HALF YEAR FINANCIAL REPORT

2nd quarter | 1st half

2023

Leading Beyond Chemistry

A DIFFICULT SECOND QUARTER—OUTLOOK REVISED DOWNWARD

2nd quarter

- Significant reduction in demand in a challenging economic environment
- **Sales** decreased by 19 percent to €3.9 billion
- **Adjusted EBITDA** contracted by 38 percent to €450 million

1st half

- **Adjusted EBITDA** 41 percent lower at €859 million
- **Adjusted net income** 60 percent below the prior-year level at €237 million
- **Net income** -€223 million as a consequence of impairment losses
- **Free cash flow** only decreased by €77 million
- **Outlook for 2023 revised downward:** Business not expected to pick up during the year; adjusted EBITDA now expected to be between €1.6 billion and €1.8 billion

Key figures for the Evonik Group

	2nd quarter		1st half	
in € million	2022	**2023**	2022	**2023**
Sales	4,772	3,886	9,270	7,891
Adjusted EBITDA[a]	728	450	1,462	859
Adjusted EBITDA margin in %	15.3	11.6	15.8	10.9
Adjusted EBIT[b]	456	157	928	287
Income before financial result and income taxes, continuing operations (EBIT)	421	-255	876	-172
Net income	297	-270	611	-223
Adjusted net income	351	123	707	237
Earnings per share in €	0.64	-0.58	1.31	-0.48
Adjusted earnings per share in €	0.75	0.26	1.52	0.51
Cash flow from operating activities, continuing operations	-74	34	235	260
Cash outflows for investments in intangible assets, property, plant and equipment	-165	-237	-341	-443
Free cash flow[c]	-239	-203	-106	-183
Net financial debt as of June 30	–	–	-3,836	-4,116
No. of employees as of June 30	–	–	33,235	33,357

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

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

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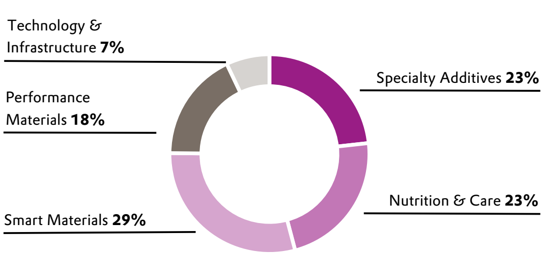
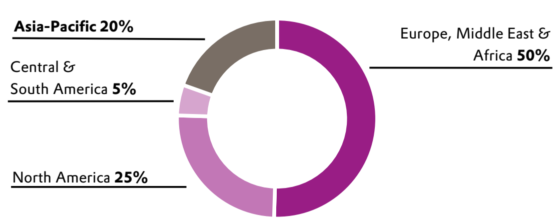
Sales by division—1st half



Sales by region[a]—1st half



[a] By location of customer.

Interim management report as of June 30, 2023

1. Business conditions and performance

1.1 Economic background

In the first six months of 2023, the **global economy** benefited from pent-up demand in the service sector as well as from declining energy prices, especially in Europe, the end of the zero-Covid policy in China, and the improved functioning of supply chains. As a result, it developed slightly better than had been anticipated at the beginning of the year. However, it was held back by the sharp tightening of monetary policy, the resulting increase in financing costs, and turbulence in the banking system. The economic recovery therefore lost momentum in the second quarter. Although industrial output benefited from the improved supply situation, the recovery was hampered by destocking and the ongoing decline in demand for goods. Globally, chemical production only expanded in the Asia-Pacific region. In Europe, in particular, there was a significant drop in production volumes.

1.2 Business performance

Business performance in Q2 2023

Evonik's business performance was significantly hindered by the difficult economic environment for industrial companies. Following the weak first quarter of 2023, we had anticipated a clear recovery in the second quarter. Unfortunately, demand from our end-markets remained very weak, with customers continuing to reduce inventories. As a result, volumes were considerably lower than in the prior-year quarter. In the specialty chemicals business, we managed to hold selling prices stable for the most part. However, we registered significant price declines in the Animal Nutrition and Performance Intermediates businesses. Overall, sales and adjusted EBITDA contracted significantly year-on-year. In response to the unsatisfactory earnings performance, we are rigorously implementing the contingency measures introduced in the second half of 2022. The impact of these measures to safeguard earnings should become increasingly visible during the year.

The weak business trend in the first half of the year and the fact that a recovery is no longer expected in the second half triggered impairment tests on assets as of June 30, 2023. As a result, total impairment losses of €388 million were recognized on our integrated methionine facilities around the world and the production facilities for silicas in Europe and North America.[1]

We made progress with the disposal of the businesses in the Performance Materials division: The Lülsdorf site was sold to International Chemical Investors Group, Luxembourg, effective June 30, 2023. We classified the superabsorbents business as held for sale as of June 30, 2023 and therefore reclassified it on the balance sheet.[2]

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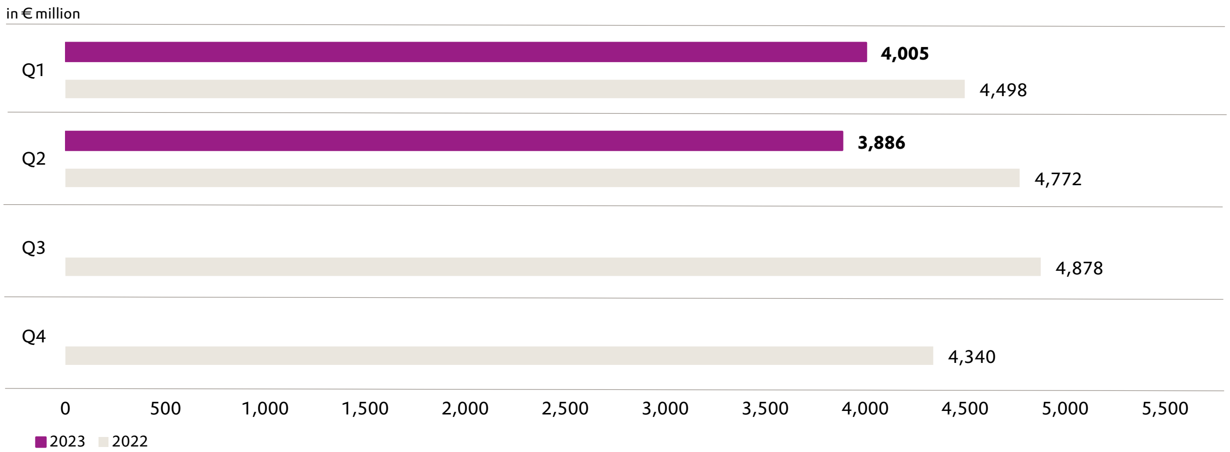
[1] See note 5.1 to the consolidated financial statements.
[2] See notes 3.2 and 3.3 to the consolidated financial statements.

The Evonik Group's **sales** fell 19 percent year-on-year to €3,886 million. We registered an organic decline in sales of 14 percent due to lower volumes and the erosion of selling prices. Further factors were the disposal of the TAA derivatives business at year-end 2022, negative exchange rate movements, and other effects. The other effects mainly resulted from trading in gas and electricity, which is conducted by the Technology & Infrastructure division to supply energy to external customers.

Sales by quarter

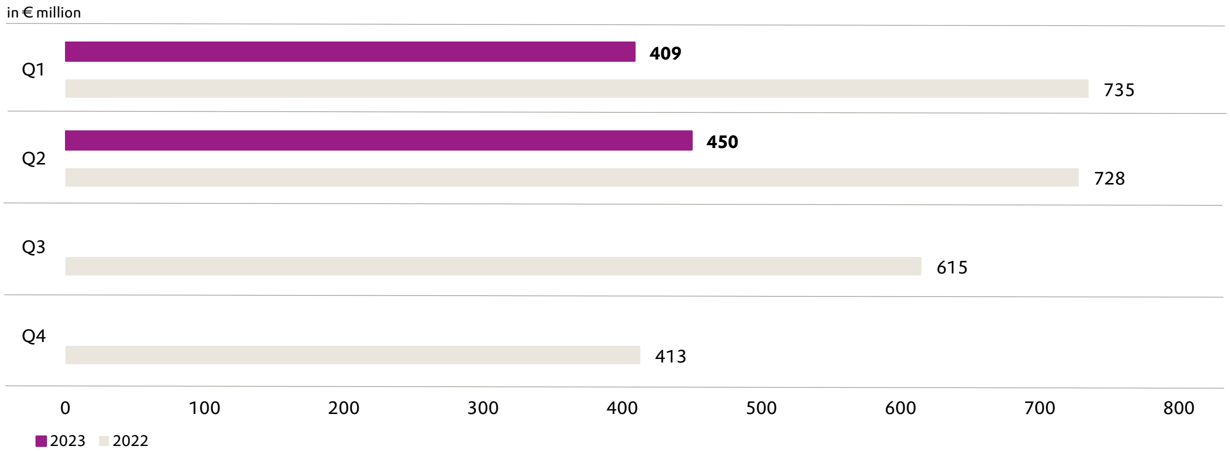


Year-on-year change in sales

in %	1st quarter 2023	2nd quarter 2023	1st half 2023
Volumes	-14	-9	-11
Prices	3	-5	-1
Organic change in sales	**-11**	**-14**	**-12**
Exchange rates	1	-2	-1
Change in the scope of consolidation/other effects	-1	-3	-2
Total	**-11**	**-19**	**-15**

Adjusted EBITDA contracted by 38 percent to €450 million. This was mainly attributable to the reduction in volumes, the resulting lower capacity utilization, and the significant drop in prices in the high-volume Animal Nutrition and Performance Intermediates businesses. The adjusted EBITDA margin was 11.6 percent, down from 15.3 percent in the prior-year quarter.

Adjusted EBITDA by quarter



Statement of income

in € million	2nd quarter 2022	2nd quarter 2023	2nd quarter Change in %	1st half 2022	1st half 2023	1st half Change in %
Sales	**4,772**	**3,886**	**-19**	**9,270**	**7,891**	**-15**
Adjusted EBITDA	**728**	**450**	**-38**	**1,462**	**859**	**-41**
Adjusted depreciation, amortization, and impairment losses	-272	-293		-534	-572	
Adjusted EBIT	**456**	**157**	**-66**	**928**	**287**	**-69**
Adjustments	-35	-412		-52	-459	
thereof restructuring	-23	-11		-23	-45	
thereof impairment losses/reversal of impairment losses	–	-390		–	-396	
thereof acquisition/divestment of shareholdings	-3	-6		-5	-12	
thereof other	-9	-5		-24	-6	
Income before financial result and income taxes, continuing operations (EBIT)	**421**	**-255**		**876**	**-172**	
Financial result	4	-30		-7	-45	
Income before income taxes, continuing operations	**425**	**-285**		**869**	**-217**	
Income taxes	-123	19		-249	–	
Income after taxes	**302**	**-266**		**620**	**-217**	
thereof income attributable to non-controlling interests	5	4		9	6	
Net income	**297**	**-270**		**611**	**-223**	
Earnings per share in €	**0.64**	**-0.58**		**1.31**	**-0.48**	

The **adjustments** of -€412 million contained impairment losses of €390 million, mainly for the integrated global methionine facilities in the Nutrition & Care division and the production facilities for silicas in the Smart Materials division in Europe and North America. Furthermore, adjustments of -€11 million were for restructuring expenses in connection with the sale of businesses in the Performance Materials division. Further expenses were incurred in connection with acquisitions and divestments of shareholdings in previous periods. The prior-year adjustments mainly contained restructuring expenses for a new group-wide project to optimize administrative functions. The **financial result** decreased to -€30 million. The decline resulted from higher interest expense. In addition, the prior-year figure contained interest income from interest on taxes. The financial result includes special items of -€3 million for impairment losses on financial receivables from a non-consolidated company. **Income before income taxes, continuing operations** was €710 million lower at -€285 million. As a consequence of the loss, income tax income of €19 million was recorded. **Net income** declined to -€270 million, mainly due to the impairment losses and the reduction in the operating result.

