2025

Half-Year Financial Report

January 1 to June 30, 2025

LANXESS
Energizing Chemistry

LANXESS GROUP KEY DATA

Key Data

€ million	Q2 2024	Q2 2025	Change %	H1 2024	H1 2025	Change %
Sales	1,678	1,466	(12.6)	3,285	3,067	(6.6)
Gross profit	364	327	(10.2)	644	649	0.8
Gross profit margin	21.7%	22.3%		19.6%	21.2%	
EBITDA pre exceptionals[1]	181	150	(17.1)	282	283	0.4
EBITDA margin pre exceptionals[1]	10.8%	10.2%		8.6%	9.2%	
EBITDA[1]	169	188	11.2	252	300	19.0
EBIT pre exceptionals[1]	42	19	(54.8)	4	17	> 100
EBIT[1]	28	(29)	< (100)	(29)	(52)	(79.3)
EBIT margin[1]	1.7%	(2.0%)		(0.9%)	(1.7%)	
Net income	(16)	(45)	< (100)	(114)	(102)	10.5
Weighted average number of shares outstanding	86,346,303	86,346,303	–	86,346,303	86,346,303	–
Earnings per share (€)	(0.19)	(0.52)	< (100)	(1.32)	(1.18)	10.6
Adjusted earnings per share (€)[2]	0.60	0.59	(1.7)	0.51	0.82	60.8
Cash flow from operating activities	145	96	(33.8)	97	30	(69.1)
Depreciation and amortization	141	217	53.9	281	352	25.3
Cash outflows for capital expenditures	62	65	4.8	101	110	8.9
Total assets				9,711[5]	8,427	(13.2)
Equity (including non-controlling interests)				4,592[5]	3,996	(13.0)
Equity ratio[3]				47.3%[5]	47.4%	
Provisions for pensions and other post-employment benefits				429[5]	430	0.2
Net financial liabilities[4]				2,381[5]	2,069	(13.1)
Employees (as of June 30)				12,338[5]	11,901	(3.5)

1) EBIT: Earnings before interest and taxes.
EBIT pre exceptionals: EBIT before exceptional charges and income.
EBIT margin: EBIT in relation to sales.
EBITDA: EBIT before depreciation of property, plant and equipment and amortization of intangible assets, less reversals of impairment charges on property, plant, equipment and intangible assets.
EBITDA pre exceptionals: EBITDA before exceptional charges and income.
EBITDA margin pre exceptionals: EBITDA pre exceptionals in relation to sales.
Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.
2) Adjusted earnings per share: earnings per share disregarding exceptional items, amortization of intangible assets and attributable tax effects, and result from investments accounted for using the equity method.
Please see "Net Income/Earnings Per Share/Adjusted Earnings Per Share" for details.
3) Equity ratio: equity in relation to total assets.
4) Net financial liabilities: sum of current and non-current financial liabilities (adjusted for liabilities for accrued interest) less cash, cash equivalents and near-cash assets. Please see "Statement of Financial Position and Financial Condition" for details.
5) Balance sheet date December 31, 2024.

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INTERIM GROUP MANAGEMENT REPORT as of June 30, 2025

- Sale of the Urethane Systems business unit successfully completed on April 1
- Debt further reduced to €2,069 million
- Sales in all segments down year-on-year in the second quarter due especially to portfolio and volume effects
- Persistently challenging market environment, particularly in the agrochemical and construction industries
- EBITDA pre exceptionals down year-on-year in the second quarter, at €150 million, due mainly to portfolio changes
- EBITDA margin pre exceptionals of 10.2% in the second quarter
- Adjusted earnings per share of €0.59 in first quarter after €0.60 in previous year
- Guidance for fiscal year 2025 adjusted: EBITDA pre exceptionals between €520 million and €580 million, including a burden resulting from supply restrictions for chlorine, currently estimated at €10 million

GROUP STRUCTURE AND BUSINESS ACTIVITY

Legal Structure

LANXESS AG is the parent company of the LANXESS Group and functions largely as a management holding company. LANXESS Deutschland GmbH is a wholly owned subsidiary of LANXESS AG and in turn controls the other subsidiaries and affiliates in Germany and abroad.

A list of the principal direct and indirect subsidiaries of LANXESS AG and a description of the Group's management and control organization are provided on page 32 of the Annual Report 2024 and in the "Companies consolidated" section of the Notes to the Condensed Consolidated Interim Financial Statements as of June 30, 2025.

Material business transactions

On April 1, 2025, LANXESS successfully completed the sale of the Urethane Systems business unit, previously reported under "All other segments," to the Japanese UBE Corporation. The divested Urethane Systems business includes five production sites worldwide and application development laboratories in the United States, Europe and China. UBE Corporation has taken over operations with a total of around 400 employees. Urethane Systems has an enterprise value of €460 million. LANXESS used the proceeds from the sale to further reduce its debt. With this sale, LANXESS divested its last remaining polymer business.

In accordance with IFRS 5, the assets and liabilities to be disposed of were reported as held for sale until March 31, 2025. The Urethane Systems business unit's intangible assets and property, plant and equipment were recognized at the lower of carrying amount and fair value less costs to sell and were not subject to further amortization or depreciation after October 1, 2024.

In connection with the continuous optimization of its production network, LANXESS discontinued hexane oxidation production at the site in Krefeld-Uerdingen, Germany, already at the end of the second quarter of 2025. The Board of Management also decided to shut down production at the site in Widnes, United Kingdom, and improve efficiency at the site in El Dorado, United States. These plans are scheduled to be implemented in 2026, thus contributing to an improvement in earnings. Most of the exceptional charges related to these measures were recognized already in the second quarter of 2025.

ECONOMIC ENVIRONMENT AND BUSINESS DEVELOPMENT

Business conditions

General economic situation

In the second quarter, the global economy grew by 2.5% compared to the prior-year period. The Asia-Pacific region saw particularly significant growth of 4.3%, while growth rates in the EMEA and Americas regions were below the global average at 1.5% and 1.6%, respectively.

Evolution of major industries

Global growth in the chemical industry was below expectations in the second quarter, at 1.8%. Global automotive production was down overall year-on-year in the reporting period, with the EMEA and Asia-Pacific regions both seeing even more significant declines. The construction industry posted a slight increase compared to the same quarter of the previous year. This was also driven mainly by growth in the Asia-Pacific region. The overall agrochemicals market recorded comparably stronger growth that was driven particularly by the Americas region, while the EMEA region was almost stagnant.

Sales

Sales of the LANXESS Group in the second quarter of 2025 amounted to €1,466 million, down €212 million or 12.6% from the previous year's figure. In the same quarter of the previous year, sales had amounted to €1,678 million. The sales performance was marked above all by the divestment of the Urethane Systems business unit and weak demand overall, particularly due to a challenging market environment for agrochemicals and construction. The divestment of the Urethane Systems business with effect from April 1, 2025, resulted in a negative portfolio effect on sales of 4.0%. Lower sales volumes in nearly all business units led to a decline in sales of 3.7% overall at Group level. Shifts in exchange rates also reduced sales by 2.6%. Lower selling prices resulting mostly from lower raw material costs reduced sales by 2.3%.

In the first six months of fiscal year 2025, sales decreased by €218 million, or 6.6%, to €3,067 million. In the previous year, half-year sales had amounted to €3,285 million. The portfolio effect resulting from the divestment of the Urethane Systems business unit also reduced sales in the first half of the year. The sales performance was also impacted by lower selling prices that resulted partly from a decline in raw material costs. After positive impulses in some industries in the first quarter, lower sales volumes in the second quarter also led to a decline in sales overall in the first half of the year. Exchange rate developments also reduced sales. Adjusted for portfolio and currency effects, the LANXESS Group reported an operational decline of 3.8% in sales in the first half of the year.

Effects on Sales

%	Q2 2025	H1 2025
Price	(2.3)	(3.0)
Volume	(3.7)	(0.8)
Currency	(2.6)	(0.7)
Portfolio	(4.0)	(2.1)
	(12.6)	**(6.6)**

In a generally persistently weak global economic environment, the Group reported lower sales than in the previous year, in both the second quarter and in the first six months, due to price and volume effects. While all segments reported lower sales in both reporting periods due to price effects, only the Advanced Intermediates segment registered a positive volume effect on sales in the first quarter. Sales in "All other segments" were also down against the prior-year figures in both reporting periods. Until the divestment of our Urethane Systems business unit effective April 1, 2025, most of the sales reported in this segment were attributable to that business in 2025 and the prior year. Please see the following table and "Segment Information" for details.

Sales by Segment

€ million	Q2 2024	Q2 2025	Change %	Proportion of Group sales %	H1 2024	H1 2025	Change %	Proportion of Group sales %
Consumer Protection	561	489	(12.8)	33.4	1,070	1,002	(6.4)	32.7
Specialty Additives	568	528	(7.0)	36.0	1,134	1,073	(5.4)	35.0
Advanced Intermediates	478	446	(6.7)	30.4	943	922	(2.2)	30.0
All Other Segments	71	3	(95.8)	0.2	138	70	(49.3)	2.3
	1,678	**1,466**	**(12.6)**	**100.0**	**3,285**	**3,067**	**(6.6)**	**100.0**

Order Book Status

Most of our business is not subject to long-term agreements on fixed purchase quantities or prices. Instead, our business is characterized by long-standing relationships with customers and revolving master agreements. Our activities are focused on demand-driven orders with relatively short lead times, which do not provide a basis for long-term, forward-looking statements about our capacity utilization or volumes. Our business is managed primarily on the basis of regular Group-wide forecasts with respect to the Group's operating target. Any disclosure of the Group's order book status at a given reporting date therefore would not be indicative of the Group's short or medium-term earning power.

For this reason, no such disclosure is made in this report.

Gross profit

The cost of sales decreased by 13.3% year-on-year, to €1,139 million. In the prior-year quarter, it amounted to €1,314 million. The decline resulted mainly from a portfolio-driven reduction in costs due to the divestment of our Urethane Systems business unit effective April 1, 2025, lower purchase prices for raw materials and reduced sales volumes. Shifts in exchange rates also led to lower manufacturing costs. In addition, an emission rights sale was undertaken to compensate persistently high German energy costs compared to international levels that have distorted competition. Gross profit was €327 million, down €37 million or 10.2% from the prior-year quarter. Gross profit was reduced particularly by lower sales volumes and the divestiture of the Urethane Systems business unit, as well as by shifts in exchange rates. Lower procurement prices for raw materials were reflected in reduced selling prices. The gross margin of 22.3% was above the previous year's figure of 21.7%.

