
Changes in scope of consolidation and other changes	-	-	-3	-	-	-	-	-	-3	3	-
<b>As of June 30, 2020</b>	<b>1,176</b>	<b>3,115</b>	<b>39,029</b>	<b>-5,899</b>	<b>109</b>	<b>8</b>	<b>73</b>	<b>-5,709</b>	<b>37,611</b>	<b>770</b>	<b>38,381</b>

<sup>a</sup> For more information on the items relating to equity, see Note 13 from page 39 onward

<sup>b</sup> Details are provided in the Statement of Income and Expense Recognized in Equity on page 24

<sup>c</sup> Including profit and loss transfers

<sup>d</sup> Because of the disposal of the pigments business on June 30, 2021, the amount of €76 million from the remeasurement of defined benefit plans was reclassified from income and expenses to retained earnings, in equity.

## Segment Reporting

### H1

Million €

	Sales			EBITDA before special items <sup>a</sup>			EBITDA <sup>a</sup>			Income from operations (EBIT) before special items <sup>b</sup>		
	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-
Chemicals	6,155	4,141	49%	1,905	607	214%	1,946	596	227%	1,548	172	.
Materials	7,190	5,017	43%	1,848	562	229%	1,814	459	295%	1,464	129	.
Industrial Solutions	4,467	3,917	14%	738	623	18%	767	560	37%	573	436	31%
Surface Technologies	11,839	7,427	59%	869	304	186%	866	290	199%	649	69	.
Nutrition & Care	3,117	3,137	-1%	555	719	-23%	608	711	-14%	356	510	-30%
Agricultural Solutions	4,809	4,585	5%	1,210	1,288	-6%	1,168	1,242	-6%	882	929	-5%
Other	1,576	1,209	30%	-727	-295	.	-794	-360	.	-796	-379	.
<b>BASF Group</b>	<b>39,153</b>	<b>29,433</b>	<b>33%</b>	<b>6,398</b>	<b>3,808</b>	<b>68%</b>	<b>6,375</b>	<b>3,498</b>	<b>82%</b>	<b>4,676</b>	<b>1,866</b>	<b>151%</b>

### Other in H1<sup>d</sup>

Million €

	2021	2020	+/-
<b>Sales</b>	<b>1,576</b>	<b>1,209</b>	<b>30%</b>
<b>Income from operations (EBIT) before special items</b>	<b>-796</b>	<b>-379</b>	<b>.</b>
of which costs for cross-divisional corporate research	-147	-156	6%
costs of corporate headquarters	-119	-111	-7%
other businesses	104	51	104%
foreign currency results, hedging and other measurement effects	-31	11	.
miscellaneous income and expenses	-603	-174	.
Special items	-65	-70	7%
<b>Income from operations (EBIT)</b>	<b>-861</b>	<b>-449</b>	<b>-92%</b>

<sup>d</sup> For more information on Other, see Note 4 from page 32 onward

### H1

Million €

	Income from operations (EBIT)			Research and development expenses			Assets			Investments including acquisitions <sup>c</sup>		
	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-	2021	2020	+/-
Chemicals	1,586	152	.	51	49	4%	8,971	8,642	4%	371	513	-28%
Materials	1,410	17	.	94	86	9%	10,245	9,831	4%	255	1,506	-83%
Industrial Solutions	599	373	61%	90	88	2%	5,881	6,983	-16%	132	135	-2%
Surface Technologies	645	41	.	135	103	31%	13,190	11,700	13%	198	220	-10%
Nutrition & Care	409	499	-18%	83	74	12%	6,611	6,584	0%	218	206	6%
Agricultural Solutions	839	882	-5%	444	407	9%	15,922	16,736	-5%	133	136	-2%
Other	-861	-449	-92%	159	167	-5%	22,118	29,893	-26%	69	74	-7%
<b>BASF Group</b>	<b>4,627</b>	<b>1,515</b>	<b>205%</b>	<b>1,056</b>	<b>974</b>	<b>8%</b>	<b>82,938</b>	<b>90,369</b>	<b>-8%</b>	<b>1,376</b>	<b>2,790</b>	<b>-51%</b>

<sup>a</sup> For an explanation of this indicator, see page 56 onward of the BASF Report 2020, Results of Operations<sup>b</sup> For an explanation of this indicator, see page 33 onward of the BASF Report 2020, Value-Based Management<sup>c</sup> Additions to property, plant and equipment and intangible assets

## Notes to the Consolidated Half-Year Financial Statements

### 1 Basis of presentation

The Consolidated Financial Statements of the BASF Group for the year ending December 31, 2020, were prepared in accordance with the International Financial Reporting Standards (IFRS) in effect as of the balance sheet date. The Consolidated Half-Year Financial Statements as of June 30, 2021, have been prepared – in line with the rules of International Accounting Standard 34 – in abbreviated form and continuing the same accounting policies.

The Condensed Consolidated Half-Year Financial Statements and the Consolidated Interim Management's Report have not been audited, nor have they undergone an auditor's review.

[The BASF Report 2020 containing the Consolidated Financial Statements as of December 31, 2020, can be found online at \[basf.com/report\]\(https://www.basf.com/report\)](#)

#### Accounting policies applied for the first time in 2021

- Amendments to IFRS 4 – Insurance Contracts – Deferral of IFRS 9
- Amendments to IFRS 9 – Financial Instruments, IAS 39 – Financial Instruments: Recognition and Measurement, IFRS 7 – Financial Instruments: Disclosures, IFRS 4 – Insurance Contracts, and IFRS 16 – Leases – Interest Rate Benchmark Reform – Phase 2

These amendments had no material effect on the Consolidated Financial Statements.