After adjustment for special items, **adjusted net income** declined by 65 percent to €123 million, and **adjusted earnings per share** decreased from €0.75 to €0.26.

Reconciliation to adjusted net income

	2nd quarter			1st half		
in € million	2022	2023	Change in %	2022	2023	Change in %
Adjusted EBITDA	**728**	**450**	**-38**	**1,462**	**859**	**-41**
Adjusted depreciation, amortization, and impairment losses	-272	-293		-534	-572	
Adjusted EBIT	**456**	**157**	**-66**	**928**	**287**	**-69**
Adjusted financial result	4	-27		-7	-40	
Adjusted amortization and impairment losses on intangible assets	41	39		82	79	
Adjusted income before income taxes[a]	**501**	**169**	**-66**	**1,003**	**326**	**-67**
Adjusted income taxes	-145	-42		-287	-83	
Adjusted income after taxes[a]	**356**	**127**	**-64**	**716**	**243**	**-66**
thereof adjusted income attributable to non-controlling interests	5	4		9	6	
Adjusted net income[a]	**351**	**123**	**-65**	**707**	**237**	**-66**
Adjusted earnings per share in €[a]	**0.75**	**0.26**		**1.52**	**0.51**	

[a] Continuing operations.

Business performance in H1 2023

Sales decreased by 15 percent to €7,891 million, mainly due to the reduction in volumes and slightly lower selling prices. **Adjusted EBITDA** was €859 million, 41 percent below the prior-year level as a result of weak demand and the significant price declines in the Animal Nutrition and Performance Intermediates businesses. The adjusted EBITDA margin declined from 15.8 percent in the first half of 2022 to 10.9 percent.

The **adjustments** of -€459 million contained impairment losses of €396 million, mainly for the integrated global methionine facilities in the Nutrition & Care division, the production facilities for silicas in the Smart Materials division in Europe and North America, and a non-consolidated company. Furthermore, adjustments of -€45 million were for restructuring expenses in connection with the sale of businesses in the Performance Materials division. Further expenses were incurred in connection with acquisitions and divestments of shareholdings in previous periods. The prior-year adjustments mainly contained restructuring expenses for a new group-wide project to optimize administrative functions and the integration of acquisitions made in the past. The **financial result** declined from -€7 million to -€45 million. The decline resulted from higher interest expense. In addition, the prior-year figure contained interest income from interest on taxes. The financial result includes special items of -€5 million for impairment losses on financial receivables from a non-consolidated company. The adjusted financial result was -€39 million, compared with the prior-year level of -€7 million. **Income before income taxes, continuing operations** fell from €869 million in the prior-year period to -€217 million. No income taxes were incurred. Overall, **net income** was -€233 million, well below the prior-year level as a result of the decrease in the operating result and the impairment losses.

After adjustment for special items, **adjusted net income** was 66 percent lower at €237 million, and **adjusted earnings per share** decreased from €1.52 to €0.51.

1.3 Performance of the divisions

Specialty Additives

Key figures

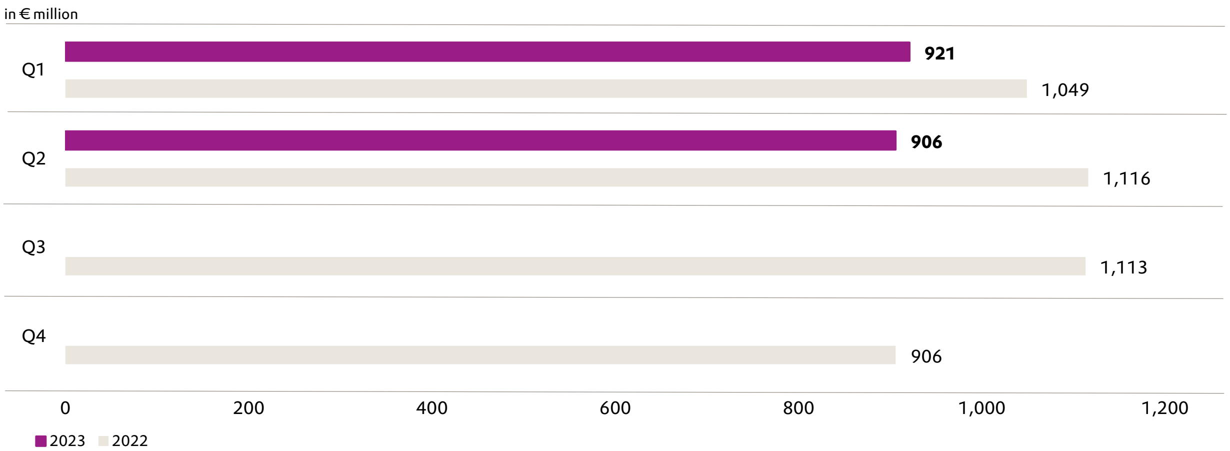
	2nd quarter			1st half		
in € million	2022	**2023**	Change in %	2022	**2023**	Change in %
External sales	1,116	906	-19	2,165	1,827	-16
Adjusted EBITDA	263	199	-24	515	367	-29
Adjusted EBITDA margin in %	23.6	22.0	–	23.8	20.1	–
Adjusted EBIT	214	152	-29	419	274	-35
Capital expenditures[a]	22	28	27	40	54	35
No. of employees as of June 30	–	–	–	3,733	3,545	-5

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

In the Specialty Additives division, sales contracted by 19 percent to €906 million in the **second quarter of 2023** due to lower volumes and negative currency effects. By contrast, it was possible to increase selling prices slightly year-on-year to recoup higher raw material and energy costs. In addition, the prior-year period still contained sales from the TAA derivatives business, which was divested at year-end 2022.

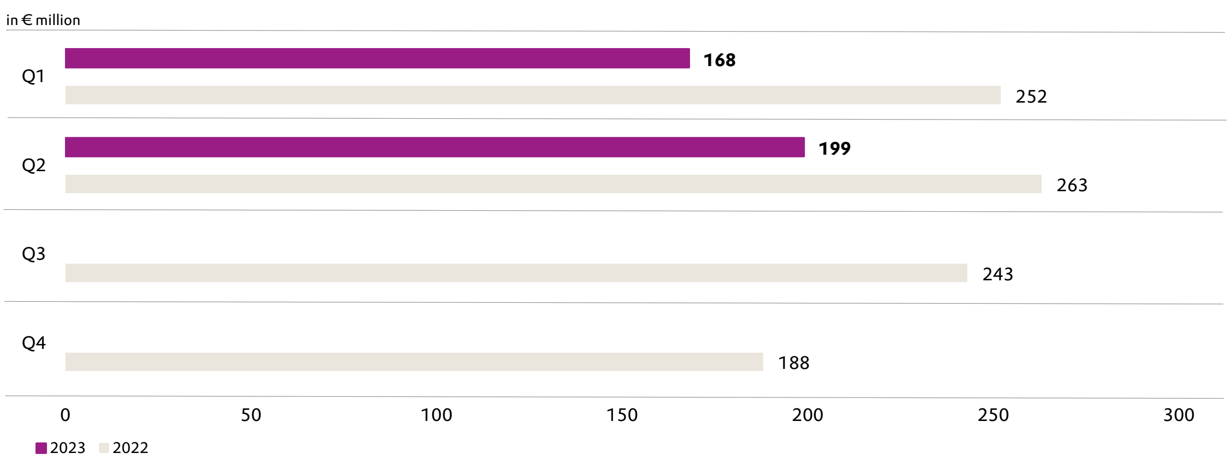
Lower demand for products for the construction and coatings industries in all regions resulted in a significant drop in sales. Moreover, there was a predominantly volume-driven reduction in sales of additives for polyurethane foams and consumer durables. Volumes of additives for the automotive sector declined, but it was possible to raise selling prices slightly.

Sales Specialty Additives



Adjusted EBITDA decreased by 24 percent to €199 million. The main reason for this was the considerable drop in volumes and the resulting reduction in capacity utilization. However, there was a slight upturn compared with the previous quarter. The adjusted EBITDA margin remained at a good level of 22.0 percent.

Adjusted EBITDA Specialty Additives



In the **first half of 2023,** sales fell 16 percent to €1,827 million in the Specialty Additives division. This was due to considerably lower volumes, while selling prices rose slightly, principally because higher variable costs were passed on. Other factors were negative currency effects and the divestment of the TAA derivatives business at year-end 2022. Adjusted EBITDA declined to €367 million as a consequence of the drop in volumes. The adjusted EBITDA margin was 20.1 percent, down from 23.8 percent in the prior-year period.

Nutrition & Care

Key figures

	2nd quarter			1st half		
in € million	2022	2023	Change in %	2022	2023	Change in %
External sales	1,027	893	-13	2,064	1,779	-14
Adjusted EBITDA	185	71	-62	407	147	-64
Adjusted EBITDA margin in %	18.0	8.0	–	19.7	8.3	–
Adjusted EBIT	120	7	-94	274	20	-93
Capital expenditures[a]	42	76	81	66	134	103
No. of employees as of June 30	–	–	–	5,594	5,807	4

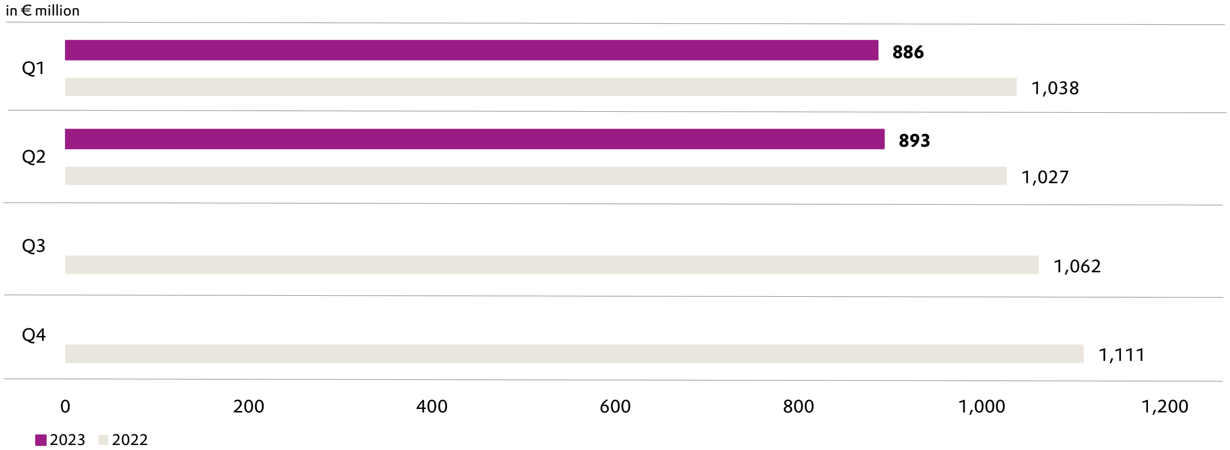
[a] Capital expenditures for intangible assets, property, plant and equipment.

In the Nutrition & Care division, sales decreased by 13 percent to €893 million in the **second quarter of 2023.** The reasons for this were a considerable drop in selling prices and negative currency effects. By contrast, volumes increased slightly.

The essential amino acids business (Animal Nutrition) registered higher demand, but there was a further slight reduction in selling prices compared with the previous quarter, and they were significantly lower than in the prior-year quarter. Overall, sales of amino acids declined significantly. Sales in the Health & Care business were down year-on-year as a result of lower volumes.