In the first half of the year, the cost of sales was down by 8.4%, from €2,641 million in the previous year, at €2,418 million. Gross profit was €649 million, which was up slightly by €5 million, or 0.8%, above the prior-year level. The gross margin of 21.2% was also above the previous year's figure of 19.6%.

EBITDA pre exceptionals and operating result (EBIT)

At €150 million, the operating result before depreciation, amortization, write-downs and reversals (EBITDA), pre exceptionals in the second quarter of 2025 was €31 million lower than the prior-year quarter's figure of €181 million. Generally weaker demand was associated with lower sales volumes in all segments. The sale of the Urethane Systems business unit also played a major part in the decline in EBITDA pre exceptionals. Additionally, all segments reported lower prices for raw materials which, together with sustained price pressure from Asia in some areas of business, resulted in lower selling prices. Exchange rate changes also had a negative impact on the segments' earnings performance. The weak global economic environment in the chemical industry and a continuing tense economic situation in the second quarter of 2025 led to a decline in earnings in the Advanced Intermediates and Specialty Additives segments. The Consumer Protection segment posted a slight increase in earnings. There were positive impacts stemming, among other factors, from an insurance payment and savings under the FORWARD! action plan. Please see the table below and "Segment Information" for details on the individual segments.

All functional cost areas benefited from portfolio-related lower costs resulting from the sale of our Urethane Systems business unit as of April 1, 2025, and from cost savings through the FORWARD! action plan. In addition, selling expenses decreased by 5.7% compared to the value in the same quarter of the previous year, in particular due to shifts in exchange rates and volume trends, and amounted to €217 million. Research and development expenses amounted to €24 million compared to €27 million in the same period of the previous year, while general administrative expenses, at €64 million, were nearly on a level with the prior-year figure of €63 million. The Group EBITDA margin pre exceptionals was 10.2%, against 10.8% in the prior-year quarter.

Group EBITDA pre exceptionals amounted to €283 million in the first half of the year, €1 million higher than the previous year's figure of €282 million. In the first half of the year, all segments reported lower purchase prices for raw materials, which resulted in lower selling prices. The sale of our Urethane Systems business unit with effect from April 1, 2025, resulted in a negative portfolio effect at Group level. Our Consumer Protection and Advanced Intermediates segments registered higher sales volumes in some markets that, however, were not sufficient to offset persistently weak demand from the construction industry in the Specialty Additives segment. EBITDA pre exceptionals was reduced slightly by shifts in exchange rates. Savings under the FORWARD! action plan had a positive effect in all segments and functional cost areas. The individual functional cost areas also registered lower costs for portfolio- and currency-related reasons. Selling expenses declined by €10 million compared with the first half of the previous year, to €443 million. Research and development expenses amounted to €53 million compared to €55 million in the same period of the previous year, while general administrative expenses fell by €3 million to €128 million.

EBITDA Pre Exceptionals by Segment

€ million	Q2 2024	Q2 2025	Change %	H1 2024	H1 2025	Change %
Consumer Protection	80	87	8.8	129	160	24.0
Specialty Additives	70	58	(17.1)	118	110	(6.8)
Advanced Intermediates	58	44	(24.1)	95	84	(11.6)
All Other Segments	(27)	(39)	(44.4)	(60)	(71)	(18.3)
	181	**150**	**(17.1)**	**282**	**283**	**0.4**

The Group operating result (EBIT) fell significantly from €28 million to minus €29 million in the second quarter. This decline was mainly attributable to exceptional items related to the optimization of our production network. Compared to the same quarter of the previous year, depreciation, amortization and write-downs of intangible assets and property, plant and equipment increased by €76 million, from €141 million to €217 million. The increase was mainly attributable to write-downs of €86 million, which were included in exceptional items and were primarily in connection with the planned adjustment of the production network. Write-downs of €2 million were recognized in the prior-year quarter. Other operating income and expenses in the second quarter included net negative exceptional items of €48 million, comprising exceptional charges of €129 million and exceptional income of €81 million. The exceptional charges were mainly related to the optimization of our production network. The exceptional income resulted primarily from the divestiture of the Urethane Systems business unit. Overall, €38 million of the exceptional items were recognized in EBITDA as income. In the prior-year quarter, negative exceptional items of €14 million were incurred, €12 million of which impacted EBITDA. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

In the first half of the year, LANXESS posted EBIT of minus €52 million, compared to minus €29 million a year earlier. Depreciation on property, plant and equipment and amortization on intangible assets rose by €71 million, from €281 million to €352 million. The increase in the first half of the year was also mainly attributable to write-downs. These amounted to €87 million and also resulted primarily from the planned adjustment of the production network. Write-downs of €3 million were recognized in the prior-year period. Other operating income in the first half of 2025 included net negative exceptional items of €69 million, comprising exceptional charges of €150 million and exceptional income of €81 million. The exceptional charges were mainly incurred in connection with the planned adjustment of the production network. The exceptional income resulted from the divestiture of the Urethane Systems business unit. Overall, €17 million of the exceptional items were recognized in EBITDA as income. In the prior-year period, net negative exceptional items of €33 million were incurred, €30 million of which impacted EBITDA. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Reconciliation of EBITDA Pre Exceptionals to EBIT

€ million	Q2 2024	Q2 2025	Change %	H1 2024	H1 2025	Change %
EBITDA pre exceptionals	**181**	**150**	**(17.1)**	**282**	**283**	**0.4**
Depreciation and amortization	(141)	(217)	(53.9)	(281)	(352)	(25.3)
Exceptional items in EBITDA	(12)	38	>100	(30)	17	>100
Operating result (EBIT)	**28**	**(29)**	**<(100)**	**(29)**	**(52)**	**(79.3)**

Financial result

The financial result amounted to minus €26 million in the second quarter of 2025. In the prior-year quarter, the financial result was minus €40 million. The result from investments accounted for using the equity method in Envalior GmbH, Cologne (Germany), and Viance LLC, Wilmington (United States) amounted to minus €28 million in total after minus €27 million in the previous year. The net interest result was minus €9 million compared to minus €11 million in the prior-year quarter. The other financial result was €11 million, compared to minus €2 million in the first quarter of the previous year.

The financial result for the first half of 2025 was minus €64 million compared with minus €102 million in the previous year. The result from investments accounted for using the equity method in Envalior GmbH and Viance LLC amounted to minus €59 million in total after minus €73 million in the first half of the previous year. The net interest result was minus €19 million compared with minus €20 million in the previous year. The other financial result in the reporting period was €14 million, after minus €9 million in the prior-year period, and was mainly related to the measurement of the shareholder loan granted to Envalior GmbH.

Income before income taxes

Earnings before income taxes declined particularly as a result of the exceptional items recognized in the operating result and came in at minus €55 million in the second quarter after minus €12 million in the same quarter of the previous year. The effective tax rate was 18.2%, against 33.3% in the prior-year quarter. Both figures are of limited informative value because they are heavily impacted by the result from investments accounted for using the equity method.

In a half-year comparison, income before income taxes was minus €116 million after minus €131 million in the previous year. The tax rate was 12.1% in the first half of the year after 13.0% in the previous year. Here as well, the effective tax rate is of limited informative value.

Net income/earnings per share/adjusted earnings per share

Net income in the second quarter was minus €45 million, compared with a prior-year figure of minus €16 million. In a half-year comparison, net income was minus €102 million after minus €114 million in the first six months of the previous year.

Earnings per share are calculated by dividing net income by the weighted average number of LANXESS shares outstanding during the reporting period. At minus €0.52, EPS was below the previous year's figure of minus €0.19 in a quarterly comparison. Earnings per share amounted to minus €1.18 in the first half of the year, compared with minus €1.32 in the same period of the previous year.

Earnings per Share

	Q2 2024	Q2 2025	H1 2024	H1 2025
Net income (€ million)	**(16)**	**(45)**	**(114)**	**(102)**
Weighted average number of shares outstanding	86,346,303	86,346,303	86,346,303	86,346,303
Earnings per share (€)	**(0.19)**	**(0.52)**	**(1.32)**	**(1.18)**

We also calculate adjusted earnings per share, which are not defined by International Financial Reporting Standards. This value was calculated from the net income adjusted for exceptional items, amortization of intangible assets and attributable tax effects. As we do not have a controlling influence on the operating business of equity-accounted investments due to our minority shareholdings, we also adjust net income for the earnings from equity-accounted investments.

Adjusted earnings per share were €0.59 in the second quarter and €0.82 in the first half of 2025, compared with €0.60 and €0.51 in the respective prior-year periods.

Reconciliation to Adjusted Earnings per Share

€ million	Q2 2024	Q2 2025	H1 2024	H1 2025
Net income	**(16)**	**(45)**	**(114)**	**(102)**
Exceptional items[1]	14	48	33	69
Amortization of intangible assets[1]	40	37	81	76
Income taxes[1]	(13)	(17)	(29)	(31)
Result from investments accounted for using the equity method	27	28	73	59
Adjusted net income	**52**	**51**	**44**	**71**
Weighted average number of shares outstanding	86,346,303	86,346,303	86,346,303	86,346,303
Adjusted earnings per share (€)	**0.60**	**0.59**	**0.51**	**0.82**

1) Excluding items attributable to non-controlling interests.

BUSINESS DEVELOPMENT BY REGION

Sales by Market

	Q2 2024		Q2 2025		Change	H1 2024		H1 2025		Change
	€ million	%	€ million	%	%	€ million	%	€ million	%	%
EMEA (excluding Germany)	512	30.5	454	31.0	(11.3)	1,007	30.6	925	30.2	(8.1)
Germany	257	15.3	242	16.5	(5.8)	548	16.7	526	17.1	(4.0)
Americas	591	35.2	509	34.7	(13.9)	1,123	34.2	1,064	34.7	(5.3)
Asia-Pacific	318	19.0	261	17.8	(17.9)	607	18.5	552	18.0	(9.1)
	1,678	**100.0**	**1,466**	**100.0**	**(12.6)**	**3,285**	**100.0**	**3,067**	**100.0**	**(6.6)**

The divestiture of the Urethane Systems business unit effective April 1, 2025, resulted in negative portfolio effects, particularly in the Americas, Asia-Pacific and EMEA (excluding Germany) regions.