#### Selected exchange rates

EUR 1 equals

	Closing rates		Average rates H1	
	June 30, 2021	Dec. 31, 2020	2021	2020
Brazil (BRL)	5.91	6.37	6.49	5.41
China (CNY)	7.67	8.02	7.80	7.75
United Kingdom (GBP)	0.86	0.90	0.87	0.87
Japan (JPY)	131.43	126.49	129.87	119.27
Malaysia (MYR)	4.93	4.93	4.94	4.68
Mexico (MXN)	23.58	24.42	24.33	23.84
Norway (NOK)	10.17	10.47	10.18	10.73
Russian Federation (RUB)	86.77	91.47	89.55	76.67
Switzerland (CHF)	1.10	1.08	1.09	1.06
South Korea (KRW)	1,341.41	1,336.00	1,347.54	1,329.53
United States (USD)	1.19	1.23	1.21	1.10

#### Accounting policies issued but not yet endorsed by the European Union

- Amendments to IFRS 16 Leases: Covid-19-Related Rent Concessions beyond June 30, 2021. These amendments were issued on March 31, 2021, effective as of April 1, 2021.
- Amendments to IAS 12 Income Taxes: Deferred Tax related to Assets and Liabilities Arising from a Single Transaction. These were issued on May 7, 2021, effective for reporting periods as of January 1, 2023.

These amendments are unlikely to have a material impact on the reporting of BASF.

## 2 Scope of consolidation

In addition to BASF SE, all material subsidiaries are included in the BASF Group Financial Statements on a fully consolidated basis. Joint arrangements that are classified as joint operations according to IFRS 11 are proportionally consolidated. Changes in the number of fully and proportionally consolidated companies are shown in the table.

Since the beginning of 2021, eleven companies have been deconsolidated due to the sale of the pigments business and eight companies due to mergers.

### Scope of consolidation

	2021	2020
As of January 1	282	302
of which proportionally consolidated	9	7
First-time consolidations	–	21
of which proportionally consolidated	–	2
Deconsolidations	19	4
of which proportionally consolidated	–	–
<b>As of June 30</b>	<b>263</b>	<b>319</b>
of which proportionally consolidated	9	9

### Companies accounted for using the equity method

	2021	2020
As of January 1	25	25
<b>As of June 30</b>	<b>26</b>	<b>25</b>

## 3 Acquisitions and divestitures

### Divestitures

In 2021, BASF sold the following activities:

- On May 31, 2021, BASF completed the sale of its production site in Kankakee, Illinois, to a subsidiary of One Rock Capital Partners, LLC. The transaction included the associated businesses including vegetable-oil-based sterols and natural vitamin E, anionic surfactants and esters produced at the Kankakee site. The transaction affected the Nutrition & Health and Care Chemicals divisions.
- Following the fulfillment of clearance conditions, BASF closed the divestiture of its global pigments business to the company DIC, Tokyo, Japan, on June 30, 2021. The business transfer agreement was signed on August 29, 2019. The purchase price on a cash and debt-free basis was €1.15 billion. The sale affected approximately 2,600 employees in the Dispersions & Pigments division.

The calculation of the disposal result from the global pigments business is presented in the following table:

### Calculation of the disposal result from the global pigments business

Million €	June 30, 2021
Purchase price on a cash and debt-free basis	1,150
Purchase price adjustments <sup>a</sup>	–140
Purchase price	1,010
Disposed net assets	–901
Assets of the disposal group	–1,292
Reinstated receivables	30
Liabilities of the disposal group	375
Reinstated liabilities	–25
Other	–61
<b>Disposal result before taxes</b>	<b>37</b>
Tax expense	–67
<b>Disposal result after taxes</b>	<b>–30</b>

<sup>a</sup> Purchase price adjustments took into account, among other things, cash, financial indebtedness and pension obligations.

### Agreed transactions

BASF and Shanshan, a leading provider of lithium-ion battery materials, agreed on May 20, 2021 to form a BASF majority-owned joint venture (BASF: 51%; Shanshan: 49%) to produce cathode active materials (CAM) and precursors (PCAM) in China. Through the formation of this planned joint venture in China, BASF is further strengthening its position in Asia to create an integrated global supply chain for customers in China and worldwide. The transaction includes four companies and approximately 1,400 employees. It strengthens the Catalysts division and is expected to be completed in the second half of 2021, subject to the approval of the relevant authorities.

## 4 Segment reporting

The BASF Group's business is run by 11 divisions, structured in six segments:

- **Chemicals:** Petrochemicals, Intermediates
- **Materials:** Performance Materials, Monomers
- **Industrial Solutions:** Dispersions & Pigments, Performance Chemicals
- **Surface Technologies:** Catalysts, Coatings
- **Nutrition & Care:** Care Chemicals, Nutrition & Health
- **Agricultural Solutions:** Agricultural Solutions

The divisions are allocated to the segments based on their business models and according to their focal points, customer groups, the focus of their innovations, their investment relevance and sustainability aspects.

The **Chemicals** segment comprises the Petrochemicals and Intermediates divisions and is the cornerstone of BASF's Verbund structure. It supplies the other segments with basic chemicals and intermediates, contributing to the organic growth of the key value chains. Alongside internal transfers, customers include the chemical and plastics industries. The segment's competitiveness is strengthened by technological leadership and operational excellence.

The **Materials** segment is composed of the Performance Materials division and the Monomers division. The segment offers advanced materials and their precursors for new applications and systems. Its product portfolio includes isocyanates and polyamides as well as inorganic basic products and specialties for plastics and plastics processing.

The **Industrial Solutions** segment consists of the Dispersions & Pigments and the Performance Chemicals divisions. The segment develops and markets ingredients and additives for industrial applications, such as polymer dispersions, resins, electronic materials, antioxidants and additives. Its customers come from key industries such as automotive, plastics and electronics. Moreover, the pigments business was part of the Dispersions & Pigments division until June 30, 2021. The division was renamed Dispersions & Resins as of July 1, 2021, in connection with the disposal of BASF's global pigments business.