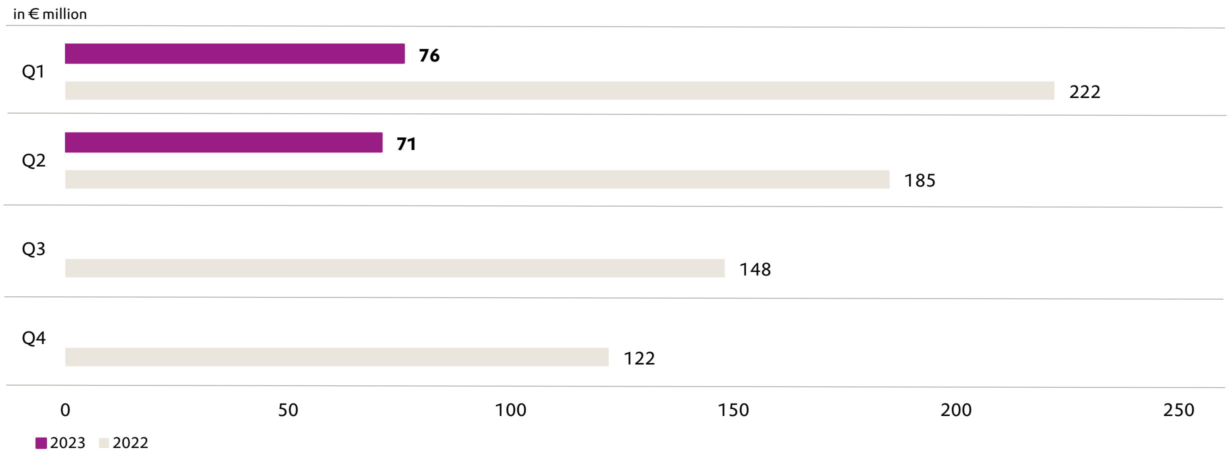
Sales Nutrition & Care

in € million



Adjusted EBITDA decreased by 62 percent to €71 million, mainly because of the price declines in essential amino acids. The adjusted EBITDA margin was 8.0 percent, down from 18.0 percent in the prior-year period.

Adjusted EBITDA Nutrition & Care



In the Nutrition & Care division, sales declined 14 percent to €1,779 million in the **first half of 2023.** The principal reasons for this were lower volumes and declining selling prices, but negative currency effects also had an impact. Adjusted EBITDA fell 64 percent to €147 million as a result of the drop in volumes and the price trend for essential amino acids. The adjusted EBITDA margin was well below the prior-year level at 8.3 percent (H1 2022: 19.7 percent).

In view of the weak earnings trend, at the start of the year Evonik decided to adjust the operating model for amino acids; this should start to deliver positive effects this year. Overall, savings of around €200 million by 2025 are planned.

Smart Materials

Key figures

	2nd quarter			1st half		
in € million	2022	**2023**	Change in %	2022	**2023**	Change in %
External sales	1,335	1,119	-16	2,619	2,307	-12
Adjusted EBITDA	219	122	-44	431	286	-34
Adjusted EBITDA margin in %	16.4	10.9	–	16.5	12.4	–
Adjusted EBIT	144	34	-76	284	113	-60
Capital expenditures[a]	61	51	-16	106	97	-8
No. of employees as of June 30	–	–	–	7,846	8,113	3

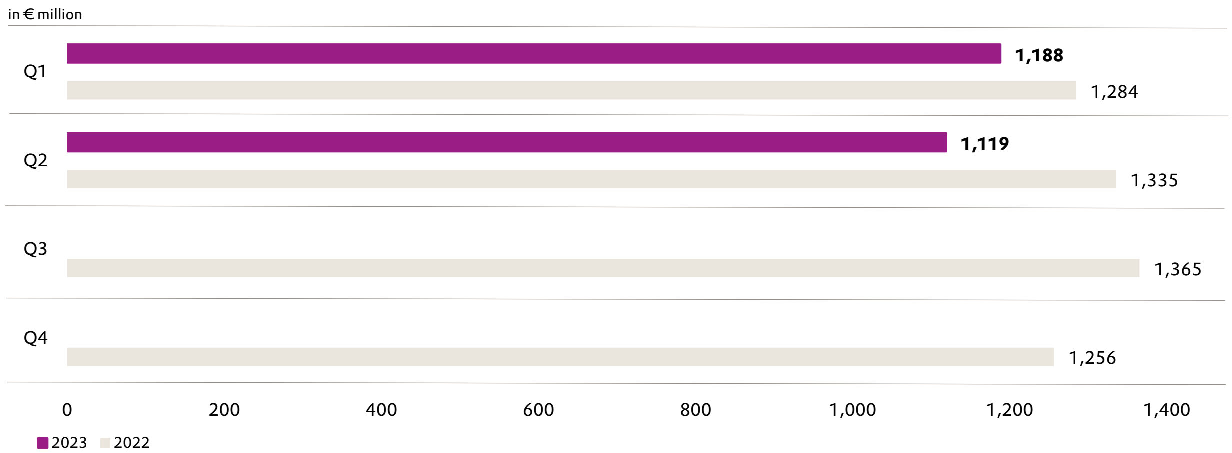
Prior-year figures restated.

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

In the Smart Materials division, sales were 16 percent lower at €1,119 million in the **second quarter of 2023.** The decline resulted from considerably lower volumes and slightly negative currency effects, while selling prices remained stable and raw material costs decreased slightly.

Sales of inorganic products were significantly lower as demand dropped in almost all market segments, but prices were stable. In the Polymers business, high-performance polymers posted a pleasing development with a rise in both volumes and prices.

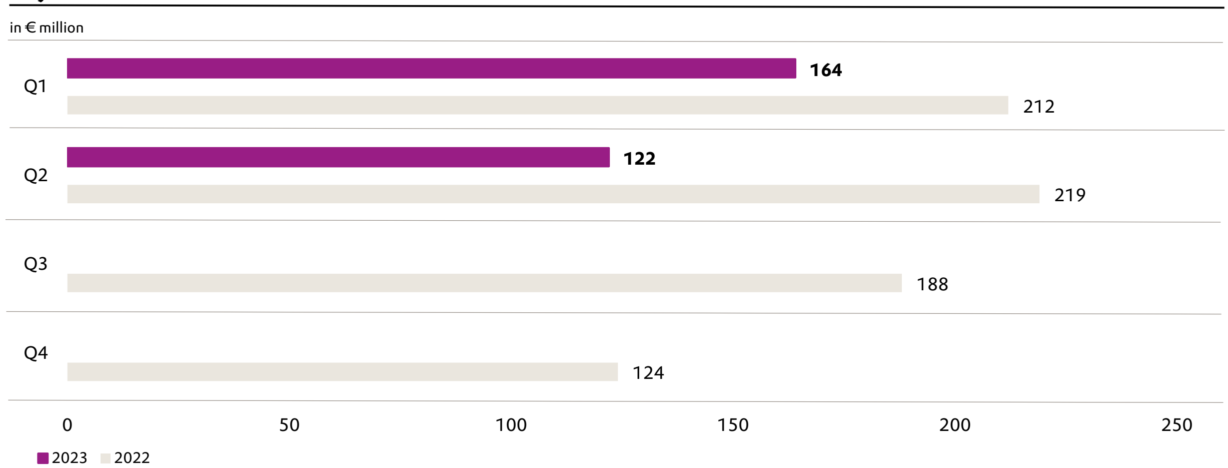
Sales Smart Materials



Prior-year figures restated.

In addition to lower demand, adjusted EBITDA was affected by a planned maintenance shutdown for the high-performance polymer polyamide 12. Overall, earnings were 44 percent lower at €122 million. The adjusted EBITDA margin was 10.9 percent, down from 16.4 percent in the prior-year period.

Adjusted EBITDA Smart Materials



Prior-year figures restated.

In the **first half of 2023,** sales in the Smart Materials division declined by 12 percent to €2,307 million. This was mainly attributable to significantly lower volumes, while selling prices improved. Adjusted EBITDA decreased by 34 percent to €286 million as a consequence of lower demand and the costs for the overhaul of the polyamide 12 plant. The adjusted EBITDA margin declined from 16.5 percent in the prior-year period to 12.4 percent.

Performance Materials

Key figures

	2nd quarter			1st half		
in € million	2022	2023	Change in %	2022	2023	Change in %
External sales	945	694	-27	1,790	1,401	-22
Adjusted EBITDA	142	45	-68	224	81	-64
Adjusted EBITDA margin in %	15.0	6.5	–	12.5	5.8	–
Adjusted EBIT	111	9	-92	164	16	-90
Capital expenditures[a]	11	10	-9	23	22	-4
No. of employees as of June 30	–	–	–	1,998	1,641	18

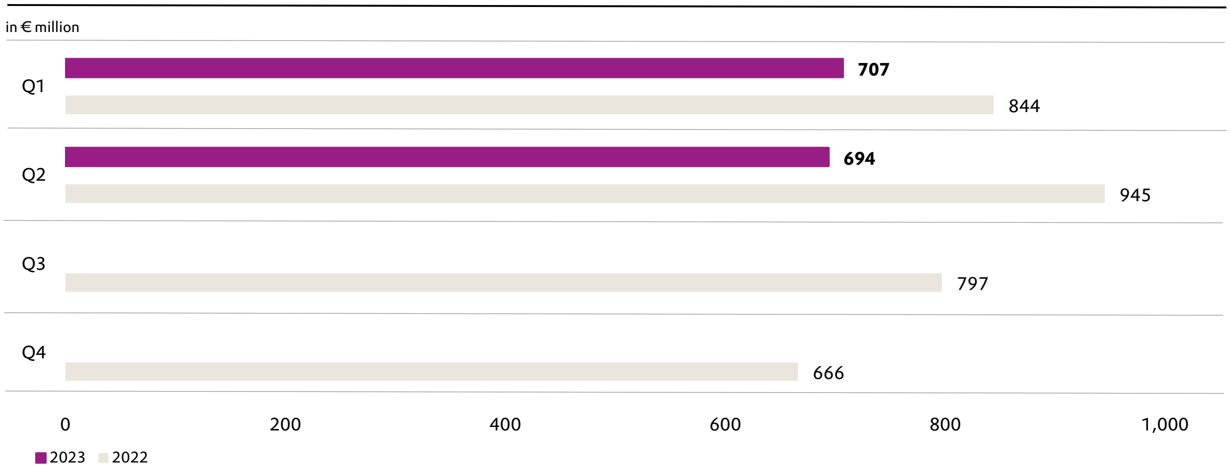
Prior-year figures restated.

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

In the Performance Materials division, sales decreased by 27 percent to €694 million in the **second quarter of 2023,** mainly due to lower prices and volumes.

The business with C_4 products (Performance Intermediates) posted lower demand and a significant decline in prices; sales dropped substantially. Sales of superabsorbents were down year-on-year due to lower demand from Europe.

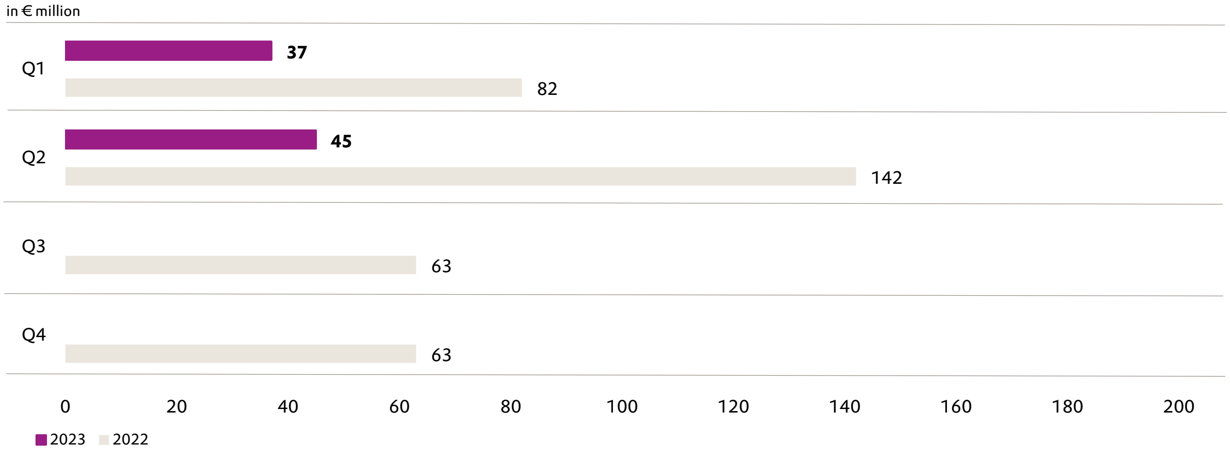
Sales Performance Materials



Prior-year figures restated.