Sales in the **EMEA** (excluding Germany) region fell by €58 million, or 11.3%, to €454 million in the second quarter of 2025. Adjusted for marginally negative currency effects and for portfolio effects, sales decreased by 8.9%. While business in the Consumer Protection segment shrank by a low double-digit percentage compared with the same quarter of the previous year, the Advanced Intermediates and Specialty Additives segments reported a contraction only in the high and low single-digit percentages, respectively.

In the first half of 2025, sales in the EMEA region (excluding Germany) fell by €82 million, or 8.1%, to €925 million. Adjusted for marginally positive currency effects and for portfolio effects, sales decreased by 7.0%. The Consumer Protection segment posted a decline in sales in the high single-digit percentage range, while the other two segments reported declines in only the mid-single-digit percentage range.

Largely unaffected by shifts in exchange rates and with only minimal portfolio effects, sales in **Germany** declined by €15 million, or 5.8%, against the prior-year figure, to €242 million. The Advanced Intermediates and Specialty Additives segments accounted for the largest share of this trend, with sales declines in the mid-to-high single-digit percentage range, while sales in the Consumer Protection segment were down only slightly against the prior-year figure.

Largely unaffected by shifts in exchange rates and with only minimal portfolio effects, sales in Germany in the first half of 2025 declined by €22 million, or 4.0%, to €526 million. The Specialty Additives and Advanced Intermediates segments accounted for a material share of this development, with business declining in the high and mid-single-digit percentage ranges, respectively. Sales in the Consumer Protection segment improved slightly year-on-year.

Sales in the **Americas** region fell by €82 million, or 13.9%, to €509 million in the second quarter of 2025. Adjusted for negative currency effects and portfolio effects, sales decreased by 3.7%. While the Consumer Protection and Specialty Additives segments registered declines in the high and mid-single-digit percentage ranges, respectively, the Advanced Intermediates segment posted a high single-digit percentage sales increase compared with the prior-year period.

In the first half of 2025, sales in the Americas region declined by €59 million, or 5.3%, to €1,064 million. Adjusted for negative currency effects and portfolio effects, sales decreased by 0.9%. This development was essentially due to the Specialty Additives and Consumer Protection segments, where business contracted by a low-double-digit percentage. By contrast, sales in the Advanced Intermediates segment rose by a high single-digit percentage compared with the same period of the previous year.

Sales in the **Asia-Pacific** region fell by €57 million, or 17.9%, in the second quarter, to €261 million. Adjusted for negative currency and portfolio effects, sales decreased by 7.5%. This business performance was driven by low double-digit percentage sales declines in the Consumer Protection and Advanced Intermediates segments, while sales in the Specialty Additives segment were almost level.

In the first half of 2025, sales in this region declined by €55 million, or 9.1%, to €552 million. After adjusting for negative currency and portfolio effects, sales decreased by 4.3%. In particular, the Consumer Protection segment reported a business contraction in the high single-digit percentage range, while the Advanced Intermediates and Specialty Additives segments reported a relative sales reduction in only the low single-digit range.

SEGMENT INFORMATION

Consumer Protection

	Q2 2024		Q2 2025		Change	H1 2024		H1 2025		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	561		489		(12.8)	1,070		1,002		(6.4)
EBITDA pre exceptionals	80	14.3	87	17.8	8.8	129	12.1	160	16.0	24.0
EBITDA	80	14.3	71	14.5	(11.3)	129	12.1	144	14.4	11.6
Operating results (EBIT) pre exceptionals	33	5.9	41	8.4	24.2	36	3.4	68	6.8	88.9
Operating result (EBIT)	33	5.9	(20)	(4.1)	<(100)	36	3.4	7	0.7	(80.6)
Cash outflows for capital expenditures	17		17		0.0	29		27		(6.9)
Depreciation and amortization	47		91		93.6	93		137		47.3
Employees as of June 30 (previous year: as of Dec. 31)	3,439		3,419		(0.6)	3,439		3,419		(0.6)

In our **Consumer Protection** segment, sales amounted to €489 million in the second quarter of 2025, down 12.8% on the previous year's figure. The Liquid Purification Technologies business unit posted an increase in sales volumes, while the remaining business units of the segment registered weaker demand. Here persisting weak demand particularly from our customers in the agrochemicals sector led to lower sales volumes in the Saltigo business unit. At segment level, sales decreased by 5.5% overall due to lower volumes. Lower procurement prices for raw materials resulted in lower selling prices, which reduced segment sales by 4.6%. Shifts in exchange rates, particularly for the U.S. dollar, negatively impacted all business units and reduced sales of the segment by 2.7% overall. Sales in all regions were below the level of the prior-year quarter.

At €87 million, EBITDA pre exceptionals in the Consumer Protection segment was €7 million, or 8.8%, above the figure of €80 million in the same quarter of the previous year. Insurance proceeds and cost savings from the FORWARD! action plan had a positive effect on earnings and profitability. Lower procurement prices for raw materials were reflected in lower selling prices. The earnings performance was impacted by lower sales volumes for the Saltigo and Flavors & Fragrances business units. Changes in exchange rates also had a negative effect. The EBITDA margin pre exceptionals improved to 17.8% overall from 14.3% in the prior-year quarter despite the persisting challenging market environment in agrochemicals.

The Consumer Protection segment posted sales of €1,002 million in the first half of 2025, down 6.4% from the same period a year ago. At segment level, sales decreased by 4.9% due to lower selling prices. In particular, lower purchase prices for raw materials led to a decrease in selling prices. With the exception of Liquid Purification Technologies, all business units of the segment reported lower sales volumes that reduced sales by 0.5% at segment level.

The segment's EBITDA pre exceptionals rose by 24.0%, to €160 million, in the first half of 2025. The EBITDA margin pre exceptionals was 16.0%, against 12.1% in the prior-year period.

In the second quarter and the first half of the current year, the segment reported negative exceptionals of €61 million, of which €16 million impacted EBITDA. The negative exceptional items primarily pertained to charges in connection with the planned discontinuation of business activities at the Widnes site, United Kingdom, of our Flavors & Fragrances business unit. The segment did not report any exceptionals in the second quarter and first half of the previous year. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Specialty Additives

	Q2 2024		Q2 2025		Change	H1 2024		H1 2025		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	568		528		(7.0)	1,134		1,073		(5.4)
EBITDA pre exceptionals	70	12.3	58	11.0	(17.1)	118	10.4	110	10.3	(6.8)
EBITDA	70	12.3	57	10.8	(18.6)	118	10.4	109	10.2	(7.6)
Operating results (EBIT) pre exceptionals	22	3.9	14	2.7	(36.4)	23	2.0	19	1.8	(17.4)
Operating result (EBIT)	22	3.9	(23)	(4.4)	<(100)	23	2.0	(18)	(1.7)	<(100)
Cash outflows for capital expenditures	24		27		12.5	38		40		5.3
Depreciation and amortization	48		80		66.7	95		127		33.7
Employees as of June 30 (previous year: as of Dec. 31)	2,987		2,967		(0.7)	2,987		2,967		(0.7)

Sales in our **Specialty Additives** segment amounted to €528 million in the second quarter of 2025, down 7.0% on the prior-year figure. Demand remained at a low level, particularly in the construction and automotive industries, which led to a reduction in sales volumes in all business units compared with the prior-year quarter. Overall, there was a negative volume effect of 3.2% at the segment level. Shifts in exchange rates, particularly for the U.S. dollar, negatively impacted all business units and reduced sales of the segment by 3.3% overall. Additionally, lower raw material prices led to lower selling prices and a sales decline of 0.5% overall at segment level. Sales in all regions were below the level of the prior-year quarter.

EBITDA pre exceptionals in the Specialty Additives segment fell by €12 million, or 17.1%, to €58 million in the second quarter of 2024. Lower sales volumes, attributable to weaker demand, and higher energy costs had a negative impact on earnings in all business units of the segment. Earnings were also impacted by disadvantageous currency effects. Lower procurement prices for raw materials led to reduced selling prices. Further cost savings through the FORWARD! action plan had a positive impact on earnings. The EBITDA margin pre exceptionals was 11.0%, against 12.3% in the previous year.

In the first half of 2025, the Specialty Additives segment generated sales of €1,073 million, a year-on-year drop of 5.4%. As in the quarterly comparison, the 3.0% decline in sales resulted particularly from lower sales volumes compared with the prior-year period due to weaker demand in all business units of the segment. Weak demand from the construction and automotive industries had an especially significant impact, while lower selling prices also diminished sales. At segment level, there was a price-driven sales decline of 1.4%. Shifts in exchange rates also had a slightly negative effect on sales.

The segment's EBITDA pre exceptionals decreased by 6.8% to €110 million in the first half of 2025. The EBITDA margin pre exceptionals amounted to 10.3%, against 10.4% in the previous year.

In the second quarter and the first half of the current year, the segment reported negative exceptionals of €37 million, of which €1 million impacted EBITDA. The exceptional items were primarily related to charges relating to the optimization of the Polymer Additives business unit's production site in El Dorado, United States. The segment did not report any exceptionals in the second quarter and first half of the previous year. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Advanced Intermediates

	Q2 2024		Q2 2025		Change	H1 2024		H1 2025		Change
	€ million	Margin %	€ million	Margin %	%	€ million	Margin %	€ million	Margin %	%
Sales	478		446		(6.7)	943		922		(2.2)
EBITDA pre exceptionals	58	12.1	44	9.9	(24.1)	95	10.1	84	9.1	(11.6)
EBITDA	59	12.3	43	9.6	(27.1)	96	10.2	83	9.0	(13.5)
Operating results (EBIT) pre exceptionals	30	6.3	17	3.8	(43.3)	39	4.1	30	3.3	(23.1)
Operating result (EBIT)	30	6.3	16	3.6	(46.7)	39	4.1	29	3.1	(25.6)
Cash outflows for capital expenditures	18		20		11.1	29		38		31.0
Depreciation and amortization	29		27		(6.9)	57		54		(5.3)
Employees as of June 30 (previous year: as of Dec. 31)	2,789		2,815		0.9	2,789		2,815		0.9

Our **Advanced Intermediates** segment reported sales of €446 million in the second quarter of 2025, down 6.7%, or €32 million, compared to the prior-year period. The decline in sales was attributable to lower sales volumes in both business units compared with the prior-year quarter due to weaker demand particularly from the construction and chemical industries. Overall, there was a negative volume effect of 2.7% at segment level. In addition, selling prices decreased on account of passing on lower prices for raw materials. There was a negative effect on sales of 2.1% overall at the segment level. Sales in the Americas region were above, but in all other regions below, the level of the prior-year quarter.