The **Surface Technologies** segment bundles chemical solutions for surfaces with the Catalysts and Coatings divisions. Its product spectrum includes catalysts and battery materials, automotive OEM and refinish coatings, surface treatments as well as precious and base metal products and services.

The **Nutrition & Care** segment comprises the Care Chemicals division and the Nutrition & Health division. The segment produces ingredients and solutions for consumer applications in the areas of nutrition, home and personal care. Its customers include food and feed producers as well as the pharmaceutical, cosmetics, and the detergent and cleaner industries.

The **Agricultural Solutions** segment consists of one division of the same name. As an integrated provider, its portfolio comprises fungicides, herbicides, insecticides and biological crop protection products as well as seeds and seed treatment products. Furthermore, Agricultural Solutions offers farmers innovative solutions, including those based on digital technologies combined with practical advice.

Activities that are not allocated to any of the divisions are recorded under **Other**.

These include other businesses, which comprise commodity trading, engineering and other services, as well as rental income and leases. Discontinued operations and certain activities remaining after divestitures are also reported here.

The following activities are also presented under Other:

- The steering of the BASF Group by corporate headquarters.
- Cross-divisional corporate research, which includes plant biotechnology research, works on long-term topics of strategic importance to the BASF Group. Furthermore, it focuses on the development of specific key technologies, which are of central importance for the divisions.
- Results from currency translation that are not allocated to the segments; earnings from the hedging of raw materials prices and foreign currency exchange risks; and gains and losses from the long-term incentive programs (LTI programs).
- Remanent fixed costs resulting from organizational changes or restructuring; function and region-related restructuring costs not allocated to a division; idle capacity costs from internal human resource platforms.



**Reconciliation of segment income to income before income taxes**

	H1	
	2021	2020
Million €		
EBIT before special items of the segments	5,472	2,245
EBIT before special items of Other	-796	-379
<b>EBIT before special items</b>	<b>4,676</b>	<b>1,866</b>
Special items of the segments	16	-281
Special items of Other	-65	-70
<b>Special items</b>	<b>-49</b>	<b>-351</b>
EBIT of the segments	5,488	1,964
EBIT of Other	-861	-449
<b>EBIT</b>	<b>4,627</b>	<b>1,515</b>
Net income from shareholdings	24	-956
Financial result	-215	-282
<b>Income before income taxes</b>	<b>4,436</b>	<b>277</b>

**Reconciliation of segment assets to the assets of the BASF Group**

	June 30, 2021	June 30, 2020
Million €		
<b>Segment assets</b>	<b>60,820</b>	<b>60,476</b>
Assets of businesses included in Other	2,346	2,207
Other financial assets and non-integral investments accounted for using the equity method	11,021	12,610
Deferred tax assets	2,598	2,826
Cash and cash equivalents / marketable securities	3,077	5,562
Defined benefit assets	334	125
Other receivables / prepaid expenses	2,742	3,828
Assets of the construction chemicals business disposal group	-	2,735
<b>Assets of Other</b>	<b>22,118</b>	<b>29,893</b>
<b>Assets of the BASF Group</b>	<b>82,938</b>	<b>90,369</b>

The same accounting rules are used for segment reporting as those used for the Group. Transfers between the segments are generally executed at adjusted market-based prices, taking into account the higher cost efficiency and lower risk of intragroup transactions. Assets, as well as their depreciation and amortization, are allocated to the segments based on economic control. Assets used by more than one segment are allocated based on the percentage of usage.

Income from operations (EBIT) before special items is used for the internal steering of the segments and complements the key management indicator, ROCE. EBIT is calculated from gross profit on sales, selling expenses, general administrative expenses, research and development expenses, other operating income and expenses, and income from integral companies accounted for using the equity method. To calculate EBIT before special items, this figure is then adjusted for special items. Special items arise from the integration of acquired businesses, restructuring costs, certain impairments, gains or losses resulting from divestitures and sales of integral investments accounted for using the equity method, and other expenses and income that arise outside of ordinary business activities. EBIT and EBIT before special items are alternative performance measures that are not defined under IFRS and are to be considered as being complementary to the indicators defined by IFRS.

**5 Earnings per share****Earnings per share**

		H1	
		2021	2020
Net income	Million €	3,372	7
Number of outstanding shares (weighted average)	1,000	918,479	918,479
<b>Earnings per share</b>	<b>€</b>	<b>3.67</b>	<b>0.01</b>

Earnings per share is calculated based on the weighted average number of common shares outstanding. The calculation of diluted earnings per share reflects all possible outstanding shares and the resulting effect on income of BASF's "plus" employee incentive share program.

In the first half of 2021, and in the prior-year period, there was no dilutive effect; basic earnings per share were the same as the diluted earnings per share.

## 6 Other operating income and expenses

### Other operating income

Million €

	H1	
	2021	2020
Income from the adjustment and release of provisions recognized in other operating expenses	40	6
Revenue from miscellaneous other activities	68	114
Income from foreign currency and hedging transactions as well as from the measurement of LTI options	35	119
Income from the translation of financial statements in foreign currencies	6	9
Gains on divestitures and the disposal of noncurrent assets	148	45
Reversals of impairment losses on noncurrent assets	-	-
Income from the reversal of valuation allowances for business-related receivables	18	12
Other	524	299
<b>Other operating income</b>	<b>839</b>	<b>604</b>

The decrease in income from foreign currency and hedging transactions as well as from the measurement of LTI options was due to the release of provisions for the long-term incentive (LTI) program in the first half of 2020.

The higher gains on divestitures and the disposal of noncurrent assets in the first half of 2021 resulted from the sale of a production site in Kankakee, Illinois, the disposal of the share in the condensate splitter in Port Arthur, Texas, and the disposal of the global pigments business.

Other income increased to €524 million in the first half of 2021 due mainly to higher gains on precious metal trading and tax refunds.