Adjusted EBITDA decreased by 68 percent to €45 million, mainly because the price of C_4 products dropped significantly. This negated the improved earnings from superabsorbents. The adjusted EBITDA margin declined from 15.0 percent in the prior-year period to 6.5 percent.

Adjusted EBITDA Performance Materials



Prior-year figures restated.

Sales in the Performance Materials division decreased by 22 percent to €1,401 million in the **first half of 2023** due to lower volumes and price reductions. Adjusted EBITDA fell from €224 million to €81 million. The adjusted EBITDA margin was 5.8 percent, compared with 12.5 percent in the prior-year period.

Technology & Infrastructure

Key figures

	2nd quarter			1st half		
in € million	2022	**2023**	Change in %	2022	**2023**	Change in %
External sales	328	260	-21	599	552	-8
Adjusted EBITDA	-6	64	–	30	98	227
Adjusted EBITDA margin in %	-1.8	24.6	–	5.0	17.8	–
Adjusted EBIT	-34	25	–	-27	23	–
Capital expenditures[a]	17	25	47	40	49	23
No. of employees as of June 30	–	–	–	7,997	7,972	–

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

In the Technology & Infrastructure division, sales fell 21 percent to €260 million in the **second quarter of 2023.** This was mainly attributable to lower sales from natural gas and electricity supplied to external customers at our sites. Adjusted EBITDA improved to €64 million, with positive effects coming from savings measures and the highly efficient new gas-fired power plants. The prior-year figure was impacted by the high cost of supplying energy.

In the **first half of 2023,** sales declined by 8 percent to €552 million. As a result of the strong earnings in the second quarter, adjusted EBITDA improved to €98 million.

2. Earnings, financial and asset position

2.1 Earnings position

Sales contracted by 15 percent to €7,891 million in the first six months of 2023 as a result of weak demand. The cost of sales decreased by 4 percent to €6,535 million, partly because raw material costs declined. They included impairment losses of €388 million on production facilities for methionine and silicas. Overall, the **gross profit on sales** deteriorated by 44 percent to €1,356 million. The 5 percent decline in selling expenses to €955 million was mainly attributable to the volume-driven reduction in logistics costs. Research and development expenses were €220 million, slightly below the prior-year level. General administrative expenses decreased by 9 percent to €258 million. In all functional areas, lower variable remuneration components, optimization projects, and short-term contingency measures had a favorable effect, while the inflation-driven increase in factor costs had an adverse effect. The other operating income was €86 million, down 17 percent year-on-year. The other operating expense rose 20 percent to €187 million. The year-on-year increase in expenses was due, among other things, to the reorganization in connection with the divestment of the businesses in the Performance Materials division, impairment losses pursuant to IFRS 9, and losses on the disposal of assets. **Income before financial result and income taxes, continuing operations** decreased by €1,048 million to -€172 million.

The **financial result** deteriorated by €38 million year-on-year to -€45 million, mainly due to the general rise in interest rates. Moreover, the prior-year figure was favorably affected by the reduction in the interest rate applied to interest on taxes.

No income taxes were incurred. Overall, **net income** decreased by €834 million to -€223 million.

2.2 Financial and asset position

The cash flow from operating activities, continuing operations improved by €25 million to €260 million in the first half of 2023. The reduction in earnings was offset above all by a significantly lower increase in net working capital. The **free cash flow** decreased from -€106 million to -€183 million due to higher outflows for investments in intangible assets, property, plant and equipment.

Cash flow statement (excerpt)

	1st half	
in € million	2022	**2023**
Cash flow from operating activities, continuing operations	235	260
Cash outflows for investments in intangible assets, property, plant and equipment	-341	-443
Free cash flow	**-106**	**-183**
Cash flow from other investing activities, continuing operations	80	135
Cash flow from financing activities, continuing operations	295	-180
Change in cash and cash equivalents	**269**	**-228**

The cash flow from other investing activities was €135 million and contained, among other things, cash inflows from the sale of the TAA derivatives business. The cash outflow for financing activities was €180 million and was mainly due to the payment of the dividend for fiscal 2022 (€545 million). A cash inflow from the addition of financial liabilities had a countereffect.

Net financial debt was €4,116 million, an increase of €859 million compared with December 31, 2022. This was mainly due to the regular payment of annual bonuses and the dividend for the previous fiscal year in the second quarter.

Net financial debt

in € million	Dec. 31, 2022	June 30, 2023
Non-current financial liabilities[a]	-4,074	-4,118
Current financial liabilities[a]	-243	-711
Financial debt	**-4,317**	**-4,829**
Cash and cash equivalents	645	398
Current securities	413	313
Financial investments	2	2
Financial assets	**1,060**	**713**
Net financial debt	**-3,257**	**-4,116**

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

In the first six months of 2023, **capital expenditures for intangible assets, property, plant and equipment** amounted to €378 million (H1 2022: €298 million). In principle, there is a slight timing difference in cash outflows for intangible assets, property, plant and equipment. Current major projects include investment in the triple-digit-million-euro range to build a production plant for bio-based rhamnolipids in Slovenská L'upca (Slovakia) and the construction of a production plant for pharmaceutical specialty lipids in Lafayette (Indiana, USA). These facilities are scheduled to come on stream in 2024 and 2025 and will strengthen the Nutrition & Care division's business.

As of June 30, 2023, **total assets** were €21.3 billion, a decrease of €0.5 billion compared with December 31, 2022. Non-current assets were €0.6 billion lower at €14.5 billion. This decrease was principally attributable to the impairment losses on production facilities for methionine and silicas. The reclassification of the superabsorbents business, which is held for sale, to current assets and the currency effects also contributed to the decrease in non-current assets. Current assets increased by €0.1 billion to €6.8 billion, principally as a result of the reclassification of the non-current assets of the superabsorbents business to current assets. The decline in cash and cash equivalents had a countereffect.

Equity decreased by €1.2 billion to €9.9 billion. Alongside payment of the dividend and negative net income, the reduction in equity was attributable to the after-tax effect of the remeasurement of pension obligations, which is recognized directly in equity, as well as the currency effects recognized in equity. The equity ratio dropped from 50.7 percent to 46.3 percent. Non-current liabilities increased by €0.3 billion to €7.4 billion as a consequence of the remeasurement of pension provisions. This effect was attributable to the reduction in the discount rate applied to pensions. Current liabilities increased by €0.4 billion to €4.0 billion, mainly as a result of the issuance of commercial paper, while the reduction in provisions for variable remuneration reduced current liabilities.

3. Employees

As of June 30, 2023, the Evonik Group had 33,357 employees, a decrease of 672 compared with December 31, 2022. The reduction was mainly due to the sale of the Lülsdorf site, which had been assigned to the Performance Materials division.

Employees by division

	Dec. 31, 2022	June 30, 2023
Specialty Additives	3,824	3,545
Nutrition & Care	5,690	5,807
Smart Materials	8,011	8,113
Performance Materials	1,951	1,641
Technology & Infrastructure	8,367	7,972
Enabling functions, other activities, consolidation	6,186	6,279
Evonik	**34,029**	**33,357**

4. Opportunity and risk report

As an international group with a diversified portfolio of specialty chemicals, Evonik is exposed to a wide range of opportunities and risks. The risk categories and principal individual opportunities and risks relating to our earnings, financial and asset position, and the structure of our risk management system were described in detail in the opportunity and risk report, which forms part of the management report for 2022. They still apply.

Significantly more risks than opportunities materialized in the first half of 2023. This was due, in particular, to the difficult economic environment for industrial companies. As a result, we see a risk of lower volume sales to the end-markets affected and a risk of further destocking by customers. In addition, the majority of the divisions are exposed to risks relating to the availability and price of raw materials. Overall, risks exceed opportunities.

Looking at the group-wide risks identified as of June 30, 2023, neither individual risks nor their interaction could jeopardize the continued existence of Evonik as a whole, Evonik Industries AG in its role as the holding company for the Group, and material group companies.

5. Expected development

Our expectations for **global economic conditions** in 2023 as a whole are unchanged from the beginning of this year. While the economic situation entails considerable uncertainty, we still anticipate that the global economy will grow by 1.9 percent year-on-year in 2023.[3] Factors supporting the economy are countered by many risks, so economic conditions are likely to remain challenging in the second half of 2023.

The service sector should continue to have a positive effect in the second half of the year as orders on hand and order intake remain high. However, this is leading to further price rises, and high inflation is likely to result in a continuation of the restrictive monetary policy in 2023, which could dampen investment spending and consumption. Evonik's end-customer industries are affected by this, as well as by the shift in consumer spending from goods to services. Due to the inflation-driven reduction in purchasing power, we expect momentum in the service sector to decline during the year. The global economic impetus from the end of China's zero-Covid policy is likely to be significantly lower than originally forecast, especially in the second half of the year. At the same time, there are risks of a more marked deterioration in the economic situation: Stubborn inflation could force central banks to adopt an even more restrictive policy. Ultimately, the development of the global economy could be below our expectations as a result of a financial or real estate crisis, the war in Ukraine, a renewed rise in energy costs, or further geopolitical conflicts.

In view of declining energy costs, the persistently weak demand for goods, and the supply-side improvement, we anticipate that raw material prices will drop further. In all, we expect the prices of the specific raw materials used by Evonik to be considerably lower in 2023 than in 2022.

Our forecast is based on the following assumptions:

- Global growth: 1.9 percent (unchanged)
- Internal raw material index: considerably lower than in the prior year (unchanged from the quarterly statement as of March 31, 2023; financial report 2022: slightly lower than in the prior year)

Sales and earnings

In the first half of 2023, Evonik registered exceptionally low demand and significant destocking by customers across all end-markets. In addition to the anticipated significant price declines in the Performance Intermediates business, downside pressure is coming from significantly lower selling prices in the Animal Nutrition business. We do not expect this situation to change in the short-term. Contrary to the beginning of the year, when we published our original guidance, we no longer expect the economy to pick up during the year. On this basis, we are revising our outlook for fiscal 2023.

We now expect **sales** to be between €14.0 billion and €16.0 billion (previously: between €17.0 billion and €19.0 billion; 2022: €18.5 billion). This is principally attributable to lower volumes and the significant year-on-year decline in selling prices in the Animal Nutrition business. In the specialty chemicals businesses, Evonik succeeded in keeping prices stable for the most part in the first six months of this year. However, with raw material prices set to fall faster in the second half, a slight downward trend in prices is expected here too.

[3] Based on data from IHS Markit as of January 17, 2023.

Given the weak demand and the resulting underutilization of capacity in our production plants, as well as the price declines in Animal Nutrition outlined above, we now expect that **adjusted EBITDA** will be between €1.6 billion and €1.8 billion in fiscal 2023 (previously: between €2.1 billion and €2.4 billion; 2022: €2,490 million). Earnings in all chemical divisions will be lower than in the previous year.

To counter this, Evonik is systematically implementing contingency measures to safeguard earnings, which were introduced in the second half of 2022. We aim to save €250 million this year, for example, by refraining from filling vacancies, exercising restraint in the use of external service providers, and restricting business travel. The impact of these measures will increase further in the second half of the year.

We expect the chemical divisions to develop as follows:
In the first six months, the **Specialty Additives** division had to contend with weak demand and clear destocking by customers, especially in the coatings industry. This situation should improve slightly during the year, but a significant upturn in demand is not expected. Support should come from cost savings and lower raw material costs. Overall, we now expect earnings in this division to be considerably lower than in the previous year (previously: stable at around the prior-year level; 2022: €946 million).

We anticipate that 2023 will be a weak year for the **Nutrition & Care** division. In the Animal Nutrition business, prices for essential amino acids are significantly lower than in the previous year. Stabilization at a low level is visible for the third quarter. For the year as a whole, volumes are expected to be around the prior-year level. The change in the operating model for amino acids introduced at the beginning of the year will start to deliver positive effects this year. Following a weak first half, the Health & Care business anticipates a considerable improvement in the second half of the year. We now anticipate that this division's earnings will be significantly lower than in the prior year (previously: considerably lower than in the prior year; 2022: €677 million).