EBITDA pre exceptionals of the Advanced Intermediates segment amounted to €44 million, down 24.1% from €58 million in the prior-year quarter. Earnings and the margin were negatively impacted particularly by lower volumes in both business units due to weaker demand overall and by a lower capacity utilization. Additionally, the change in exchange rates had a negative influence on earnings development. Reduced purchase prices for raw materials resulted in a decrease in selling prices.

The segment's EBITDA margin pre exceptionals dropped to 9.9% after 12.1% in the prior-year period.

The Advanced Intermediates segment generated half-year sales in 2025 of €922 million, a year-on-year decrease of 2.2%. The sales performance of the two business units was characterized in particular by lower selling prices due to reduced purchase prices for raw materials. Lower selling prices had a negative sales effect of 3.1% at segment level. The Advanced Industrial Intermediates business unit reported a positive development in sales volumes compared to the same half of the previous year. Overall, this resulted in a positive sales effect of 1.4% at segment level.

The segment's EBITDA pre exceptionals decreased by 11.6% to €84 million in the first half of 2025. The EBITDA margin pre exceptionals amounted to 9.1%, against 10.1% in the previous year.

Negative exceptionals of €1 million that impacted EBITDA were reported in the second quarter and first half of the current year. In the prior-year quarter and the first half of the previous year, the segment reported positive exceptionals of €1 million and negative exceptionals of €1 million that impacted EBITDA. Please see “Notes on EBIT and EBITDA (Pre Exceptionals)” for details.

All Other Segments

	Q2 2024	Q2 2025	Change	H1 2024	H1 2025	Change
	€ million	€ million	%	€ million	€ million	%
Sales	71	3	(95.8)	138	70	(49.3)
EBITDA pre exceptionals	(27)	(39)	(44.4)	(60)	(71)	(18.3)
EBITDA	(40)	17	> 100	(91)	(36)	60.4
Operating results (EBIT) pre exceptionals	(43)	(53)	(23.3)	(94)	(100)	(6.4)
Operating result (EBIT)	(57)	(2)	96.5	(127)	(70)	44.9
Cash outflows for capital expenditures	3	1	(66.7)	5	5	0.0
Depreciation and amortization	17	19	11.8	36	34	(5.6)
Employees as of June 30 (previous year: as of Dec. 31)	3,123	2,700	(13.5)	3,123	2,700	(13.5)

Until the divestment of our Urethane Systems business unit as of April 1, 2025, the sales reported in **All other segments** in the current fiscal year and in the previous year were mainly attributable to this business. EBITDA pre exceptionals amounted to minus €39 million in the second quarter after minus €27 million in the same quarter of the previous year and to minus €71 million in the first six months after minus €60 million in the first half of the previous year, and essentially resulted from expenses for the business activities of the corporate functions. Furthermore, the sale of our

Urethane Systems business unit resulted in a negative portfolio effect at Group level. The decline in earnings both in the second quarter and the first half of the current year was driven by the absence of the contribution from the Urethane Systems business unit. By contrast, further savings under the FORWARD! action plan had a positive effect. There were net positive exceptional items of €51 million in the second quarter, comprising exceptional income of €81 million, mainly related to the divestment of the Urethane Systems business unit, and exceptional charges of €30 million. Exceptional charges mainly related to strategic IT projects, digitalization projects and M&A activities. There were net positive exceptional items of €30 million in the first six months of 2025, comprising exceptional income of €81 million and exceptional charges of €51 million, that were mainly attributable to the aforementioned factors as in the second quarter. In the previous year, net negative exceptional items had amounted to €14 million in the second quarter and €33 million in the first half. Please see "Notes on EBIT and EBITDA (Pre Exceptionals)" for details.

Reconciliation to EBIT/EBITDA

€ million	EBIT Q2 2024	EBIT Q2 2025	EBITDA Q2 2024	EBITDA Q2 2025	EBIT H1 2024	EBIT H1 2025	EBITDA H1 2024	EBITDA H1 2025
EBIT/EBITDA pre exceptionals	**42**	**19**	**181**	**150**	**4**	**17**	**282**	**283**
Consumer Protection	**0**	**(61)**	**0**	**(16)**	**0**	**(61)**	**0**	**(16)**
Adjustment of the production network[1]	–	(61)	–	(16)	–	(61)	–	(16)
Specialty Additives	**0**	**(37)**	**0**	**(1)**	**0**	**(37)**	**0**	**(1)**
Adjustment of the production network[2]	–	(37)	–	(1)	–	(37)	–	(1)
Advanced Intermediates	**0**	**(1)**	**1**	**(1)**	**0**	**(1)**	**1**	**(1)**
FORWARD!	(1)	(1)	0	(1)	(1)	(1)	0	(1)
Strategic realignment	1	–	1	–	1	–	1	–
All other segments	**(14)**	**51**	**(13)**	**56**	**(33)**	**30**	**(31)**	**35**
FORWARD!	0	(8)	0	(8)	(5)	(9)	(5)	(9)
Strategic IT projects (SAP S/4HANA and other IT applications)	(6)	(9)	(6)	(9)	(11)	(17)	(11)	(17)
M&A costs, digitalization and other[3]	(8)	68	(7)	73	(17)	56	(15)	61
Total exceptional items	**(14)**	**(48)**	**(12)**	**38**	**(33)**	**(69)**	**(30)**	**17**
EBIT/EBITDA	**28**	**(29)**	**169**	**188**	**(29)**	**(52)**	**252**	**300**

1) The exceptional items related to charges in the Flavors & Fragrances business unit pertaining to the planned discontinuation of production at the site in Widnes, United Kingdom.
2) The exceptional items related to charges in the Polymer Additives business unit pertaining to the more efficient design of production at the site in El Dorado, United States.
3) The special items in the second quarter and the first half of 2025 comprised income of €72 million from the successful divestment of the Urethane Systems business unit.

NOTES ON EBIT AND EBITDA (PRE EXCEPTIONALS)

In order to better assess our operational business and to steer earning power at Group level and for the individual segments, we additionally calculate the earnings indicators EBITDA, and EBITDA and EBIT pre exceptionals, none of which are defined by International Financial Reporting Standards. These indicators are viewed as supplementary to the data prepared according to IFRS; they are not a substitute.

EBITDA is calculated from the operating result (EBIT) by adding back depreciation and impairments of property, plant and equipment as well as amortization and impairments of intangible assets and subtracting reversals of impairment charges on property, plant, equipment and intangible assets.

EBIT pre exceptionals and **EBITDA pre exceptionals** are EBIT and EBITDA before exceptional items. The latter are effects that, by nature or extent, have a significant impact on the earnings position, but for which inclusion in the evaluation of business performance over several reporting periods does not seem to be appropriate. Exceptional items may include write-downs, as well as reversals of impairment charges or the proceeds from the disposal of assets, certain expenses for strategic projects in the fields of IT and digitalization, restructuring expenses and income from the reversal of provisions established in this connection, and reductions in earnings resulting from portfolio adjustments or purchase price allocations. Grants and subsidies from third parties for the acquisition and construction of property, plant and equipment are accounted for as deferred income using the gross method. In this respect, no adjustments other than for gross depreciation and amortization are made when calculating EBITDA pre exceptionals.

Every operational decision or achievement is judged in the short and long term by its sustainable impact on EBITDA pre exceptionals. As part of the annual budget planning, targets are set for this benchmark of our company's success, which are then taken into account in determining variable income components for the Board of Management, senior executives and the rest of the workforce.

The **earnings margins** are calculated from the ratios of the respective earnings indicators to sales. For example, the EBITDA margin (pre exceptionals) is calculated as the ratio of EBITDA (pre exceptionals) to sales and serves as an indicator to compare relative earning power at Group level and for the individual segments.

STATEMENT OF FINANCIAL POSITION AND FINANCIAL CONDITION

Structure of the statement of financial position

The total assets of the LANXESS Group amounted to €8,427 million as of June 30, 2025. This was down €1,284 million or 13.2% on the figure of €9,711 million as of December 31, 2024. The decline in total assets resulted mainly from the repayment of the Eurobond maturing in May 2025 with a nominal volume of €500 million, and from exchange differences on translation of operations outside the eurozone, due particularly to the development of the U.S. dollar. The equity ratio was stable, amounting to 47.4% at the end of the second quarter after 47.3% as of December 31, 2024.

Non-current assets fell by €645 million compared to the end of the year to €5,617 million as of June 30, 2025, due primarily to shifts in exchange rates. Compared to December 31, 2024, the carrying amount of intangible assets declined by €281 million to €2,250 million as of June 30, 2025, while the carrying amount of property, plant and equipment fell by €259 million to €2,197 million. In the first half of 2025, additions to non-current assets through investments in intangible assets and property, plant and equipment amounted to €129 million, compared to €123 million in the prior-year period. Depreciation, amortization and write-downs amounted to €352 million in the first six months, which was higher than the prior-year figure of €281 million particularly due to write-downs in the Flavors & Fragrances and Polymer Additives business units. Deferred tax assets amounted to €164 million, after €167 million as of December 31, 2024. The carrying amount of investments included in the consolidated financial statements using the equity method was €577 million as of June 30, 2025 after €696 million as of December 31, 2024, and essentially related to the non-controlling interest in Envalior GmbH, Cologne, Germany. Other investments increased from €10 million as of December 31, 2024, to €12 million as of June 30, 2025, particularly due to the share price development of Standard Lithium Ltd., Vancouver, Canada. Other non-current financial assets amounted to €287 million, compared to €274 million as of December 31, 2024. The ratio of non-current assets to total assets was 66.7%, up from 64.5% on December 31, 2024.

Current assets amounted to €2,810 million, down €639 million or 18.5% compared to December 31, 2024. The decline was chiefly attributable to the closing of the sale of the Urethane Systems business unit and the resulting disposal of assets held for sale of this business unit, as well as to the subsequent use of the received cash to repay the Eurobond maturing in May 2025 with a nominal volume of €500 million. In addition, trade receivables declined by €35 million to €615 million as of June 30, 2025, due to lower sales. Inventories were nearly unchanged at €1,362 million, against €1,348 million on December 31, 2024. Compared to December 31, 2024, cash and cash equivalents increased by €24 million to €323 million as of June 30, 2025, while near-cash assets fell from €316 million to €88 million. Other current financial assets were on a level with December 31, 2024, at €214 million, while other current assets increased by €18 million to €174 million. The ratio of current assets to total assets was 33.3%, compared with 35.5% as of December 31, 2024.