The higher restructuring expenses in the first half of 2021 were the result of site closures. By contrast, expenses from integration measures for Solvay's global polyamide business, which was acquired on January 31, 2020, were significantly lower than the corresponding expenses in the prior-year period.

### Other operating expenses

Million €

	H1	
	2021	2020
Restructuring and integration measures	171	223
Environmental protection and safety measures, costs of demolition and removal, and project costs not subject to mandatory capitalization	151	136
Depreciation, amortization and impairments of noncurrent assets and of the disposal group	41	130
Costs from other miscellaneous revenue-generating activities	62	102
Expenses from foreign currency and hedging transactions as well as from the measurement of LTI options	103	163
Losses from the translation of financial statements in foreign currencies	11	14
Losses from divestitures and the disposal of noncurrent assets	5	22
Expenses from the addition of valuation allowances on business-related receivables	28	38
Expenses for derecognition of obsolete inventory	102	137
Other	315	407
<b>Other operating expenses</b>	<b>989</b>	<b>1,372</b>

The decrease in depreciation, amortization and impairments of noncurrent assets to €26 million in the first half of 2021 was due largely to lower impairments. This figure in the previous year included the impairment of the disposal group of the pigments business.

Expenses from foreign currency and hedging transactions and from the measurement of LTI options decreased because of lower losses from foreign currency transactions and lower expenses from the measurement of LTI options.

The decline in other expenses was primarily attributable to lower expenses in connection with the coronavirus pandemic, in particular BASF's "Helping Hands" aid campaign.

## 7 Income from integral companies accounted for using the equity method

Income from integral companies accounted for using the equity method improved from €34 million in the first half of 2020 to €321 million in the first half of 2021. Of the €287 million increase, €226 million related to the shareholding in BASF-YPC Company Ltd., Nanjing, China, primarily due to higher prices and increased volumes as well as the scheduled turnarounds of the production plants in the first half of 2020.

## 8 Net income from shareholdings and financial result

### Net income from shareholdings

	H1	
	2021	2020
Million €		
<b>Income from non-integral companies accounted for using the equity method</b>	73	-941
Dividends and similar income	11	2
Income from the disposal of / write-up of shareholdings	-	20
<b>Income from other shareholdings</b>	<b>11</b>	<b>22</b>
Expenses from loss transfer agreements	-29	-26
Write-downs on / losses from the sale of shareholdings	-31	-11
<b>Expenses from other shareholdings</b>	<b>-60</b>	<b>-37</b>
<b>Net income from shareholdings</b>	<b>24</b>	<b>-956</b>

Net income from shareholdings improved from -€956 million in the first half of 2020 to €24 million in the first half of 2021 due mainly to the earnings contribution of Wintershall Dea GmbH, Kassel/Hamburg, Germany. Net income from shareholdings had been negatively affected in the first half of 2020 by an impairment of assets of Wintershall Dea in the amount of €819 million. Increased oil and gas prices contributed to the improvement in income in the first half of 2021.

[For more information, see Note 11 from page 37 onward](#)

**Financial result**

	H1	
	2021	2020
Million €		
Interest income from cash and cash equivalents	76	74
Interest and dividend income from securities and loans	3	9
<b>Interest income</b>	<b>79</b>	<b>83</b>
<b>Interest expenses</b>	<b>-236</b>	<b>-293</b>
<b>Interest result</b>	<b>-157</b>	<b>-210</b>
Reversals of write-downs on / income from securities and loans	10	3
Net interest income from overfunded pension plans and similar obligations	-	-
Income from the capitalization of borrowing costs	13	15
Interest income on income taxes	4	1
Miscellaneous financial income	-	54
<b>Other financial income</b>	<b>27</b>	<b>73</b>
Write-downs on / losses from securities and loans	-2	-56
Net interest expense from underfunded pension plans and similar obligations	-40	-54
Net interest expense from other long-term personnel obligations	-	-
Unwinding the discount on other noncurrent liabilities	-4	-3
Interest expenses on income taxes	-1	-24
Miscellaneous financial expenses	-38	-8
<b>Other financial expenses</b>	<b>-85</b>	<b>-145</b>
<b>Other financial result</b>	<b>-58</b>	<b>-72</b>
<b>Financial result</b>	<b>-215</b>	<b>-282</b>

The net interest expense from underfunded pension plans and similar obligations declined year on year as a result of the lower interest rate used to determine expenses for pension obligations.

The decline in miscellaneous financial income was primarily due to lower gains on hedging bonds and commercial paper against interest and currency risks.

**9 Income taxes****Income before income taxes**

	H1	
	2021	2020
Million €		
Germany	535	-1,074
Foreign	3,901	1,351
<b>Income before income taxes</b>	<b>4,436</b>	<b>277</b>

**Income taxes**

		H1	
		2021	2020
Germany	Million €	125	32
Foreign	Million €	707	252
<b>Income taxes</b>	<b>Million €</b>	<b>832</b>	<b>284</b>
Tax rate	%	18.8	102.5

The tax rate in the first half of 2021 was 18.8% compared with 102.5 % in the prior-year period. Income before taxes in the previous year included €819 million in non-tax-effective impairments of the shareholding in Wintershall Dea.

## 10 Noncontrolling interests

### Noncontrolling interests

	H1	
	2021	2020
Noncontrolling interests in profits	232	47
Noncontrolling interests in losses	–	–25
<b>Noncontrolling interests</b>	<b>232</b>	<b>22</b>

Noncontrolling interests in profits increased year on year, particularly at BASF TOTAL Petrochemicals LLC, Port Arthur, Texas, and at BASF PETRONAS Chemicals Sdn. Bhd., Petaling Jaya, Malaysia.