Demand is also weak in the **Smart Materials** division. In particular, this affects the Inorganics unit, with products such as hydrogen peroxide and silicas. In 2023, Polymers will benefit from the new capacities for our high-performance polymers. However, the first six months were affected by a scheduled maintenance shutdown. Following successful completion of the maintenance work, ramp-up of the first and new second polyamide lines can continue as of July. Overall, we expect earnings in this division to decrease considerably year-on-year (previously: rise slightly year-on-year; 2022: €743 million[4]).

In the **Performance Materials** division, we expect a further improvement in the market environment for superabsorbents, so we should benefit from our long-standing customer relationships and higher prices. In Performance Intermediates (C_4 derivatives), the significant deterioration in margins anticipated in the financial report 2022 is materializing. Overall, we still assume that in 2023 earnings in this division will be significantly lower than in the previous year (2022: €350 million[4]).

For **Technology & Infrastructure and Others[5],** we still assume that in fiscal 2023 earnings will be significantly less negative than in the previous year (2022: -€226 million). In this division, which has the largest number of employees, contingency measures, lower variable remuneration, and a reduction in negative effects, especially in connection with the supply of energy, will have a positive impact year-on-year.

[4] The alkoxides business was reclassified from Performance Materials to Smart Materials as of January 1, 2023. The prior-year figures have been restated (adjusted EBITDA 2022: €59 million).
[5] Enabling functions, other activities, consolidation.

In 2023, the return on capital employed **(ROCE)** is expected to be significantly below the previous year's level (previously: slightly below the previous year's level; 2022: 8.3 percent).

Financing and investments

At the beginning of this year, Evonik budgeted capital expenditures of €975 million. After the first quarter, this was revised to €900 million by postponing and cutting back smaller capacity expansions and projects. In light of the persistently weak demand, Evonik has made further cuts and now expects capital expenditures to be around €850 million in fiscal 2023 (2022: €865 million). This includes capital expenditures for maintenance and growth and unchanged investment in Next Generation Technologies, in other words, measures to raise efficiency and reduce CO_2 in production. Overall, we plan to invest around €700 million in these technologies by 2030.

Even in the present challenging environment, Evonik has a strong focus on free cash flow. The reduction in cash outflows for investing activities, lower net working capital, and lower bonus payments for 2022 support the free cash flow. We are therefore sticking to our projection that in 2023 the **cash conversion rate**[6] will develop towards our target of around 40 percent (2022: 32 percent). However, in view of the lower operating result, we will not achieve our original target of an absolute increase in free cash flow (2022: €785 million).

Forecast for 2023

Forecast performance indicators	2022	Forecast for 2023[a]	Revised forecast as of May 2023[b]	**Current forecast for 2023**
Group sales	€18.5 billion	Between €17.0 billion and €19.0 billion	Between €17.0 billion and €19.0 billion	Between €14.0 billion and €16.0 billion
Adjusted EBITDA	€2.5 billion	Between €2.1 billion and €2.4 billion	Between €2.1 billion and €2.4 billion	Between €1.6 billion and €1.8 billion
ROCE	8.3%	Slightly below the prior-year level	Slightly below the prior-year level	Significantly below the prior-year level
Cash outflows for investments in intangible assets, property, plant and equipment	€865 million	Around €975 million	Around €900 million	Around €850 million
Free cash flow: cash conversion rate	32%	Above the prior year	Above the prior year	Above the prior year

[a] As in the financial report 2022.
[b] As in the quarterly statement as of March 31, 2023.

[6] Ratio of free cash flow to adjusted EBITDA.

Consolidated interim financial statements as of June 30, 2023

Income statement

	2nd quarter		1st half	
in € million	2022	**2023**	2022	**2023**
Sales	4,772	3,886	9,270	7,891
Cost of sales	-3,559	-3,392	-6,835	-6,535
Gross profit on sales	**1,213**	**494**	**2,435**	**1,356**
Selling expenses	-512	-471	-1,004	-955
Research and development expenses	-113	-107	-225	-220
General administrative expenses	-154	-125	-284	-258
Other operating income	70	51	104	86
Other operating expense	-88	-100	-156	-187
Result from investments recognized at equity	5	3	6	6
Income before financial result and income taxes, continuing operations (EBIT)	**421**	**-255**	**876**	**-172**
Interest income	39	29	52	54
Interest expense	-22	-48	-48	-92
Other financial income/expense	-13	-11	-11	-7
Financial result	**4**	**-30**	**-7**	**-45**
Income before income taxes, continuing operations	**425**	**-285**	**869**	**-217**
Income taxes	-123	19	-249	–
Income after taxes	**302**	**-266**	**620**	**-217**
thereof attributable to non-controlling interests	5	4	9	6
thereof attributable to shareholders of Evonik Industries AG (net income)	297	-270	611	-223
Earnings per share in € (basic and diluted)	**0.64**	**-0.58**	**1.31**	**-0.48**
thereof continuing operations	0.64	-0.58	1.31	-0.48
thereof discontinued operations	0.00	0.00	0.00	0.00

Statement of comprehensive income

	2nd quarter		1st half	
in € million	2022	2023	2022	2023
Income after taxes	**302**	**-266**	**620**	**-217**
Unrealized amounts from hedging instruments: designated risk components	-33	-97	-50	-135
Realized amounts from hedging instruments reclassified to profit or loss: designated risk components	24	-11	36	-2
Deferred taxes on hedging instruments: designated risk components	4	19	6	27
Unrealized amounts from hedging components: cost of hedging	-9	-2	-10	1
Realized amounts from hedging instruments reclassified to profit or loss: cost of hedging	3	3	6	7
Deferred taxes on hedging instruments: cost of hedging	1	–	1	-2
Other comprehensive income from currency translation	337	-38	504	-148
Other comprehensive income from currency translation of investments recognized at equity	1	-4	3	-6
Other comprehensive income that can be reclassified	**328**	**-130**	**496**	**-258**
Other comprehensive income from the remeasurement of the net defined benefit liability	1,417	-120	2,054	-302
Deferred taxes from the remeasurement of the net defined benefit liability	-428	25	-607	106
Other comprehensive income from equity instruments measured at fair value through OCI	-126	21	-166	-27
Other comprehensive income that cannot be reclassified	**863**	**-74**	**1,281**	**-223**
Other comprehensive income after taxes	**1,191**	**-204**	**1,777**	**-481**
Total comprehensive income	**1,493**	**-470**	**2,397**	**-698**
thereof attributable to non-controlling interests	7	-1	11	–
thereof attributable to shareholders of Evonik Industries AG	1,486	-469	2,386	-698

Balance sheet

in € million	Dec. 31, 2022	June 30, 2023
Goodwill	4,568	4,547
Other intangible assets	1,142	1,038
Property, plant and equipment	6,962	6,269
Right-of-use assets	972	974
Investments recognized at equity	88	82
Other financial assets	441	385
Deferred taxes	890	1,100
Other income tax assets	19	20
Other non-financial assets	64	69
Non-current assets	**15,146**	**14,484**
Inventories	2,820	2,919
Trade accounts receivable	1,898	1,848
Other financial assets	581	437
Other income tax assets	98	102
Other non-financial assets	546	622
Cash and cash equivalents	645	398
	6,588	**6,326**
Assets held for sale	76	486
Current assets	**6,664**	**6,812**
Total assets	**21,810**	**21,296**
Issued capital	466	466
Capital reserve	1,168	1,168
Retained earnings	9,345	8,379
Other equity components	-5	-230
Equity attributable to shareholders of Evonik Industries AG	**10,974**	**9,783**
Equity attributable to non-controlling interests	82	78
Equity	**11,056**	**9,861**
Provisions for pensions and other post-employment benefits	1,359	1,624
Other provisions	542	513
Other financial liabilities	4,117	4,279
Deferred taxes	661	635
Other income tax liabilities	246	250
Other non-financial liabilities	182	147
Non-current liabilities	**7,107**	**7,448**
Other provisions	732	546
Trade accounts payable	1,735	1,659
Other financial liabilities	429	795
Other income tax liabilities	189	172
Other non-financial liabilities	501	630
	3,586	**3,802**
Liabilities associated with assets held for sale	61	185
Current liabilities	**3,647**	**3,987**
Total equity and liabilities	**21,810**	**21,296**

Statement of changes in equity

				Other equity components						
in € million	Issued capital	Capital reserve	Retained earnings	Equity instruments at fair value through OCI	Hedging instruments: designated risk components	Hedging instruments: cost of hedging	Currency translation	**Equity attributable to shareholders of Evonik Industries AG**	Equity attribut-able to non-con-trolling interests	**Total equity**
As of January 1, 2022	**466**	**1,168**	**7,767**	**37**	**-34**	**1**	**-109**	**9,296**	**83**	**9,379**
Capital increases/decreases	–	–	–	–	–	–	–	–	–	**–**
Dividend distribution	–	–	-545	–	–	–	–	-545	-10	**-555**
Income after taxes	–	–	611	–	–	–	–	611	9	**620**
Other comprehensive income after taxes	–	–	1,447	-166	-8	-3	505	1,775	2	**1,777**
Total comprehensive income	–	–	2,058	-166	-8	-3	505	2,386	11	**2,397**
Offset against the cost of acquisition (cash flow hedges)	–	–	–	–	–	–	–	–	–	**–**
Other changes	–	–	–	–	–	–	–	–	–	**–**
As of June 30, 2022	**466**	**1,168**	**9,280**	**-129**	**-42**	**-2**	**396**	**11,137**	**84**	**11,221**
As of January 1, 2023	**466**	**1,168**	**9,345**	**-162**	**-20**	**-1**	**178**	**10,974**	**82**	**11,056**
Capital increases/decreases	–	–	–	–	–	–	–	–	–	–
Dividend distribution	–	–	-545	–	–	–	–	-545	-4	-549
Income after taxes	–	–	-223	–	–	–	–	-223	6	-217
Other comprehensive income after taxes	–	–	-196	-27	-110	6	-148	-475	-6	-481
Total comprehensive income	–	–	-419	-27	-110	6	-148	-698	–	-698
Offset against the cost of acquisition (cash flow hedges)	–	–	–	–	54	–	–	54	–	54
Other changes	–	–	-2	–	–	–	–	-2	–	-2
As of June 30, 2023	**466**	**1,168**	**8,379**	**-189**	**-76**	**5**	**30**	**9,783**	**78**	**9,861**

Cash flow statement

	2nd quarter		1st half	
in € million	2022	**2023**	2022	**2023**
Income before financial result and income taxes, continuing operations (EBIT)	421	-255	876	-172
Depreciation, amortization, impairment losses/reversal of impairment losses on non-current assets	274	675	538	986
Result from investments recognized at equity	-4	-4	-6	-6
Gains/losses on the disposal of non-current assets	2	13	3	12
Change in inventories	-336	52	-614	-248
Change in trade accounts receivable	-100	50	-462	-128
Change in trade accounts payable	15	-127	165	96
Change in provisions for pensions and other post-employment benefits	9	-15	30	-20
Change in other provisions	-289	-263	-223	-171
Change in miscellaneous assets/liabilities	7	-46	42	6
Cash inflows from dividends	4	5	15	16
Cash outflows for income taxes	-138	-64	-210	-125
Cash inflows from income taxes	61	13	81	14
Cash flow from operating activities, continuing operations	**-74**	**34**	**235**	**260**
Cash outflows for investments in intangible assets, property, plant and equipment	-165	-237	-341	-443
Cash outflows to obtain control of businesses	–	-22	–	-22
Cash outflows relating to the loss of control over businesses	–	-13	–	-17
Cash outflows for investments in other shareholdings	-1	–	-12	-2
Cash inflows from divestments of intangible assets, property, plant and equipment	–	1	3	14
Cash inflows relating to the loss of control over businesses	–	–	–	43
Cash inflows/outflows relating to securities, deposits, and loans	91	120	82	99
Cash inflows from interest	4	10	7	20
Cash flow from investing activities, continuing operations	**-71**	**-141**	**-261**	**-308**
Cash outflows for dividends to shareholders of Evonik Industries AG	-545	-545	-545	-545
Cash outflows for dividends to non-controlling interests	-8	-3	-10	-4
Cash outflows for the purchase of treasury shares	–	–	-16	-16
Cash inflows from the sale of treasury shares	12	12	12	12
Cash inflows from the addition of financial liabilities	926	490	1,082	544
Cash outflows for repayment of financial liabilities	-81	-56	-141	-149
Cash inflows/outflows in connection with financial transactions	-65	7	-64	10
Cash outflows for interest	-9	-17	-23	-32
Cash flow from financing activities, continuing operations	**230**	**-112**	**295**	**-180**
Change in cash and cash equivalents	**85**	**-219**	**269**	**-228**
Cash and cash equivalents as of April 1/January 1	**647**	**633**	**456**	**645**
Change in cash and cash equivalents	85	-219	269	-228
Changes in exchange rates and other changes in cash and cash equivalents	-1	-16	6	-19
Cash and cash equivalents as on the balance sheet as of June 30	**731**	**398**	**731**	**398**