Equity fell by €596 million to €3,996 million as of June 30, 2025. The reduction in equity resulted mostly from the effects of exchange differences on translation of operations outside the eurozone recognized in other comprehensive income, due particularly to the development of the U.S. dollar, and from net income.

Non-current liabilities decreased by €82 million to €3,264 million as of June 30, 2025. Provisions for pensions and other post-employment benefits were on a level with December 31, 2024, at €430 million. At €274 million, other non-current provisions were down by €6 million from the figure of €280 million as of December 31, 2024. Other non-current financial liabilities fell from €2,428 million to €2,410 million in the first half of the year. The ratio of non-current liabilities to total assets was 38.7%, against 34.5% as of December 31, 2024.

Current liabilities, at €1,167 million, were €606 million below the level as of December 31, 2024, due mainly to the repayment of the Eurobond reported under other current financial liabilities and maturing in May 2025 with a nominal volume of €500 million. Trade payables fell by a total of €54 million to €594 million, due to a demand-related reduction in procured raw materials, lower procurement prices and currency effects. At €328 million, other short-term provisions were roughly level with the figure of €330 million as of December 31, 2024. The ratio of current liabilities to total assets was 13.8% as of June 30, 2025, after 18.3% at the end of 2024.

Financial condition and capital expenditures

Changes in the statement of cash flows

In the first six months of the 2025 fiscal year, there was total net cash inflow of €30 million from operating activities against €97 million in the prior-year period. The cash flows from operating activities were calculated using the indirect method. Earnings before income taxes improved from minus €131 million to minus €116 and were adjusted for non-cash effects such as the result from investments accounted for using the equity method of minus €59, after minus €73 million in the same period of the previous year. Additionally, earnings before income taxes were adjusted for gains of €76 million on disposals of intangible assets, property, plant and equipment and divestitures, which mainly consisted of income from the divestment of the Urethane Systems business unit in the first half of 2025. Non-cash amortization, depreciation and write-downs of intangible assets and property, plant and equipment, at €352 million, were up by €71 million against the prior-year figure of €281 million, due particularly to write-downs in the Flavors & Fragrances and Polymer Additives business units. The change in net working capital was reflected in a net cash outflow of €122 million as in the prior-year period that mainly resulted in the first half of 2025 from an increase in inventories, particularly due to preparations for regularly scheduled maintenance downtimes. The prior-year figure was attributable primarily to a demand-driven increase in trade receivables. The payment of income taxes resulted in a cash outflow of €23 million, after €17 million in the same period of the previous year.

There was a €568 million net cash inflow from investing activities in the first six months of 2025, compared with a net cash outflow of €51 million in the same period a year ago. The cash inflows in the first half of 2025 mainly comprised inflows of €441 million from the sale of the Urethane Systems business unit, less divested cash. In addition, the sale and purchase of shares of money market funds that can be sold at any time led to cash inflows and outflows for financial and other assets held for investment purposes totaling €231 million in the current year and €46 million in the previous year. Cash outflows for capital expenditures in intangible assets and property, plant and equipment amounted to €110 million, compared with €101 million in the prior-year period.

Financing activities resulted in a cash outflow of €563 million, after €64 million in the same period of the previous year. The cash outflow in the first half of 2025 was essentially due to the repayment of the Eurobond maturing in May 2025 with a nominal volume of €500 million. In addition, the repayment of lease liabilities, interest payments and other financial payments as well as the dividend distribution of €9 million to LANXESS's shareholders led to cash outflows.

Free cash flow – the difference between the cash inflows from operating activities and the cash used for capital expenditures for property, plant and equipment and intangible assets – amounted to minus €80 million in the first half of the year, after minus €4 million in the same period of the previous year.

Financing and liquidity

The principles and objectives of financial management discussed on page 59 of the Annual Report 2024 remained valid during the first half of the year. They are centered on a conservative financial policy built on long-term, secured financing.

Compared to the 2024 consolidated financial statements, cash and cash equivalents increased by €24 million to €323 million as of June 30, 2025, while near-cash assets fell from €316 million to €88 million. The Group's liquidity position remains sound overall.

Net financial liabilities are the total of current and non-current financial liabilities less liabilities for accrued interest, cash, cash equivalents and near-cash assets and amounted to €2,069 million as of June 30, 2025, after €2,381 million as of December 31, 2024.

The decline in net financial liabilities as of June 30, 2025, compared with the end of 2024 resulted chiefly from net cash provided by the sale of the Urethane Systems business unit and the net cash provided by operating activities. Among the opposing effects were capital expenditures in intangible assets and property, plant and equipment, interest payments, other financial payments and the dividend distribution to LANXESS's shareholders.

Net Financial Liabilities

€ million	Dec. 31, 2024	June 30, 2025
Non-current financial liabilities	2,428	2,410
Current financial liabilities	584	80
Less		
Liabilities for accrued interest	(16)	(10)
Cash and cash equivalents	(299)	(323)
Near-cash assets	(316)	(88)
Net financial liabilities	**2,381**	**2,069**

As of June 30, 2025, we had a small amount of financing items that were not reported in the statement of financial position in the form of short-term leases and leases of low value. LANXESS is also a contractual partner to a factoring agreement for the revolving sale of trade receivables with an agreed maximum volume of €150 million and US$60 million.

Capital expenditures

In light of the persisting tense economic situation and existing production capacity, our capital expenditure continues to focus mainly on the maintenance of existing plants at various locations, strategic plant optimization and expansion as well as projects to raise plant security, to improve quality and to comply with environmental protection regulations.

FUTURE PERSPECTIVES, OPPORTUNITIES AND RISKS

Outlook

The economic situation in our customer industries still did not yet show a recovery in the first half of 2025. There were moderately positive stimuli in a number of markets at the beginning of the year. However, they did not persist in the second quarter. The construction and automotive industries in particular encountered a weak market environment in the first half of 2025 without any indications of a consistent recovery. The market environment for agrochemicals remains challenging.

The general business environment continues to be marked by high uncertainty resulting, among other factors, from ongoing geopolitical tension as well as prolonged trade and tariff conflicts, particularly between the United States and China. Furthermore, Chinese suppliers in particular are exerting high competitive pressure that is noticeable in numerous industries.

In view of persistently weak demand and worsening global framework conditions, a challenging and tense market environment is expected in the chemical industry also in the second half of the year.

Due to the shift in the underlying conditions, with persistently weak markets characterized by consumer reticence and uncertainty, as well as an additional burden resulting from supply restrictions for chlorine, currently estimated at €10 million, we are adjusting our original guidance for EBITDA pre exceptionals of between €600 million and €650 million and now expect EBITDA pre exceptionals for the full year between €520 million and €580 million.

For the Consumer Protection segment, we expect a slight improvement compared with the previous year. We also continue to see positive impetus in the consumer goods sector. However, the earnings performance is being held back by a challenging market environment, particularly in the construction and agrochemical industries. Furthermore, we currently expect a negative impact of approximately €10 million on our production activities at the Dormagen site due to a force majeure situation of a chlorine supplier. The full extent of the burden is not yet predictable but limited to €25 million due to a deductible.

We expect the business performance in our Specialty Additives segment to be approximately in line with that of the previous year. We anticipate that the continuing weak market environment in the construction and automotive industries will largely offset the positive development in other industries. Our earnings performance continues to be supported by cost savings from our FORWARD! action plan.

For our Advanced Intermediates segment, we expect earnings in the reporting year to be moderately lower than the previous year's level. The earnings performance is being restrained by the persistently weak market environment in the construction industry and intensified competitive pressure from Asia, as a result of which we expect lower capacity utilization. The negative trend will be partly offset by savings enabled by the measures introduced in connection with our FORWARD! action plan.

In "All other segments," we still expect earnings to be well below the previous year's level.

Significant opportunities and risks

Compared with December 31, 2024, the risk situation facing the LANXESS Group remains unchanged. The global economic development continues to be characterized by significant uncertainty due to ongoing geopolitical conflicts and the trade policy of the U.S. government. The price and demand risks reported for fiscal year 2025 have occurred in part and have been taken into account in results and the current projections. There is also persistently high uncertainty in terms of volume and price trends.

Otherwise, there have been no significant changes compared to the account of the LANXESS Group's opportunities and risks in the Annual Report 2024. Further information on this topic is provided in the combined management report for LANXESS AG and the LANXESS Group for fiscal year 2024 on pages 70 to 86 of the Annual Report 2024. Based on an overall evaluation of risk management information, the Board of Management at the present time cannot identify any sufficiently likely risks or risk combinations that would jeopardize the continued existence of LANXESS.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of June 30, 2025

STATEMENT OF FINANCIAL POSITION
LANXESS GROUP

€ million	Dec. 31, 2024	June 30, 2025
ASSETS		
Intangible assets	2,531	2,250
Property, plant and equipment	2,456	2,197
Investments accounted for using the equity method	696	577
Investments in other affiliated companies	10	12
Non-current derivative assets	1	5
Other non-current financial assets	274	287
Non-current income tax receivables	65	71
Other non-current assets	62	54
Deferred taxes	167	164
Non-current assets	**6,262**	**5,617**
Inventories	1,348	1,362
Trade receivables	650	615
Cash and cash equivalents	299	323
Near-cash assets	316	88
Current derivative assets	15	14
Other current financial assets	215	214
Current income tax receivables	39	20
Other current assets	156	174
Assets held for sale	411	–
Current assets	**3,449**	**2,810**
Total assets	**9,711**	**8,427**

€ million	Dec. 31, 2024	June 30, 2025
EQUITY AND LIABILITIES		
Capital stock and capital reserves	1,317	1,317
Other reserves	3,533	3,343
Net income	(177)	(102)
Other equity components	(87)	(567)
Equity attributable to LANXESS AG stockholders	**4,586**	**3,991**
Equity attributable to non-controlling interests	6	5
Equity	**4,592**	**3,996**
Provisions for pensions and other post-employment benefits	429	430
Other non-current provisions	280	274
Non-current derivative liabilities	2	0
Other non-current financial liabilities	2,428	2,410
Non-current income tax liabilities	5	5
Other non-current liabilities	34	28
Deferred taxes	168	117
Non-current liabilities	**3,346**	**3,264**
Other current provisions	330	328
Trade payables	648	594
Current derivative liabilities	13	11
Other current financial liabilities	584	80
Current income tax liabilities	48	37
Other current liabilities	119	117
Liabilities related to assets held for sale	31	–
Current liabilities	**1,773**	**1,167**
Total equity and liabilities	**9,711**	**8,427**