## 11 Noncurrent assets

### Development of intangible assets and property, plant and equipment H1

	Intangible assets		Property, plant and equipment	
	2021	2020	2021	2020
<b>Cost</b>				
As of January 1	17,241	17,555	66,015	65,508
Additions	28	805	1,348	1,985
Disposals	–107	–31	–672	–418
Transfers	4	–55	–4	35
Currency effects	297	–120	909	–477
<b>As of June 30</b>	<b>17,463</b>	<b>18,154</b>	<b>67,596</b>	<b>66,633</b>
<b>Accumulated depreciation and amortization</b>				
As of January 1	4,096	3,030	46,368	43,716
Additions	306	340	1,442	1,643
Disposals	–81	–19	–595	–372
Transfers	9	–57	–3	–2
Currency effects	65	–14	574	–235
<b>As of June 30</b>	<b>4,395</b>	<b>3,280</b>	<b>47,786</b>	<b>44,750</b>
<b>Net carrying amount as of June 30</b>	<b>13,068</b>	<b>14,874</b>	<b>19,810</b>	<b>21,883</b>

Additions to property, plant and equipment in the first half of 2021 were mainly due to investment projects such as the establishment of a new Verbund site in Zhanjiang, China, and the construction and expansion of the ethylene oxide and polyethylene oxide production plants in Antwerp, Belgium, and in Ludwigshafen, Germany. Furthermore, they included construction and expansion projects as well as modernization measures, primarily at the sites in Ludwigshafen, Germany; Antwerp, Belgium; Shanghai, China; Geismar, Louisiana; and Freeport, Texas.

Disposals of property, plant and equipment in the first half of 2021 resulted primarily from the sale of a production site in Kankakee, Illinois, and the disposal of the share in the condensate splitter in Port Arthur, Texas.

[For more information, see Note 3 on page 31](#)

In addition to scheduled depreciation, accumulated depreciation on property, plant and equipment included, in particular, impairments in connection with a plant closure in Freeport, Texas.

Currency effects in the first half of 2021 resulted largely from appreciation of the U.S. dollar against the euro.

### Development of investments accounted for using the equity method H1

	Integral		Non-integral		Total	
	2021	2020	2021	2020	2021	2020
<b>As of January 1</b>	<b>1,878</b>	<b>1,885</b>	<b>10,874</b>	<b>13,123</b>	<b>12,752</b>	<b>15,008</b>
Proportional income after taxes and other adjustments to income and expenses	321	34	73	–941	394	–907
Proportional changes of other comprehensive income	40	–30	29	–132	69	–162
<b>Total comprehensive income</b>	<b>361</b>	<b>4</b>	<b>102</b>	<b>–1,073</b>	<b>463</b>	<b>–1,069</b>
Changes in the scope of consolidation	–	–	–	–	–	–
Additions	12	–	–	–	12	–
Disposals	–6	–5	–	–11	–6	–16
Transfers	–116	–123	–488	–57	–604	–180
<b>Net carrying amount as of June 30</b>	<b>2,129</b>	<b>1,761</b>	<b>10,488</b>	<b>11,982</b>	<b>12,617</b>	<b>13,743</b>

**Proportional income after taxes and other adjustments to income and expenses** improved by a total of €1,301 million, due mainly to the improved results of Wintershall Dea GmbH, Kassel/Hamburg, Germany; BASF-YPC Company Ltd., Nanjing, China; and Heesung Catalysts, Seoul, South Korea.

**Proportional changes of other comprehensive income** included income and expense recognized directly in equity and related primarily to currency effects of the shareholdings in Wintershall Dea GmbH and BASF-YPC Company Ltd.

**Additions** to integral investments accounted for using the equity method related to the shareholding in Southeast Texas Pipelines LLC, Wilmington, Delaware.

**Disposals** in the first half of 2021 included the capital decrease at Yara Freeport LLC, Wilmington, Delaware.

**Transfers** in the first half of 2021 amounted to –€604 million and mainly included dividend distributions, particularly from Wintershall Dea GmbH, BASF-YPC Company Ltd., and Heesung Catalysts Corporation.

#### Other financial assets

Million €	June 30, 2021	Dec. 31, 2020	June 30, 2020
Other shareholdings	478	533	506
Long-term securities	55	49	122
<b>Other financial assets</b>	<b>533</b>	<b>582</b>	<b>628</b>

## 12 Current assets

### Current assets

Million €	June 30, 2021	December 31, 2020	June 30, 2020
Raw materials and factory supplies	3,716	3,105	3,463
Work in progress, finished goods and merchandise	7,355	6,784	7,237
Advance payments and services in progress	84	121	97
<b>Inventories</b>	<b>11,155</b>	<b>10,010</b>	<b>10,797</b>
<b>Accounts receivable, trade</b>	<b>12,600</b>	<b>9,466</b>	<b>9,403</b>
Loans and interest receivables	207	123	186
Derivatives with positive fair values	531	414	554
Receivables from bank acceptance drafts	443	288	225
Prepaid expenses	312	257	329
Tax refund claims	1,406	1,158	1,519
Precious metal trading items	2,447	1,604	1,131
Other	941	829	817
<b>Other receivables and miscellaneous assets</b>	<b>6,287</b>	<b>4,673</b>	<b>4,761</b>
Marketable securities	208	207	350
Cash and cash equivalents	2,869	4,330	5,212
Assets of disposal groups	–	1,182	4,690
<b>Other current assets</b>	<b>9,364</b>	<b>10,392</b>	<b>15,013</b>
<b>Current assets</b>	<b>33,119</b>	<b>29,868</b>	<b>35,213</b>

**Work in progress, finished goods and merchandise** are combined into one item due to production conditions in the chemical industry. **Services in progress** mainly relate to services not invoiced as of the balance sheet date.

The increase in **trade accounts receivable** over December 31, 2020, was primarily attributable to seasonal sales volumes growth in the Agricultural Solutions segment, higher demand and increased raw materials prices.