Notes to the consolidated financial statements

1. Segment report

Segment report by operating segments—2nd quarter

	Specialty Additives		Nutrition & Care		Smart Materials	
in € million	2022	**2023**	2022	**2023**	2022	**2023**
External sales	1,116	906	1,027	893	1,335	1,119
Internal sales	2	1	3	3	23	38
Total sales	1,118	907	1,030	896	1,358	1,157
Adjusted EBITDA	263	199	185	71	219	122
Adjusted EBITDA margin in %	23.6	22.0	18.0	8.0	16.4	10.9
Adjusted EBIT	214	152	120	7	144	34
Capital expenditures[a]	22	28	42	76	61	51
Financial investments	–	–	–	30	2	–

Prior-year figures restated.

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

Segment report by regions—2nd quarter

	Europe, Middle East & Africa		North America	
in € million	2022	**2023**	2022	**2023**
External sales[a]	2,453	1,906	1,119	993
Capital expenditures	110	114	36	53

[a] External sales Europe, Middle East & Africa: thereof Germany €637 million (Q2 2022: €742 million).

Performance Materials		Technology & Infrastructure		Enabling functions, other activities, consolidation		**Total Group (continuing operations)**	
2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**
945	694	328	260	21	14	4,772	3,886
52	84	418	482	-498	-608	–	–
997	778	746	742	-477	-594	4,772	3,886
142	45	-6	64	-75	-51	728	450
15.0	6.5	-1.8	24.6	–	–	15.3	11.6
111	9	-34	25	-99	-70	456	157
11	10	17	25	8	7	161	197
–	–	–	–	2	1	4	31

Central & South America		Asia-Pacific		**Total Group (continuing operations)**	
2022	**2023**	2022	**2023**	2022	**2023**
247	191	953	796	4,772	3,886
2	2	13	28	161	197

Segment report by operating segments—1st half

	Specialty Additives		Nutrition & Care		Smart Materials	
in € million	2022	**2023**	2022	**2023**	2022	**2023**
External sales	2,165	1,827	2,064	1,779	2,619	2,307
Internal sales	4	2	6	5	45	88
Total sales	2,169	1,829	2,070	1,784	2,664	2,395
Adjusted EBITDA	515	367	407	147	431	286
Adjusted EBITDA margin in %	23.8	20.1	19.7	8.3	16.5	12.4
Adjusted EBIT	419	274	274	20	284	113
Capital expenditures[a]	40	54	66	134	106	97
Financial investments	–	–	1	30	11	–
No. of employees as of June 30	3,733	3,545	5,594	5,807	7,846	8,113

Prior-year figures restated.

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

Segment report by regions—1st half

	Europe, Middle East & Africa		North America	
in € million	2022	**2023**	2022	**2023**
External sales[a]	4,739	3,983	2,141	1,976
Non-current assets in accordance with IFRS 8 as of June 30	7,568	7,238	4,572	4,160
Capital expenditures	212	219	61	109
No. of employees as of June 30	22,454	22,285	4,967	5,136

[a] External sales Europe, Middle East & Africa: thereof Germany €1,361 million (H1 2022: €1,499 million).

Performance Materials		Technology & Infrastructure		Enabling functions, other activities, consolidation		**Total Group (continuing operations)**	
2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**
1,790	1,401	599	552	33	25	9,270	7,891
108	187	854	991	-1,017	-1,273	–	–
1,898	1,588	1,453	1,543	-984	-1,248	9,270	7,891
224	81	30	98	-145	-120	1,462	859
12.5	5.8	5.0	17.8	–	–	15.8	10.9
164	16	-27	23	-186	-159	928	287
23	22	40	49	23	22	298	378
–	–	–	–	9	4	21	34
1,998	1,641	7,997	7,972	6,067	6,279	33,235	33,357

Central & South America		Asia-Pacific		**Total Group (continuing operations)**	
2022	**2023**	2022	**2023**	2022	**2023**
481	393	1,909	1,539	9,270	7,891
170	179	1,907	1,402	14,217	12,979
3	3	22	47	298	378
728	781	5,086	5,155	33,235	33,357

2. Basis of preparation of the financial statements

2.1 Compliance with IFRS

The present condensed consolidated interim financial statements (consolidated interim financial statements) of Evonik Industries AG and its subsidiaries (referred to jointly as Evonik or the Evonik Group) as of June 30, 2023 have been prepared in accordance with the provisions of IAS 34 Interim Financial Reporting using the International Financial Reporting Standards (IFRS) and comply with these standards. The IFRSs comprise the standards (IFRS, IAS) issued by the International Accounting Standards Board (IASB), London (UK) and the interpretations (IFRIC, SIC) of the IFRS Interpretations Committee (IFRS IC), as adopted by the European Union.

For an explanation of the events and transactions that are relevant for an understanding of the development of earnings and the change in the assets and financial position of the Evonik Group in the first six months of 2023, please refer to the interim group management report.

2.2 Presentation and use of discretion in decisions on accounting policies

The consolidated interim financial statements as of June 30, 2023 are presented euros. The reporting period is January 1 to June 30, 2023. All amounts are stated in millions of euros (€ million) except where otherwise indicated. In some cases, rounding may mean that the figures in this report do not add up exactly to the totals stated, and percentages do not correlate exactly to the figures presented.

The consolidated interim financial statements are drawn up using uniform accounting policies and decisions based on the use of discretion. The basis for the consolidated interim financial statements comprises the consolidated financial statements for the Evonik Group as of December 31, 2022, which should be referred to for further information. Where applicable, deviations from this principle are outlined in the relevant notes.

2.3 Assumptions and estimation uncertainties

The preparation of these consolidated interim financial statements involves assumptions and estimates about the future. The subsequent circumstances may differ from these estimates. Adjustments to estimates are recognized in income as soon as better information is available. We regularly review our assumptions and estimates in comparison with the consolidated financial statements as of December 31, 2022 to identify any need for adjustment. Where necessary, this is reported in the relevant notes to the consolidated financial statements.

2.4 Accounting standards to be applied for the first time

The accounting policies applied in these condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements as of December 31, 2022, with the exception of the new policies that came into effect on January 1, 2023, which were outlined in the financial report 2022. The new rules that took effect on January 1, 2023 did not have a material impact on the consolidated interim financial statements. A number of new accounting standards and amendments to accounting standards take effect for fiscal years beginning after January 1, 2023. In the preparation of the condensed consolidated interim financial statements, Evonik refrained from the early application of these upcoming new standards and amendments.

2.5 Restatement of prior-year figures

Restatement in the segment report

As of January 1, 2023, the executive board integrated the **alkoxides business,** which had previously been part of the Performance Materials division, into the Smart Materials division. Alkoxides are mainly used as homogeneous catalysts in the production of biodiesel. They are also used in syntheses in the pharmaceutical and agrochemicals industry. They complement the division's portfolio of catalysts. The prior-year figures have been restated.

Retrospective reclassification of the alkoxides business

	2nd quarter 2022		1st half 2022	
in € million	Smart Materials	Performance Materials	Smart Materials	Performance Materials
External sales	98	-98	200	-200
Internal sales	2	-2	4	-4
Total sales	100	-100	204	-204
Adjusted EBITDA	21	-21	36	-36
Adjusted EBIT	18	-18	31	-31

3. Changes in the Evonik Group

3.1 Scope of consolidation

Changes in the scope of consolidation

No. of companies	Germany	Other countries	**Total**
Evonik Industries AG and consolidated subsidiaries			
As of December 31, 2022	**29**	**119**	**148**
Acquisitions	–	1	1
Other companies consolidated for the first time	–	1	1
Divestments	-2	–	-2
As of June 30, 2023	**27**	**121**	**148**
Joint operations			
As of December 31, 2022	**1**	**2**	**3**
As of June 30, 2023	**1**	**2**	**3**
Investments recognized at equity			
As of December 31, 2022	**4**	**8**	**12**
As of June 30, 2023	**4**	**8**	**12**
Total	**32**	**131**	**163**

3.2 Divestments

As part of the strategic concentration on specialty chemicals, on April 6, 2023, Evonik signed an agreement to sell the **Lülsdorf site** in Germany to International Chemical Investors Group, Luxembourg (Luxembourg). This site mainly produces alkoxides, potassium derivatives, and—together with plants at the nearby site in Wesseling—cyanuric chlorides. The transaction was closed on June 30, 2023. It comprised both an asset deal and a share deal comprising the transfer of 100 percent of the shares in Evonik Functional Solutions GmbH, Essen (Germany) and Evonik CYC GmbH, Essen (Germany). The business belonged to the Performance Materials division and was classified as held for sale from December 31, 2022 until closing of the transaction, see note 3.3.

3.3 Assets held for sale and discontinued operations

The **Lülsdorf site** was classified as held for sale from December 31, 2022 until the closing of the transaction on June 30, 2023, see note 3.2. Since the disposal group was measured on the basis of the purchase price less costs to sell, impairment losses of €27 million were recognized in fiscal 2023, mainly on property, plant and equipment.

As part of the strategic concentration on specialty chemicals, Evonik intends to sell the Performance Materials division's **superabsorbents business**. Superabsorbents are powder polymers that are used, among other things, in diapers. The assets and liabilities of this disposal group were classified as held for sale as of June 30, 2023. The accumulated other comprehensive income from currency translation relating to this disposal group was €7 million.

Assets held for sale

in € million	Dec. 31, 2022	June 30, 2023
Lülsdorf site	24	–
Superabsorbents business	–	220
Property, plant and equipment	**24**	**220**
Superabsorbents business	–	10
Right-of-use assets	**–**	**10**
Superabsorbents business	–	4
Other financial assets	**–**	**4**
Lülsdorf site	2	–
Superabsorbents business	–	3
Deferred taxes	**2**	**3**
Superabsorbents business	–	1
Other income tax assets	**–**	**1**
Lülsdorf site	25	–
Superabsorbents business	–	100
Inventories	**25**	**100**
Lülsdorf site	23	–
Superabsorbents business	–	141
Trade accounts receivable	**23**	**141**
Lülsdorf site	2	–
Superabsorbents business	–	7
Other non-financial assets	**2**	**7**
Lülsdorf site	76	–
Superabsorbents business	–	486
Assets held for sale	**76**	**486**

Liabilities associated with assets held for sale

in € million	Dec. 31, 2022	June 30, 2023
Lülsdorf site	17	-
Superabsorbents business	-	23
Provisions for pensions and other post-employment benefits	**17**	**23**
Lülsdorf site	13	-
Superabsorbents business	-	17
Other provisions	**13**	**17**
Lülsdorf site	2	-
Superabsorbents business	-	13
Other financial liabilities	**2**	**13**
Superabsorbents business	-	12
Deferred taxes	**-**	**12**
Superabsorbents business	-	1
Other income tax liabilities	**-**	**1**
Lülsdorf site	25	-
Superabsorbents business	-	106
Trade accounts payable	**25**	**106**
Lülsdorf site	4	-
Superabsorbents business	-	13
Other non-financial liabilities	**4**	**13**
Lülsdorf site	61	-
Superabsorbents business	-	185
Liabilities associated with assets held for sale	**61**	**185**

4. Notes to the income statement

4.1 Sales

Sales by segments and regions—1st half 2023

in € million	Europe, Middle East & Africa	North America	Central & South America	Asia-Pacific	Total Group
Specialty Additives	753	542	58	474	**1,827**
Nutrition & Care	558	583	224	414	**1,779**
Smart Materials	1,078	630	99	500	**2,307**
Performance Materials	1,069	199	10	123	**1,401**
Technology & Infrastructure	507	22	–	23	**552**
Enabling functions, other activities, consolidation	18	–	2	5	**25**
Total Group	**3,983**	**1,976**	**393**	**1,539**	**7,891**
thereof sales outside the scope of IFRS 15	7	-7	–	3	3

Sales by segments and regions—1st half 2022

in € million	Europe, Middle East & Africa	North America	Central & South America	Asia-Pacific	**Total Group**
Specialty Additives	908	586	64	607	**2,165**
Nutrition & Care	642	669	280	473	**2,064**
Smart Materials	1,317	605	80	617	**2,619**
Performance Materials	1,294	259	55	182	**1,790**
Technology & Infrastructure	558	20	–	21	**599**
Enabling functions, other activities, consolidation	20	2	2	9	**33**
Total Group	**4,739**	**2,141**	**481**	**1,909**	**9,270**
thereof sales outside the scope of IFRS 15	6	-32	–	-10	-36

Prior-year figures restated.