INCOME STATEMENT
LANXESS GROUP

€ million	Q2 2024	Q2 2025	H1 2024	H1 2025
Sales	**1,678**	**1,466**	**3,285**	**3,067**
Cost of sales	(1,314)	(1,139)	(2,641)	(2,418)
Gross profit	**364**	**327**	**644**	**649**
Selling expenses	(230)	(217)	(453)	(443)
Research and development expenses	(27)	(24)	(55)	(53)
General administration expenses	(63)	(64)	(131)	(128)
Other operating income	17	96	38	112
Other operating expenses	(33)	(147)	(72)	(189)
Operating result (EBIT)	**28**	**(29)**	**(29)**	**(52)**
Result from investments accounted for using the equity method	(27)	(28)	(73)	(59)
Interest income	1	1	3	3
Interest expense	(12)	(10)	(23)	(22)
Other financial income and expense	(2)	11	(9)	14
Financial result	**(40)**	**(26)**	**(102)**	**(64)**
Income before income taxes	**(12)**	**(55)**	**(131)**	**(116)**
Income taxes	(4)	10	17	14
Income after income taxes	**(16)**	**(45)**	**(114)**	**(102)**
of which attributable to non-controlling interests	0	0	0	0
of which attributable to LANXESS AG stockholders (net income)	(16)	(45)	(114)	(102)
Earnings per share (basic/diluted) (€)	**(0.19)**	**(0.52)**	**(1.32)**	**(1.18)**

STATEMENT OF COMPREHENSIVE INCOME
LANXESS GROUP

€ million	Q2 2024	Q2 2025	H1 2024	H1 2025
Income after income taxes	**(16)**	**(45)**	**(114)**	**(102)**
Remeasurements of the net defined benefit liability for post-employment benefit plans	37	4	85	(7)
Financial instruments fair value measurement	–	4	(5)	3
Other comprehensive income (net of income tax) attributable to investments accounted for using the equity method	0	–	0	1
Income taxes	(10)	(1)	(23)	1
Items that will not be reclassified subsequently to profit or loss	**27**	**7**	**57**	**(2)**
Exchange differences on translation of operations outside the eurozone	26	(292)	132	(442)
Financial instruments fair value measurement	(2)	10	(11)	16
Financial instruments cost of hedging	0	0	(1)	0
Other comprehensive income (net of income tax) attributable to investments accounted for using the equity method	(2)	(35)	(7)	(50)
Income taxes	0	(3)	3	(5)
Items that may be reclassified subsequently to profit or loss if specific conditions are met	**22**	**(320)**	**116**	**(481)**
Other comprehensive income, net of income tax	**49**	**(313)**	**173**	**(483)**
Total comprehensive income	**33**	**(358)**	**59**	**(585)**
of which attributable to non-controlling interests	0	0	0	0
of which attributable to LANXESS AG stockholders	33	(358)	59	(585)
Total comprehensive income attributable to LANXESS AG stockholders	**33**	**(358)**	**59**	**(585)**

STATEMENT OF CHANGES IN EQUITY
LANXESS GROUP

€ million	Capital stock	Capital reserves	Other reserves	Net income	Other equity components			Equity attributable to LANXESS AG stockholders	Equity attributable to non-controlling interests	Equity
					Currency translation adjustment	Financial instruments				
						Fair value measurement	Cost of hedging			
Dec. 31, 2023	**86**	**1,231**	**3,027**	**443**	**(287)**	**1**	**0**	**4,501**	**6**	**4,507**
Allocations to retained earnings			443	(443)				0		0
Dividend payments			(9)					(9)	0	(9)
Total comprehensive income			61	(114)	125	(12)	(1)	59	0	59
Income after income taxes				*(114)*				*(114)*	*0*	*(114)*
Other comprehensive income, net of income tax			*61*		*125*	*(12)*	*(1)*	*173*	*0*	*173*
Other changes			0		1	5		6		6
June 30, 2024	**86**	**1,231**	**3,522**	**(114)**	**(161)**	**(6)**	**(1)**	**4,557**	**6**	**4,563**
Dec. 31, 2024	**86**	**1,231**	**3,533**	**(177)**	**(79)**	**(7)**	**(1)**	**4,586**	**6**	**4,592**
Allocations to retained earnings			(177)	177				0		0
Dividend payments			(9)					(9)	(1)	(10)
Total comprehensive income			(4)	(102)	(492)	13	0	(585)	0	(585)
Income after income taxes				*(102)*				*(102)*	*0*	*(102)*
Other comprehensive income, net of income tax			*(4)*		*(492)*	*13*	*0*	*(483)*	*0*	*(483)*
Other changes			0		–	(1)		(1)		(1)
June 30, 2025	**86**	**1,231**	**3,343**	**(102)**	**(571)**	**5**	**(1)**	**3,991**	**5**	**3,996**

STATEMENT OF CASH FLOWS
LANXESS GROUP

€ million	Q2 2024	Q2 2025	H1 2024	H1 2025
Income before income taxes	**(12)**	**(55)**	**(131)**	**(116)**
Amortization, depreciation and write-downs of intangible assets and property, plant and equipment	141	217	281	352
Gains on disposals of intangible assets, property, plant and equipment and divestments	(1)	(76)	(1)	(76)
Result from investments accounted for using the equity method	27	28	73	59
Financial losses (gains)	5	(3)	16	4
Income taxes paid/refunded	(16)	(28)	(17)	(23)
Changes in inventories	(42)	0	(25)	(88)
Changes in trade receivables	45	121	(158)	(6)
Changes in trade payables	41	(62)	61	(28)
Changes in other assets and liabilities	(43)	(46)	(2)	(48)
Net cash provided by operating activities	**145**	**96**	**97**	**30**
Cash outflows for purchases of intangible assets and property, plant and equipment	(62)	(65)	(101)	(110)
Cash inflows from sales of intangible assets and property, plant and equipment	1	0	1	1
Cash outflows for financial and other assets held for investment purposes	(105)	(12)	(125)	(27)
Cash inflows from financial and other assets held for investment purposes	31	108	171	258
Cash inflows from the sale of subsidiaries and other businesses, less divested cash and cash equivalents	–	441	–	441
Interest and dividends received	1	3	3	5
Net cash provided by (used in) investing activities	**(134)**	**475**	**(51)**	**568**
Proceeds from borrowings	1	4	2	9
Repayments of borrowings	(14)	(517)	(30)	(536)
Interest paid and other financial disbursements	(14)	(12)	(27)	(26)
Dividend payments	(9)	(10)	(9)	(10)
Net cash used in financing activities	**(36)**	**(535)**	**(64)**	**(563)**
Change in cash and cash equivalents	**(25)**	**36**	**(18)**	**35**
Cash and cash equivalents at beginning of period	**155**	**295**	**146**	**299**
Exchange differences and other changes in cash and cash equivalents	1	(8)	3	(11)
Cash and cash equivalents at end of period	**131**	**323**	**131**	**323**

SEGMENT AND REGION DATA

Key Data by Segment Second Quarter

	Consumer Protection		Specialty Additives		Advanced Intermediates		All Other Segments		LANXESS	
€ million	**Q2 2024**	**Q2 2025**	**Q2 2024**	**Q2 2025**	**Q2 2024**	**Q2 2025**	**Q2 2024**	**Q2 2025**	**Q2 2024**	**Q2 2025**
External sales	561	489	568	528	478	446	71	3	1,678	1,466
Inter-segment sales	21	14	2	2	8	23	(31)	(39)	0	0
Segment/Group sales	582	503	570	530	486	469	40	(36)	1,678	1,466
Segment result/EBITDA pre exceptionals	80	87	70	58	58	44	(27)	(39)	181	150
EBITDA margin pre exceptionals (%)	14.3	17.8	12.3	11.0	12.1	9.9			10.8	10.2
EBITDA	80	71	70	57	59	43	(40)	17	169	188
EBIT pre exceptionals	33	41	22	14	30	17	(43)	(53)	42	19
EBIT	33	(20)	22	(23)	30	16	(57)	(2)	28	(29)
Segment capital expenditures	18	18	26	31	20	22	3	3	67	74
Depreciation and amortization	47	91	48	80	29	27	17	19	141	217

Key Data by Segment First Half

	Consumer Protection		Specialty Additives		Advanced Intermediates		All Other Segments		LANXESS	
€ million	**H1 2024**	**H1 2025**	**H1 2024**	**H1 2025**	**H1 2024**	**H1 2025**	**H1 2024**	**H1 2025**	**H1 2024**	**H1 2025**
External sales	1,070	1,002	1,134	1,073	943	922	138	70	3,285	3,067
Inter-segment sales	37	31	4	2	17	50	(58)	(83)	0	0
Segment/Group sales	1,107	1,033	1,138	1,075	960	972	80	(13)	3,285	3,067
Segment result/EBITDA pre exceptionals	129	160	118	110	95	84	(60)	(71)	282	283
EBITDA margin pre exceptionals (%)	12.1	16.0	10.4	10.3	10.1	9.1			8.6	9.2
EBITDA	129	144	118	109	96	83	(91)	(36)	252	300
EBIT pre exceptionals	36	68	23	19	39	30	(94)	(100)	4	17
EBIT	36	7	23	(18)	39	29	(127)	(70)	(29)	(52)
Segment capital expenditures	40	30	42	46	35	45	6	8	123	129
Depreciation and amortization	93	137	95	127	57	54	36	34	281	352
Employees as of June 30 (previous year: as of Dec. 31)	3,439	3,419	2,987	2,967	2,789	2,815	3,123	2,700	12,338	11,901

Key Data by Region Second Quarter

	EMEA (excluding Germany)		Germany		Americas		Asia-Pacific		LANXESS	
€ million	**Q2 2024**	**Q2 2025**	**Q2 2024**	**Q2 2025**	**Q2 2024**	**Q2 2025**	**Q2 2024**	**Q2 2025**	**Q2 2024**	**Q2 2025**
External sales by market	512	454	257	242	591	509	318	261	1,678	1,466
Proportion of Group sales %	30.5	31.0	15.3	16.5	35.2	34.7	19.0	17.8	100.0	100.0

Key Data by Region First Half

	EMEA (excluding Germany)		Germany		Americas		Asia-Pacific		LANXESS	
€ million	**H1 2024**	**H1 2025**	**H1 2024**	**H1 2025**	**H1 2024**	**H1 2025**	**H1 2024**	**H1 2025**	**H1 2024**	**H1 2025**
External sales by market	1,007	925	548	526	1,123	1,064	607	552	3,285	3,067
Proportion of Group sales %	30.6	30.2	16.7	17.1	34.2	34.7	18.5	18.0	100.0	100.0
Employees as of June 30 (previous year: as of Dec. 31)	1,184	1,071	6,724	6,694	2,797	2,606	1,633	1,530	12,338	11,901

The segment and region data forms part of the notes to the condensed consolidated interim financial statements. For details, please see the “Segment reporting” section in the notes to the condensed consolidated interim financial statements.

NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

as of June 30, 2025

In compliance with IAS 34, the company opted for a condensed scope of reporting in the interim financial statements compared to the consolidated annual financial statements. Reference should be made in principle and as appropriate to the notes to the consolidated financial statements as of December 31, 2024, particularly with respect to the recognition and valuation principles applied. Changes in this respect are explained in the following section.

RECOGNITION AND VALUATION PRINCIPLES

The condensed consolidated interim financial statements as of June 30, 2025, were prepared in accordance with the International Financial Reporting Standards (IFRS) and related interpretations of the International Accounting Standards Board (IASB) applicable to interim financial reporting, required to be applied in the European Union. The standards and interpretations already mandatory as of January 1, 2025, were considered in preparing the interim financial statements.

The mandatory first-time application of the following financial reporting standards and interpretations in fiscal year 2025 currently has no impact, or no material impact, on the LANXESS Group yet:

Standard	
IAS 21	Amendments to IAS 21 – The Effects of Changes in Foreign Exchange Rates

In fiscal year 2025, the International Accounting Standards Board (IASB) and the IFRS Interpretations Committee issued financial reporting standards whose application is not yet mandatory for that year and which the LANXESS Group thus did not yet apply. The application of these standards and interpretations is in some cases contingent upon their endorsement by the E.U. With the exception of the introduction of IFRS 18, the impact of which is still being determined, they are not currently expected to be material to the LANXESS Group:

Standard		Date of publication	Mandatory for LANXESS as of fiscal year	Endorsed by the E.U.
IFRS 9, IFRS 7	Amendments to IFRS 9 and IFRS 7 – Amendments to the Classification and Measurement of Financial Instruments	May 30, 2024	2026	Yes
Various IAS and IFRS	Annual Improvements to IFRS – Volume 11	Jul. 18, 2024	2026	Yes
IFRS 9, IFRS 7	Amendments to IFRS 9 and IFRS 7 – Contracts Referencing Nature-dependent Electricity	Dec. 18, 2024	2026	Yes
IFRS 18	Presentation and Disclosure in Financial Statements	Apr. 9, 2024	2027	No
IFRS 19	Subsidiaries without Public Accountability: Disclosures	May 9, 2024	2027	No

Preparation of the consolidated interim financial statements in accordance with IFRS requires that assumptions and estimates are made that have an impact on the amount and recognition of assets and liabilities in the statement of financial position, income and expenses, and contingent liabilities. All assumptions and estimates are made on the basis of conditions prevailing at the reporting date, using methods consistent with those applied in the consolidated financial statements for 2024. Assumptions and estimates that could alter these estimates are reviewed continually. The actual figures may differ from the assumptions or estimates if the underlying conditions develop differently than predicted at the reporting date.

The assumptions and estimates used are updated and reviewed on an ongoing basis (see “Estimation Uncertainties and the Exercise of Discretion” in the consolidated financial statements as of December 31, 2024).

The carrying amount of the investment in Envalior GmbH, Cologne, Germany, accounted for using the equity method, and the effects on earnings for the income statement and the other comprehensive income net of income tax resulting from its subsequent measurement are based on preliminary assumptions, among other things. For example, the carrying amount of the investment is subject to the final valuation of the business contributed by LANXESS and the determination of the final purchase price.

The shareholder loan issued in connection with the formation of Envalior is measured at fair value. Associated uncertainties result among other things from the management's assumptions regarding the amount and timing of the underlying cash flows and the determination of the discount rate by selecting and accounting for observed market interest rates.

Within the context of the further optimization of the LANXESS Group's production network, the company decided in the second quarter of 2025 to close the site in Widnes, United Kingdom, and to implement efficiency improvement measures at the site in El Dorado, United States. The related write-downs of €82 million that primarily relate to property, plant and equipment, as well as restructuring expenses of €17 million, are reported as exceptional items and recognized in other operating expenses. Details about the exceptional items can be found under "Notes on EBIT and EBITDA (Pre Exceptionals)" and "Segment Information" in the Interim Group Management Report as of June 30, 2025.

Due to a challenging market environment and weak demand particularly in the second quarter of 2025, event-driven impairment testing of assets was undertaken for the cash-generating units Saltigo and Flavors & Fragrances in the Consumer Protection segment as well as for the cash-generating units Polymer Additives and Rhein Chemie in the Specialty Additives segment. A discount rate after taxes of 6.8% (December 31, 2024: 7.3%) was applied here. This impairment test did not indicate any need for the recognition of impairment charges.

The business of the LANXESS Group as a whole is not typically subject to pronounced seasonality. Because of their business activity, individual business units regularly see a seasonal effect in sales and earnings. In the past reporting period, however, this was significantly influenced by the currently challenging macroeconomic situation around the chemical industry and the persistent fears of recession. Additional information on the current economic situation is provided under "Economic Environment and Business Development" in the Interim Group Management Report as of June 30, 2025.

COMPANIES CONSOLIDATED

The consolidated financial statements of the LANXESS Group include the parent company LANXESS AG and all domestic and foreign affiliates.

	EMEA (excluding Germany)	Germany	Americas	Asia-Pacific	Total
Fully consolidated companies (incl. parent company)					
Jan. 1, 2025	33	11	18	23	85
Additions	–	–	–	–	0
Retirements	(4)	(1)	(3)	(4)	(12)
Mergers	–	–	–	–	0
June 30, 2025	**29**	**10**	**15**	**19**	**73**
Associates and joint operations					
Jan. 1, 2025	0	1	2	0	3
Additions	–	–	–	–	0
Retirements	–	–	–	–	0
Mergers	–	–	–	–	0
June 30, 2025	**0**	**1**	**2**	**0**	**3**
Non-consolidated companies					
Jan. 1, 2025	2	2	1	3	8
Additions	–	–	–	–	0
Retirements	–	–	–	–	0
Mergers	–	–	–	–	0
June 30, 2025	**2**	**2**	**1**	**3**	**8**
Total					
Jan. 1, 2025	35	14	21	26	96
Additions	–	–	–	–	0
Retirements	(4)	(1)	(3)	(4)	(12)
Mergers	–	–	–	–	0
June 30, 2025	**31**	**13**	**18**	**22**	**84**

The decline in the number of fully consolidated companies in the current fiscal year results primarily from the sale of the Urethane Systems business unit.

ASSETS HELD FOR SALE AND DIVESTMENTS

On April 1, 2025, LANXESS completed the sale of the Urethane Systems business unit reported under "All other segments" to Japanese UBE Corporation. The divested Urethane Systems business comprises five production sites worldwide and application development laboratories in the United States, Europe and China. UBE Corporation has taken over a total of around 400 employees. The purchase price was €498 million.

The assets and liabilities disposed of were classified as a disposal group and reported as held for sale in the statement of financial position for the first time as of September 30, 2024, in accordance with IFRS 5. The intangible assets and property, plant and equipment of the Urethane Systems business unit were not subject to any further amortization or depreciation after the fourth quarter of 2024 and were recognized at the lower of carrying amount and fair value less costs to sell.

The carrying amounts of the assets and liabilities of the Urethane Systems business unit disposed of are shown in the following table:

Carrying Amounts of Assets and Liabilities Disposed Of

€ million	Apr. 1, 2025
Property, plant and equipment and intangible assets	312
Inventories and trade receivables	94
Cash and cash equivalents	57
Other assets	5
Total assets	**468**
Non-current liabilities	10
Current liabilities	28
Total liabilities	**38**

The other comprehensive income to be allocated to the Urethane Systems business within other equity components amounted to €3 million as of March 31, 2025.

The pre-tax income from the sale of the Urethane Systems business unit amounts to €72 million and is reported in other operating income and expenses as an exceptional item.

EARNINGS PER SHARE

As in the previous year, earnings per share for the second quarter and first half of 2025 were calculated on the basis of the weighted average number of shares outstanding during each reporting period. Since there are currently no equity instruments in issue that could dilute earnings per share, basic and diluted earnings per share are identical. For more information about equity instruments that could dilute earnings per share in the future, readers are referred to the notes to the consolidated financial statements as of December 31, 2024.

Earnings per Share

	Q2 2024	Q2 2025	H1 2024	H1 2025
Net income (€ million)	(16)	(45)	(114)	(102)
Weighted average number of shares outstanding	86,346,303	86,346,303	86,346,303	86,346,303
Earnings per share (basic/diluted) (€)	**(0.19)**	**(0.52)**	**(1.32)**	**(1.18)**

DIVIDEND DISTRIBUTION FOR FISCAL YEAR 2024

Pursuant to the resolution of the Annual Stockholders' Meeting on May 22, 2025, the amount of €9 million out of the distributable profit of €343 million reported in the annual financial statements of LANXESS AG as of December 31, 2024, was distributed to the stockholders on May 27, 2025. The dividend per eligible no-par share was €0.10. The remaining amount of €334 million was carried forward to new account.

FINANCIAL INSTRUMENTS

Fair value measurement

The following table shows the volumes of assets and liabilities that were measured at fair value on a recurring basis as of the end of the reporting period and the levels of the fair value hierarchy into which the measurement inputs were categorized.

Assets and Liabilities Measured at Fair Value

€ million	Dec. 31, 2024			June 30, 2025		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Non-current assets						
Investments in other affiliated companies	9	–	–	10	–	–
Non-current derivative assets	–	1	0	–	5	–
Other non-current financial assets	–	233	2	–	243	3
Current assets						
Current derivative assets	–	15	–	–	12	2
Other current financial assets	–	–	1	–	–	1
Trade receivables	–	380	–	–	366	–
Near-cash assets	316	–	–	88	–	–
Non-current liabilities						
Non-current derivative liabilities	–	2	–	–	0	–
Current liabilities						
Current derivative liabilities	–	13	–	–	11	–

According to the fair value hierarchy, quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date are given the highest priority (Level 1). Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, are assigned to Level 2. Unobservable inputs for the asset or liability are given the lowest priority (Level 3).