## 13 Equity

### Authorized capital

BASF SE has only issued fully paid-up registered shares with no par value. There are no preferential voting rights or other restrictions. BASF SE does not hold any treasury shares.

In accordance with the resolution of the Annual Shareholders' Meeting on May 3, 2019, the Board of Executive Directors was authorized, with the consent of the Supervisory Board, to increase, until May 2, 2024, on a one-off basis or in portions on a number of occasions, the company's share capital by a total of up to €470 million by issuing new shares against contributions in cash or in kind. In principle, shareholders are entitled to a subscription right. However, the Board of Executive Directors is authorized, with the approval of the Supervisory Board, to exclude shareholders' statutory subscription rights in the cases specified in the authorizing resolution. The Board of Executive Directors is authorized, with the consent of the Supervisory Board, to lay down the further contents of the share rights and the details of the execution of the capital increase. The total shares issued on the basis of the above authorization with the exclusion of the shareholders' subscription right in the case of capital increases in return for contributions in cash or in kind must not exceed 10% of the share capital at the time that this authorization comes into effect or – if this value is lower – at the time of its exercise. The proportionate amount of the share capital of those shares that are to be issued on the basis of conversion or option bonds granted during the term of this authorization under the exclusion of the subscription right, must be credited against the aforementioned ceiling of 10%. This authorization has not been exercised to date.

### Conditional capital

By way of a resolution of the Annual Shareholders' Meeting of May 12, 2017, the Board of Executive Directors was authorized,

with the approval of the Supervisory Board, to issue, on a one-off basis or in portions on a number of occasions, bearer or registered convertible bonds and/or bonds with warrants, or combinations of these instruments, with or without maturity limitations up to a nominal value of €10 billion until May 11, 2022. The notional interest in the share capital attributable to the BASF shares to be issued in connection with the debt instruments issued under this authorization may not exceed 10% of the share capital.

In this connection, the share capital was increased conditionally by up to €117,565,184 by issuing a maximum of 91,847,800 new registered BASF shares. The conditional capital increase will only be carried out to the extent to which holders of convertible bonds, or warrants attached to bonds with warrants issued, exercise their conversion or option rights. This authorization has not been exercised to date.

### Authorization of share buybacks

By way of a resolution of the Annual Shareholders' Meeting of May 12, 2017, the Board of Executive Directors was authorized to buy back shares until May 11, 2022, in accordance with section 71(1) no. 8 of the German Stock Corporation Act (AktG). The buyback may not exceed 10% of the company's share capital at the time the resolution was passed and can take place via the stock exchange, a public purchase offer addressed to all shareholders, or a public invitation to the shareholders to submit sales offers. This authorization has not been exercised to date.

### Subscribed capital

Subscribed capital remained unchanged at €1,176 million and is divided into 918,478,694 qualifying shares.

### Capital reserves

Capital reserves include effects from BASF's share program, premiums from capital increases and consideration for warrants and negative goodwill from the capital consolidation resulting from acquisitions of subsidiaries in exchange for the issue of BASF SE shares at par value.

### Retained earnings

The acquisition of shares in companies that BASF already controls or that are included in the Consolidated Financial Statements as a joint arrangement is treated as a transaction between shareholders, as long as this does not lead to a change in the consolidation method. There were no material transactions of this type in the first half of 2021.

### Reserves and retained earnings

Million €	June 30, 2021	Dec. 31, 2020
Legal reserves	891	901
Other retained earnings	37,283	37,010
<b>Retained earnings</b>	<b>38,174</b>	<b>37,911</b>

The change in **legal reserves** in the first half of 2021 was due to reclassification from retained earnings and divestitures.

**Other retained earnings** include, among other things, earnings generated in the past by companies included in the Consolidated Financial Statements. Because of the disposal of the pigments business on June 30, 2021, the amount of €76 million from the remeasurement of defined benefit plans was reclassified from other comprehensive income to retained earnings.

## Payment of dividends

In accordance with the resolution of the Annual Shareholders' Meeting on April 29, 2021, BASF SE paid a dividend of €3.30 per qualifying share from the retained profit of the 2020 fiscal year. With 918,478,694 qualifying shares, this represented total dividends of €3,030,979,690.20. The remaining €914,882,378.80 in retained profits was allocated to retained earnings.

## 14 Liabilities

### Liabilities

Million €

	June 30, 2021		December 31, 2020		June 30, 2020	
	Current	Noncurrent	Current	Noncurrent	Current	Noncurrent
<b>Accounts payable, trade</b>	<b>5,771</b>	<b>–</b>	<b>5,291</b>	<b>–</b>	<b>3,820</b>	<b>–</b>
Bonds and other liabilities to the capital market	1,674	12,616	2,291	13,188	8,087	13,823
Liabilities to credit institutions	2,690	2,338	1,104	2,631	1,330	2,841
<b>Financial indebtedness</b>	<b>4,364</b>	<b>14,954</b>	<b>3,395</b>	<b>15,819</b>	<b>9,417</b>	<b>16,664</b>
<b>Tax liabilities</b>	<b>1,401</b>	<b>–</b>	<b>988</b>	<b>–</b>	<b>931</b>	<b>–</b>
Advances received on orders	261	–	679	–	227	–
Negative fair values from derivatives and liabilities for precious metal obligations	1,339	204	874	284	921	204
Liabilities related to social security	92	57	76	55	115	63
Miscellaneous liabilities	1,791	1,325	1,785	1,365	1,856	1,542
Deferred income	88	6	26	7	60	10
<b>Other liabilities</b>	<b>3,571</b>	<b>1,592</b>	<b>3,440</b>	<b>1,711</b>	<b>3,179</b>	<b>1,819</b>
<b>Liabilities</b>	<b>15,107</b>	<b>16,546</b>	<b>13,114</b>	<b>17,530</b>	<b>17,347</b>	<b>18,483</b>