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

4.2 Other operating income/expense

Other operating income/expense—1st half

	Other operating income		Other operating expense	
in € million	2022	**2023**	2022	**2023**
Restructuring measures[a]	1	–	–	-22
Reversal of/additions to other provisions[b]	2	3	-17	-7
Recultivation and environmental protection measures	–	–	-5	-5
Disposal of assets[b]	1	4	-6	-19
Impairment losses/reversal of impairment losses pursuant to IAS 36[b]	–	–	-7	-2
Impairment losses/reversal of impairment losses pursuant to IFRS 9 (net presentation)[c]	3	–	–	-15
Currency translation of operating monetary assets and liabilities (net presentation)[c]	–	–	-10	-17
Operational currency hedging (net presentation)[c]	1	–	–	-11
Non-core businesses	25	39	–	–
Government grants	5	1	–	–
Business insurance[a]	6	6	-16	-5
REACH Regulation	1	–	-6	-6
Other	59	33	-89	-78
Other operating income/expense	**104**	**86**	**-156**	**-187**

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

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

The net expense (H1 2022: net income) for **impairment losses/reversal of impairment losses pursuant to IFRS 9** Financial Instruments relates to expected credit losses (H1 2022: reversals of impairment losses) on trade accounts receivable and the impairment loss on an investment in a non-consolidated affiliated company.

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

Non-core businesses comprise income from occasional, unplanned business activities not intended to be permanent operations and income from the supply of energy to customers at Evonik sites.

As well as income from the recognition of claims on insurance companies, **business insurance** includes income from the payment of premiums by insurance companies to Evonik's internal reinsurance company Evonik Re S.A., Luxembourg (Luxembourg) and expenses of Evonik Re for insurance obligations to insurance companies. The expenses for business insurance include premiums paid by Evonik Re for stop-loss insurance. Claims under the stop-loss insurance are offset against Evonik Re's expense for obligations to insurers. By contrast, expenses for premiums paid by the Evonik Group to insurers are not recognized in other operating expense; they are recognized in the functional costs.

The **other income** relates to a large number of very different, decentrally managed activities that individually generate income that is not material for the Evonik Group.

In both the current fiscal year and the prior year, the **other expense** comprises costs in connection with the reorganization of the superabsorbents business and the integration of PeroxyChem and Porocel. In addition, this item contains a large number of different transactions and individual projects that are reflected, among others, in the cost types outsourcing, commission payments, other taxes, and legal and consultancy fees.

4.3 Income before financial result and income taxes (EBIT)

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

Additional information on income before financial result and income taxes—1st half 2023

in € million	Cost of sales	Selling expenses	Administrative expenses	Other operating income	Other operating expense	Result from investments recognized at equity	**Total**
Restructuring measures	-23	–	–	–	-22	–	-45
thereof from the disposal of assets	3	–	–	–	-7	–	-4
thereof from impairment losses/reversal of impairment losses pursuant to IAS 36	2	–	–	–	–	–	2
thereof from impairment losses/reversal of impairment losses pursuant to IFRS 5	-27	–	–	–	–	–	-27
Reversal of/additions to other provisions	–	–	–	3	-7	–	-4
Result from the disposal of assets	-1	–	–	4	-19	–	-16
Impairment losses/reversal of impairment losses pursuant to IAS 36	-388	–	–	–	-2	–	-390

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

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

The income and expense from **restructuring measures** in the current fiscal year mainly result from the sale of the Lülsdorf site and a project to increase efficiency in the oleochemicals business in the Nutrition & Care division. In the previous year, the expenses mainly related to the program to reduce selling and administrative expenses.

The **losses on the disposal of assets** totaling €20 million (H1 2022: €5 million) mainly resulted from the sale of the TAA derivatives business and the Lülsdorf site.

Note 5.1 contains details of segmentation and additional information on the **impairment losses/reversal of impairment losses determined in accordance with IAS 36.**

4.4 Financial result

Financial result—1st half

in € million	2022	2023
Interest income from securities and loans	9	19
Interest and similar income from derivatives	1	1
Interest income from other provisions [a]	23	29
Other interest-type income	19	5
Interest income	**52**	**54**
Interest expense on financial liabilities	-14	-29
Interest and similar expenses for derivatives	-	-8
Interest expense for other provisions [a]	-2	-8
Net interest expense for pensions	-25	-27
Interest expense for leases	-7	-14
Other interest-type expense	-	-6
Interest expense	**-48**	**-92**
Result from currency translation of financing-related assets and liabilities	60	-29
Result from financing-related currency hedging	-63	21
Miscellaneous financial income and expenses	-4	-37
Other financial income/expense	**-11**	**-7**
Financial result	**-7**	**-45**

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

The **result from currency translation of financing-related assets and liabilities** comprises the netting of gross income and expenses and relates principally to the exchange rate risk of intragroup financing transactions denominated in foreign currencies and to cash and cash equivalents in foreign currencies. The effects of the associated currency hedging are recognized in the **result from financing-related currency hedging**.

4.5 Income after taxes

Income after taxes—1st half

in € million	2022	2023
Income after taxes, continuing operations	**620**	**-217**
thereof attributable to non-controlling interests	9	6
thereof attributable to shareholders of Evonik Industries AG	611	-223
Income after taxes, discontinued operations	**–**	**–**
thereof attributable to non-controlling interests	–	–
thereof attributable to shareholders of Evonik Industries AG	–	–

5. Notes to the balance sheet

5.1 Impairment test pursuant to IAS 36

The economic upswing has so far failed to materialize, and demand remains very weak, without any prospect of a recovery in the second half of the year. **On the basis of these indications, assets were tested for impairment**. The impairment tests were initially conducted at the level of the lowest cash-generating units and subsequently for goodwill at divisional level. In some cases, these impairment tests resulted in impairment losses. The results of the impairment tests are outlined below:

Impairment tests pursuant to IAS 36 by segments and asset classes—1st half

	Other intangible assets		Property, plant and equipment		Total	
in € million	2022	2023	2022	2023	2022	2023
Specialty Additives	–	–	3	–	**3**	**–**
Nutrition & Care	–	–	1	305	**1**	**305**
Smart Materials	–	19	–	65	**–**	**84**
Performance Materials	–	–	–	1	**–**	**1**
Technology & Infrastructure	–	–	–	–	**–**	**–**
Enabling functions, other activities	–	–	–	–	**–**	**–**
Total Group	**–**	**19**	**4**	**371**	**4**	**390**

The impairment losses were recognized on the respective value in use; in all cases, this was above the fair value less the cost of disposal.

The impairment losses in the Nutrition & Care division comprised €305 million for the global integrated methionine facilities and related to buildings and to plant and machinery. Impairment was caused by the present change in market conditions in the methionine business as a result of increased global production capacities and a deterioration in the cost position within the integrated structures. The cost of capital applied was 8.07 percent. The recoverable amount of the CGU is €753 million.

One portion of the impairment loss in the Smart Materials division comprised €56 million for an integrated production facility for precipitated silicas in Europe. The impairment loss was recognized on miscellaneous other intangible assets and property, plant and equipment, especially plant and machinery. It was caused by the present weaker demand, accompanied by a rise in production costs. The cost of capital applied was 7.97 percent. The recoverable amount of the CGU is €97 million. A further portion of the impairment loss in the Smart Materials division comprised €27 million for an integrated production facility for fumed silicas in North America. Most of the plant and machinery was fully impaired. The impairment resulted from market overcapacities plus the present weak demand. The cost of capital applied was 7.62 percent.

Moreover, given that the economic upswing has so far failed to materialize and demand remains very weak, with no prospect of a recovery in the second half, **goodwill was also tested for impairment as of June 30, 2023.** For this purpose, the estimated future cash flows were adjusted to the altered expectations. The future cash flow estimate for the Specialty Additives, Nutrition & Care, and Smart Materials divisions was based on assumptions about the development of sales derived from the five-year detailed planning period, which could be reflected in segment-specific average annual growth rates of between 4.0 percent and 4.7 percent. For adjusted EBITDA, development in line with sales growth was assumed for the Specialty Additives division, while for the Nutrition & Care division, the development of adjusted EBITDA was expected to be significantly above sales growth, and for the Smart Materials division, it was projected to be slightly above sales growth.

Disclosures on the impairment test on segment goodwill

	WACC after taxes (in %)		Terminal growth rate (in %)	
	Sep. 30, 2022	**June 30, 2023**	Sep. 30, 2022	**June 30, 2023**
Specialty Additives	7.32	7.51	1.50	1.50
Nutrition & Care	7.83	8.00	1.50	1.50
Smart Materials	7.21	7.61	1.50	1.50

In the divisions to which goodwill is allocated, the impairment tests triggered by the indications of possible impairment did not result in the recognition of impairment losses on goodwill. In the Nutrition & Care division, the recoverable amount is €585 million above the carrying amount including goodwill. The recoverable amount would correspond to the carrying amount if the weighted average cost of capital were to rise to 8.93 percent or there was a sustained reduction in the cash flow of 10.0 percent.

Segment goodwill

	Dec. 31, 2022	**June 30, 2023**
Specialty Additives	2,046	2,019
Nutrition & Care	1,186	1,203
Smart Materials	1,336	1,325

5.2 Provisions for pensions and other post-employment benefits

As of June 30, 2023, provisions for pensions and other post-employment benefits increased to €1,624 million, a rise of €265 million compared with December 31, 2022. This change includes an amount of €283 million, which is recognized as other comprehensive income from the remeasurement of the net defined benefit liability and thus outside of profit or loss. The change is mainly attributable to the reduction in the discount rate for pensions in Germany from 4.10 percent as of December 31, 2022 to 3.80 percent as of June 30, 2023. The resulting change in deferred taxes in the amount of €106 million is recognized as a counteritem in other comprehensive income in the statement of comprehensive income, resulting in a decrease in retained earnings of €196 million.

6. Notes to the cash flow statement

The cash flows in connection with the **loss of control over businesses** contain gross selling prices of €53 million (H1 2022: none) less the transfer of cash and cash equivalents of €27 million (H1 2022: none) relating to the sale of the Lülsdorf site and the divestment of the TAA derivatives business in fiscal 2022.

The cash outflows for the **repayment of financial liabilities** shown in the cash flow from financing activities include the payment of lease liabilities. These cash outflows amounted to €45 million in the second quarter of 2023 (Q2 2022: €37 million) and €90 million in the first half of 2023 (H1 2022: €69 million).