## Financial indebtedness

Million €

				Carrying amounts based on effective interest method		
				June 30, 2021	December 31, 2020	June 30, 2020
		Currency	Nominal volume <sup>a</sup>	Effective interest rate		
<b>BASF SE</b>						
Commercial paper		EUR			–	1,024
Commercial paper		GBP			–	1,094
Commercial paper		USD	1,145		963	3,943
1.875%	Bond 2013/2021	EUR	1,000	1.47%	–	1,003
2.500%	Bond 2017/2022	USD	500	2.65%	420	446
1.375%	Bond 2018/2022	GBP	250	1.52%	291	273
2.000%	Bond 2012/2022	EUR	1,250	1.93%	1,251	1,252
0.925%	Bond 2017/2023	USD	850	0.83%	700	733
0.101%	Bond 2020/2023	EUR	1,000	0.14%	999	999
0.875%	Bond 2016/2023	GBP	250	1.06%	290	272
2.500%	Bond 2014/2024	EUR	500	2.60%	499	498
1.750%	Bond 2017/2025	GBP	300	1.87%	348	327
0.875%	Bond 2018/2025	EUR	750	0.97%	747	747
3.675%	Bond 2013/2025	NOK	1,450	3.70%	142	133
0.250%	Bond 2020/2027	EUR	1,000	0.32%	996	996
0.875%	Bond 2017/2027	EUR	1,000	1.04%	990	988
2.670%	Bond 2017/2029	NOK	1,600	2.69%	157	146
0.875%	Bond 2019/2029	EUR	250	1.01%	248	247
1.500%	Bond 2018/2030	EUR	500	1.63%	495	494
1.500%	Bond 2016/2031	EUR	200	1.58%	199	199
0.875%	Bond 2016/2031	EUR	500	1.01%	494	493
2.370%	Bond 2016/2031	HKD	1,300	2.37%	141	150
1.450%	Bond 2017/2032	EUR	300	1.57%	297	296
3.000%	Bond 2013/2033	EUR	500	3.15%	493	492

a Million in issuing currency as of the balance sheet date

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**Financial indebtedness**

Million €

				Carrying amounts based on effective interest method			
		Currency	Nominal volume <sup>a</sup>	Effective interest rate	June 30, 2021	December 31, 2020	June 30, 2020
2.875%	Bond 2013/2033	EUR	200	2.96%	198	198	198
4.000%	Bond 2018/2033	AUD	160	4.24%	99	98	96
1.625%	Bond 2017/2037	EUR	750	1.73%	739	738	738
3.250%	Bond 2013/2043	EUR	200	3.27%	199	199	199
1.025%	Bond 2018/2048	JPY	10,000	1.03%	76	79	83
3.890%	U.S. private placement series A 2013/2025	USD	250	3.92%	210	203	223
4.090%	U.S. private placement series B 2013/2028	USD	700	4.11%	588	570	624
4.430%	U.S. private placement series C 2013/2034	USD	300	4.45%	252	244	267
<b>BASF Finance Europe N.V.</b>							
0.000%	Bond 2016/2020	EUR	1,000	0.14%	–	–	1,000
3.625%	Bond 2018/2025	USD	200	3.69%	168	163	178
0.750%	Bond 2016/2026	EUR	500	0.88%	496	496	496
<b>Other bonds</b>					<b>105</b>	<b>102</b>	<b>563</b>
<b>Bonds and other liabilities to the capital market</b>					<b>14,290</b>	<b>15,479</b>	<b>21,910</b>
Liabilities to credit institutions					5,028	3,735	4,171
<b>Financial indebtedness</b>					<b>19,318</b>	<b>19,214</b>	<b>26,081</b>

<sup>a</sup> Million in issuing currency as of the balance sheet date

## 15 Provisions for pensions

### Assumptions used to determine the defined benefit obligation

	Germany		United States		Switzerland		United Kingdom	
	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020	June 30, 2021	December 31, 2020
Discount rate	1.30	0.70	2.70	2.30	0.30	0.10	2.00	1.50
Projected pension increase	1.50	1.50	–	–	–	–	3.10	3.10

### Assumptions used to determine expenses for pension benefits

From January 1 to June 30 of the respective year in %

	Germany		United States		Switzerland		United Kingdom	
	2021	2020	2021	2020	2021	2020	2021	2020
Discount rate	0.70	1.10	2.30	3.10	0.10	0.20	1.50	2.20
Projected pension increase	1.50	1.50	–	–	–	–	3.00	3.00

The assumptions used to determine the defined benefit obligation as of December 31, 2020, are used in the 2021 fiscal year to determine the expenses for pension plans.

The standardized return on plan assets is calculated by multiplying plan assets at the beginning of the year with the discount rate used for existing defined benefit obligations at the beginning of the year, taking into account benefit and contribution payments to be made during the year.

Increases in the discount rates in all relevant currency zones led to actuarial gains on pension obligations totaling €2,444 million in the first half of 2021. Including the deviation between the actual return on plan assets and the standardized return on plan assets, positive remeasurement effects totaled €3,415 million. These were recognized in other comprehensive income (OCI), taking into account deferred taxes of €868 million. Overall, pension provisions declined by €3,161 million compared with December 31, 2020.

## 16 Other provisions

### Development in H1 2021

Million €

	January 1, 2021	Additions	Unwinding of discount	Utilization	Releases	Other changes	June 30, 2021
Restoration obligations	148	8	–	–4	–	3	115
Environmental protection and remediation costs	693	78	2	–34	–2	3	740
Employee obligations	1,174	1,264	–	–567	–24	–63	1,784
Obligations from sales and purchase contracts	1,134	1,365	–	–401	–44	54	2,108
Restructuring measures	414	73	–	–52	–24	34	445
Litigation, damage claims, warranties and similar obligations	205	10	–	–72	–1	6	148
Other	541	191	–	–95	–10	11	638
<b>Total</b>	<b>4,309</b>	<b>2,989</b>	<b>2</b>	<b>–1,225</b>	<b>–105</b>	<b>48</b>	<b>6,018</b>

On June 30, 2021, other provisions were €1,709 million above the 2020 year-end figure.

The increase in obligations from sales and purchase contracts was mainly due to the seasonal rise in provisions for discounts.

Provisions for employee obligations increased significantly because of higher bonus obligations due to positive business developments in the first half of 2021.

Other changes were primarily attributable to currency effects and transfers.

## 17 Related party transactions

The BASF Group maintains relationships with several related parties that can exert influence on the BASF Group or over which the BASF Group exercises control or joint control, or a significant influence.

Sales and trade accounts receivable from and trade accounts payable to related parties mainly included business with own products, merchandise, agency and licensing businesses, and other operating businesses.

Other receivables and liabilities primarily arose from financing activities, from accounts used for cash pooling, outstanding dividend payments, profit and loss transfer agreements, and other finance-related and operating activities and transactions.

The rise both in services received from and in trade accounts payable to joint ventures was attributable to increased volumes and prices.

The balance of valuation allowances on other receivables from nonconsolidated subsidiaries declined from €105 million as of December 31, 2020, to €99 million as of June 30, 2021.

The decline in other liabilities to associated companies resulted primarily from other finance-related liabilities and contract liabilities.

The following tables show the volume of business with related parties that are included in the Consolidated Financial Statements at amortized cost or accounted for using the equity method. The values include sales, receivables, other receivables, liabilities and other liabilities with respect to the disposal groups and/or discontinued operations.

There were no reportable related-party transactions with members of the Board of Executive Directors or the Supervisory Board and their related parties during the reporting period.

### Sales to related parties H1

Million €				
	Services rendered		Services received	
	2021	2020	2021	2020
Nonconsolidated subsidiaries	476	367	141	105
Joint ventures	729	435	961	418
Associated companies	252	239	332	300

### Trade accounts receivable from / trade accounts payable to related parties

Million €			
	Accounts receivable, trade		
	June 30, 2021	Dec. 31, 2020	June 30, 2020
Nonconsolidated subsidiaries	268	213	231
Joint ventures	175	149	78
Associated companies	81	64	78

Million €			
	Accounts payable, trade		
	June 30, 2021	Dec. 31, 2020	June 30, 2020
Nonconsolidated subsidiaries	97	98	77
Joint ventures	216	136	62
Associated companies	41	43	27

### Other receivables from / liabilities to related parties

Million €			
	Other receivables		
	June 30, 2021	Dec. 31, 2020	June 30, 2020
Nonconsolidated subsidiaries	192	192	196
Joint ventures	30	47	68
Associated companies	75	55	57

Million €			
	Other liabilities		
	June 30, 2021	Dec. 31, 2020	June 30, 2020
Nonconsolidated subsidiaries	162	198	152
Joint ventures	91	62	48
Associated companies	171	240	304

## 18 Non-adjusting events after the balance sheet date

On July 6, 2021, BASF and Clayton, Dubilier & Rice announced the signing of an agreement to sell Solenis to Platinum Equity, a private equity company based in California. The transaction implies an enterprise value for Solenis of \$5.25 billion. That amount includes net debt of around \$2.5 billion, subject to adjustments at closing. The transaction closing is expected before the end of 2021 and is currently pending approval by the relevant authorities.

BASF transferred its paper wet-end and water chemicals business to Solenis in 2019. Since February 1, 2019, the combined company has operated under the name Solenis UK International Ltd., London, United Kingdom, and offers bundled sales, service and production capabilities across the globe. BASF holds a 49% share in Solenis and reports its share in the non-integral company using the equity method; 51% of the shares are held by funds managed by Clayton, Dubilier & Rice, and by Solenis management. With over 5,200 employees, Solenis serves customers in water-intensive industries by helping them solve complex water treatment and process improvement challenges. In the fiscal year ending September 30, 2020, the company, headquartered operationally in Wilmington, Delaware, generated sales of \$2.8 billion.

BASF and Clayton, Dubilier & Rice will fully exit their investment in Solenis. The transaction does not affect any of the existing mid- to long-term supply agreements or commercial relationships between BASF and Solenis. BASF will continue to supply products to or source products from Solenis under these agreements.

## Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the Condensed Consolidated Half-Year Financial Statements give a true and fair view of the net assets, financial position and results of operations of the Group, and the Consolidated Interim Management's Report

includes a fair review of the development and performance of the business as well as the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining fiscal year.

Ludwigshafen, July 22, 2021

**BASF SE**

**The Board of Executive Directors**

Quarterly Statement Q3 2021

# October 27, 2021

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BASF Report 2021

# February 25, 2022

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Quarterly Statement Q1 2022 / Annual Shareholders' Meeting 2022

# April 29, 2022

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Half-Year Financial Report 2022

# July 27, 2022

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Quarterly Statement Q3 2022

# October 26, 2022

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BASF supports the chemical industry's global Responsible Care initiative.

## Further information

### Published on July 28, 2021

You can find this and other BASF publications online at [basf.com/publications](https://basf.com/publications)

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## Forward-looking statements and forecasts

This half-year financial report contains forward-looking statements. These statements are based on current estimates and projections of the Board of Executive Directors and currently available information. Forward-looking statements are not guarantees of the future developments and results outlined therein. These are dependent on a number of factors; they involve various risks and uncertainties; and they are based on assumptions that may not prove to be accurate. Such risk factors include those discussed in Opportunities and Risks on pages 158 to 166 of the BASF Report 2020. The BASF Report is available online at [basf.com/report](https://basf.com/report). We do not assume any obligation to update the forward-looking statements contained in this half-year financial report above and beyond the legal requirements.