7. Notes to the segment report

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

	Enabling functions		Other activities		Consolidation		**Total**	
in € million	2022	**2023**	2022	**2023**	2022	**2023**	2022	**2023**
External sales	22	19	11	6	–	–	33	25
Internal sales	508	546	2	2	-1,527	-1,821	-1,017	-1,273
Total sales	530	565	13	8	-1,527	-1,821	-984	-1,248
Adjusted EBITDA	-122	-103	-17	-35	-6	18	-145	-120
Adjusted EBIT	-157	-137	-24	-40	-5	18	-186	-159
Capital expenditures	23	22	–	–	–	–	23	22
Financial investments	9	4	–	–	–	–	9	4
No. of employees as of June 30	6,067	6,279	–	–	–	–	6,067	6,279

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

in € million	2022	2023
Adjusted EBITDA, reporting segments	1,607	979
Adjusted EBITDA, other activities	-17	-35
Adjusted EBITDA, enabling functions, consolidation, less discontinued operations	-128	-85
Adjusted EBITDA	**1,462**	**859**
Depreciation and amortization	-531	-563
Impairment losses/reversal of impairment losses	-5	-430
Depreciation, amortization, impairment losses/reversal of impairment losses included in adjustments	2	421
Adjusted depreciation, amortization, and impairment losses	-534	-572
Adjusted EBIT	**928**	**287**
Adjustments	-52	-459
Financial result	-7	-45
Income before income taxes, continuing operations	**869**	**-217**

Adjustments by category—1st half 2023

in € million	Cost of sales	Selling expenses	Administrative expenses	Other operating income	Other operating expense	Result from investments recognized at equity	Total
Restructuring	-23	–	–	–	-22	–	-45
Impairment losses/reversal of impairment losses	-388	–	–	–	-8	–	-396
Acquisition/divestment of shareholdings	–	–	–	–	-12	–	-12
Other	2	–	–	2	-10	–	-6
Adjustments	**-409**	**–**	**–**	**2**	**-52**	**–**	**-459**

Adjustments by category—1st half 2022

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

8. Other disclosures

8.1 Financial instruments

Disclosures on the carrying amounts and fair values of financial instruments

Carrying amounts and fair values of financial assets as of June 30, 2023

	Carrying amounts by IFRS 9 valuation category						
in € million	At fair value through OCI	At amortized cost	At fair value through profit or loss	Not allocated to any category	Not measured in accordance with IFRS 9	**Carrying amount**	Fair value IFRS 9 categories
Trade accounts receivable	**–**	**1,848**	**–**	**–**	**–**	**1,848**	**1,848**
Cash and cash equivalents	**–**	**398**	**–**	**–**	**–**	**398**	**398**
Other investments	303	–	–	–	12	315	303
Loans	–	48	3	–	–	51	51
Securities and similar claims	–	–	358	–	–	358	358
Receivables from derivatives	–	–	37	36	–	73	73
Miscellaneous other financial assets	–	25	–	–	–	25	25
Other financial assets	**303**	**73**	**398**	**36**	**12**	**822**	**810**
Total	**303**	**2,319**	**398**	**36**	**12**	**3,068**	**3,056**

Carrying amounts and fair values of financial assets as of December 31, 2022

	Carrying amounts by IFRS 9 valuation category						
in € million	At fair value through OCI	At amortized cost	At fair value through profit or loss	Not allocated to any category	Not measured in accordance with IFRS 9	**Carrying amount**	Fair value IFRS 9 categories
Trade accounts receivable	**–**	**1,898**	**–**	**–**	**–**	**1,898**	**1,898**
Cash and cash equivalents	**–**	**645**	**–**	**–**	**–**	**645**	**645**
Other investments	326	–	–	–	21	347	326
Loans	–	51	6	–	–	57	57
Securities and similar claims	–	–	462	–	–	462	462
Receivables from derivatives	–	–	126	22	-59	89	148
Miscellaneous other financial assets	–	67	–	–	–	67	67
Other financial assets	**326**	**118**	**594**	**22**	**-38**	**1,022**	**1,060**
Total	**326**	**2,661**	**594**	**22**	**-38**	**3,565**	**3,603**

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

Carrying amounts and fair values of financial liabilities as of June 30, 2023

in € million	Carrying amounts by IFRS 9 valuation category: At fair value through profit or loss	At amortized cost	Not allocated to any category	Not measured in accordance with IFRS 9	**Carrying amount**	Fair value IFRS 9 categories
Trade accounts payable	**–**	**1,659**	**–**	**–**	**1,659**	**1,659**
Bonds	–	2,951	–	–	2,951	2,733
Commercial paper	459	–	–	–	459	459
Liabilities to banks	–	102	–	–	102	104
Schuldschein loans	–	255	–	–	255	250
Loans from non-banks	–	29	–	–	29	29
Lease liabilities	–	–	–	944	944	–
Liabilities from derivatives	31	–	111	57	199	142
Refund liability	–	–	–	46	46	–
Miscellaneous other financial liabilities	–	89	–	–	89	88
Other financial liabilities	**490**	**3,426**	**111**	**1,047**	**5,074**	**3,805**
Total	**490**	**5,085**	**111**	**1,047**	**6,733**	**5,464**

Carrying amounts and fair values of financial liabilities as of December 31, 2022

in € million	Carrying amounts by IFRS 9 valuation category: At fair value through profit or loss	At amortized cost	Not allocated to any category	Not measured in accordance with IFRS 9	**Carrying amount**	Fair value IFRS 9 categories
Trade accounts payable	**–**	**1,735**	**–**	**–**	**1,735**	**1,735**
Bonds	–	2,947	–	–	2,947	2,709
Commercial paper	–	–	–	–	–	–
Liabilities to banks	–	71	–	–	71	67
Schuldschein loans	–	252	–	–	252	247
Loans from non-banks	–	12	–	–	12	12
Lease liabilities	–	–	–	947	947	–
Liabilities from derivatives	64	–	108	–	172	172
Refund liability	–	–	–	57	57	–
Miscellaneous other financial liabilities	–	88	–	–	88	88
Other financial liabilities	**64**	**3,370**	**108**	**1,004**	**4,546**	**3,295**
Financial liabilities	**64**	**5,105**	**108**	**1,004**	**6,281**	**5,030**

For receivables and liabilities from derivatives, the category “not measured in accordance with IFRS 9” is used for the day one gain or loss relating to a power purchase agreement (PPA). As of the date of conclusion, the fair value of the PPA determined using a valuation model (level 3) was €59 million above the transaction value. The day one gain or loss is recognized on the balance sheet in financial assets or liabilities, together with the fair value, and released to other operating income on a straight line basis over the term of the agreement.

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

Financial instruments recognized at fair value

in € million	Level	Description	Valuation method	Material non-observable inputs	Dec. 31, 2022	June 30, 2023
Other investments	Level 1	Borussia Dortmund GmbH & Co. KGaA	Present stock market price	–	34	39
	Level 1	Other listed equity instruments	Present stock market price	–	2	2
	Level 3	Vivawest GmbH	Discounted cash flow method (see below)	Cost of capital and growth	219	187
	Level 3	Unlisted equity instruments	Observable prices from equity refinancing, and discounted cash flow and multiples methods	Cost of capital and growth-adjusted market multipliers	71	75
Loans	Level 3	Convertible bonds	Nominal value of the bonds; where material, a conversion right is taken into account	Quoted market price	6	3
Securities and similar claims	Level 1	Short-term money market instruments	Present stock market price	–	413	313
	Level 3	Unlisted investment funds	Net asset values provided by investment fund companies, which are determined using internationally recognized valuation guidelines	Cost of capital and growth Market multipliers Cash flow forecasts	49	45
Receivables from derivatives	Level 2	Currency and commodity derivatives	Discounted cash flow method based on exchange rates at the European Central Bank, observable yield structure curves, exchange rate volatilities, commodity prices, and credit default premiums	–	74	73
	Level 3	Commodity derivatives	Discounted cash flow method based on future commodity price trends	Development of energy prices Volume assessments Quality factors	74	–
Liabilities from derivatives	Level 2	Currency and commodity derivatives	Discounted cash flow method based on exchange rates at the European Central Bank, observable yield structure curves, exchange rate volatilities, commodity prices, and credit default premiums	–	-172	-76
	Level 3	Commodity derivatives	Discounted cash flow method based on future commodity price trends	Development of energy prices Volume assessments Quality factors	–	-66

For the shares in **Borussia Dortmund GmbH & Co. KGaA,** a rise or fall of 10 percent in the share price would result in an increase or decrease in the other equity components of €4 million (2022: €3 million).

For the 7.5 percent shareholding in **Vivawest GmbH**, an increase in the cost of capital accompanied by a drop in sales growth of 10 percent in each case would reduce the fair value by €135 million (2022: €182 million). A reduction in the cost of capital accompanied by an increase in sales growth of 10 percent in each case would increase the fair value by €158 million (2022: €257 million).

The other **unlisted equity instruments** comprise a mid-double-digit number of investments whose individual fair values are immaterial in a range of €0 million to €9 million. €67 million of this amount (2022: €65 million) comprises equity investments resulting from venture capital activities. A 10 percent relative change in the key valuation parameters (segment-specific cost of capital, sustained dividend expectations, EBITDA multiple) does not result in a material change in the fair values. There is no intention of selling these investments.

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

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

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

in € million	Other investments	Loans	Securities and similar claims	Trade accounts receivable	Receivables/ liabilities from derivatives	**Total**
As of January 1, 2022	**476**	**12**	**43**	**29**	**–**	**560**
Additions/disposals	22	-5	2	-29	–	-10
Gains and losses in the period recognized outside of profit or loss	-160	–	–	–	–	-160
Gains and losses in the period recognized in profit or loss (other financial income/expense)	–	–	3	–	–	3
As of June 30, 2022	**338**	**7**	**48**	**–**	**–**	**393**
As of January 1, 2023	**290**	**6**	**49**	**–**	**74**	**419**
Additions/disposals	5	-3	1	–	–	3
Gains and losses in the period recognized outside of profit or loss	-33	–	–	–	-140	-173
Gains and losses in the period recognized in profit or loss (other financial income/expense)	–	–	-5	–	–	-5
As of June 30, 2023	**262**	**3**	**45**	**–**	**-66**	**244**

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

8.2 Related parties

Following the resolution adopted at the annual shareholders' meeting on May 31, 2023, the dividend for fiscal 2022 was paid out in the second quarter. RAG-Stiftung, Essen (Germany) received €297 million.

There have not been any other material changes in the business relationships with related parties since December 31, 2022.

8.3 Contingent receivables and liabilities

There have not been any material changes in contingent receivables and liabilities since December 31, 2022.

8.4 Events after the reporting date

No material events have occurred since the reporting date.

8.5 Date of preparation of the financial statements

The executive board of Evonik Industries AG prepared the consolidated interim financial statements and interim management report at its meeting on July 26, 2023 and approved them for publication. They were submitted to the audit committee for its meeting on August 3, 2023.

Essen, July 26, 2023

Evonik Industries AG
The Executive Board

Kullmann Dr. Schwager

Schuh Wessel

Responsibility statement

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

Essen, July 26, 2023

Evonik Industries AG
The Executive Board

Kullmann Dr. Schwager

Schuh Wessel

Review Report

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

To Evonik Industries AG, Essen
We have reviewed the condensed consolidated interim financial statements of Evonik Industries AG, Essen/Germany, – comprising the Income statement, Statement of comprehensive income, Balance sheet, Statement of changes in equity, Cash flow statement and selected explanatory Notes – together with the interim group management report of Evonik Industries AG, for the period from January 1 to June 30, 2023 that are part of the half year financial report according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in material respects, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Essen, July 27, 2023
KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

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

Financial calendar

Financial calendar 2023/24

Event	Date
Interim report Q3 2023	November 7, 2023
Report on Q4 2023 and FY 2023	March 4, 2024
Interim report Q1 2024	May 8, 2024
Annual shareholders' meeting 2024	June 4, 2024
Interim report Q2 2024	August 1, 2024
Interim report Q3 2024	November 5, 2024

Credits

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The English version is a translation of the German original report and is provided for information only.