As of June 30, 2025, €88 million (December 31, 2024: €316 million) of near-cash assets were assigned to Level 1 of the measurement hierarchy. These relate to shares of money market funds that can be sold at any time.

Investments in other affiliated companies of €10 million (December 31, 2024: €9 million), which are assigned to Level 1 of the measurement hierarchy, relate to shares in the listed company Standard Lithium Ltd., Vancouver, Canada. In accordance with the exercise of the option, the shares are recognized at fair value through other comprehensive income. The corresponding measurements, disregarding currency effects, increased other comprehensive income in the current fiscal year by €3 million (previous year: reduced by €4 million).

Other non-current financial assets at Level 2 of the measurement hierarchy include €242 million (December 31, 2024: €232 million) for a shareholder loan granted to Envalior GmbH, Cologne, Germany, in connection with the formation of Envalior. The nominal amount of the loan is €200 million. The fair value is calculated using estimated cash flows that are discounted while taking into account observable, currency-specific (EURIBOR) market interest rates. To account for the individual credit risk of the contracting party, the assessment utilized rating-equivalent interest structure curves for corporate bonds with a comparable rating. The subsequent measurement resulted in income of €10 million (previous year: €6 million), which is part of the other financial result.

The trade receivables of €366 million (December 31, 2024: €380 million) at Level 2 of the measurement hierarchy are receivables potentially available for sale on the basis of a factoring agreement.

In addition to the purchase price payment, LANXESS also received a minority interest of 40.94% in Envalior GmbH, Cologne, Germany, in connection with the formation of the joint company. LANXESS has the possibility to sell the minority interest to Advent at the earliest three years after the foundation of Envalior under certain conditions. The right to offer, which is recognized in current derivative assets, is measured at fair value and assigned to Level 3 of the fair value hierarchy.

A value can be attributed to the right to offer if LANXESS is better off under the contractual agreement than it would be in a comparable arm's length transaction at customary conditions based on fair value. The main factor affecting the valuation is the further business performance of Envalior in the coming years. The fair value of the right to offer is determined with a measurement model using a Monte Carlo simulation. The result of the valuation is materially determined by basic parameters underlying the model, such as business plan, capital costs, volatility, and composition of the peer group. Envalior's enterprise value is calculated using the discounted cash flow (DCF) method and is based on estimated future cash flows, which are discounted using the weighted average cost of capital (WACC). There are therefore uncertainties resulting in particular from the assumptions made as of the reporting date and the management's expectations in the determination of the basic parameters. Corresponding changes to these assumptions result in a future fair value adjustment. As of June 30, 2025, the fair value amounted to €2 million (December 31, 2024: €0 million). However, the final selling price will depend on Envalior's EBITDA of the last twelve months when LANXESS utilizes its possibility to offer its shares in Envalior to Advent to purchase after three years. Therefore, neither the accounting measurement of the investment accounted for using the equity method nor that of LANXESS's possibility to offer the shares for sale is decisive for the amount of the selling price actually achievable. The change of €2 million is exclusively due to valuation adjustments and is recognized under the other financial result.

A sensitivity analysis for the fair value of the right to offer simulated a change in EBITDA, the relevant factor for the future cash flows, by 10% per year. A 10% increase in Envalior's annual EBITDA figures would have resulted in a fair value of €1 million as of June 30, 2025. A corresponding decrease would have resulted in a fair value of €2 million.

A further sensitivity analysis for the fair value of the right to offer simulated a 10% change in the annual growth rate of the EBITDA figures. A 10% increase in the annual EBITDA growth rate would have resulted in a fair value of €1 million as of June 30, 2025. A corresponding decrease would have resulted in a fair value of €3 million.

Other non-current and current financial assets assigned to Level 3 also include investments in High-Tech Gründerfonds, which are measured at fair value through profit or loss based on the amount of the equity interests held. Measurement is based on the amount of the equity interests held. The fair value amounts to €3 million (December 31, 2024: €3 million).

The derivative financial instruments used by LANXESS are generally traded on an active, liquid market. The fair values as of the end of the reporting period predominantly relate to forward exchange contracts and forward commodity contracts. In the case of hedge accounting, the hedging transactions are designated based on forward rates. The approach selected for non-designated cross-currency interest rate swaps is to recognize them as costs of hedging. Where no market price is available, values are determined using recognized capital market pricing methods based on observable market data. In determining the fair values, adjustments for LANXESS's own credit risk and counterparty credit risk are made on the basis of the respective net positions.

In the case of financial instruments accounted for using valuation principles other than fair value measurement, the fair value – when reliably determined – is normally the carrying amount. The fair value of the bonds, which have a carrying amount of €2,300 million, amounted to €2,200 million as of June 30, 2025. The carrying amount of the bonds as of December 31, 2024 was €2,804 million and their fair value €2,661 million. Fair value measurement of the bonds is allocated to Level 1 of the hierarchy although, as of June 30, 2025, one bond with a fair value of €112 million was allocated to Level 2 as there was no liquid market for it (December 31, 2024: €112 million). The fair value of liabilities allocated to Level 2 is calculated using discounted cash flows, taking observed market interest rates into account.

Expected credit losses of financial instruments

Expected credit losses, taking reversals into account, of €1 million (previous year: €1 million) are reported in other operating expenses in relation to trade receivables and contract assets. The loss allowances amount to €10 million (December 31, 2024: €13 million).

As at the end of the previous year, the expected losses on other financial assets to be taken into account in the financial result amounted to €0 million as of June 30, 2025.

Additional information about the measurement of fair value and about financial instruments is provided in the notes to the consolidated financial statements as of December 31, 2024.

SEGMENT REPORTING

Reported sales are predominantly achieved through the sale of products. Other types of sales only make an immaterial contribution to total sales. In the LANXESS Group, revenue is recognized in principle at the time at which control of the products passes physically to the customer. Sales are recognized over time in the business model of manufacturing customer-specific products on the basis of long-term sales contracts with contractually defined minimum purchase requirements in the Consumer Protection segment and for services. Revenue for finished goods and work in progress, and for advance consideration paid by the customer, is recognized over the manufacturing period, or over the performance period in the case of services. Segment sales include €192 million (previous year: €211 million) of sales recognized over time. Of these, €140 million (previous year: €171 million) relate to the Consumer Protection segment, €5 million (previous year: €5 million) to the Specialty Additives segment, €41 million (previous year: €27 million) to the Advanced Intermediates segment and €6 million (previous year: €8 million) to "All other segments."

The reconciliation of EBITDA pre exceptionals to income before income taxes is presented in the following table.

Reconciliation of Segment Results

€ million	Q2 2024	Q2 2025	H1 2024	H1 2025
Total reportable segment results	**208**	**189**	**342**	**354**
Depreciation and amortization	(141)	(217)	(281)	(352)
Exceptional items affecting EBITDA	(12)	38	(30)	17
Net interest expense	(11)	(9)	(20)	(19)
Result from investments accounted for using the equity method	(27)	(28)	(73)	(59)
Other financial income and expense	(2)	11	(9)	14
Income from "All other segments"	(27)	(39)	(60)	(71)
Income before income taxes	**(12)**	**(55)**	**(131)**	**(116)**

Details about the exceptional items can be found under "Notes on EBIT and EBITDA (Pre Exceptionals)" in the Interim Group Management Report as of June 30, 2025.

RELATED PARTIES

In the course of its operations, the LANXESS Group sources materials, inventories and services from a large number of business partners around the world. These include companies in which LANXESS AG has a direct or indirect interest. Transactions with these companies are carried out on an arm's length basis.

In the first half of 2025, the LANXESS Group generated sales of €40 million (previous year: €42 million) and other operating income of €18 million (previous year: €18 million) from transactions with affiliated companies, of which sales of €30 million (previous year: €29 million) and other operating income of €18 million (previous year: €18 million) are attributable to relationships with Envalior GmbH and its affiliated companies. Services purchased by LANXESS in the first half of 2025 of €4 million (previous year: €4 million) are based on trade relationships with Envalior GmbH and its affiliated companies.

As of June 30, 2025, these trade relationships as well as leasing, financing, and other transactions result in receivables of €262 million (December 31, 2024: €250 million) and liabilities of €7 million (December 31, 2024: €6 million). These comprise receivables of €257 million (December 31, 2024: €246 million) and liabilities of €7 million (December 31, 2024: €6 million) from transactions with Envalior GmbH and its affiliated companies.

Since Envalior was founded as of April 1, 2023, Envalior GmbH, Cologne, Germany, has been included in the LANXESS consolidated financial statements using the equity method. In connection with the foundation of Envalior, Envalior GmbH received a shareholder loan at a nominal amount of €200 million from LANXESS.

In addition, members of the Board of Management and the Supervisory Board as well as their close family members were identified as related parties. As in the previous year, there were no business transactions subject to reporting requirements in the first six months of 2025.

EMPLOYEES

As of June 30, 2025, the number of employees in the LANXESS Group around the world was 11,901 (December 31, 2024: 12,338).

In the EMEA region (excluding Germany), the number of employees decreased by 113 employees to 1,071. In Germany, the number of employees fell from 6,724 to 6,694. The number of employees in the Americas region amounted to 2,606, down from 2,797 at the end of 2024. The number of employees in the Asia-Pacific region decreased from 1,633 to 1,530.

EVENTS AFTER THE REPORTING PERIOD

On July 11, 2025, the German Federal Council approved legislation for an immediate tax-based investment program to strengthen Germany as an industrial location. A key element of the legislation is the gradual reduction of the corporate tax rate by one percentage point per year between 2028 and 2032, from the current rate of 15% to 10%.

In connection with this tax law change, we are currently undertaking a detailed analysis of the effects of the remeasurement of deferred taxes, but do not anticipate a material effect on the earnings, asset and financial position of the LANXESS Group.

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for half-year financial reporting, the interim consolidated financial statements give a true and fair view of the earnings, asset and financial position of the Group in line with generally accepted accounting standards, and the interim management report of the Group includes a fair view of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Cologne, August 4, 2025

LANXESS Aktiengesellschaft

The Board of Management

Matthias Zachert | Frederique van Baarle

Dr. Hubert Fink | Oliver Stratmann

REVIEW REPORT TO LANXESS AKTIENGESELLSCHAFT, COLOGNE

We have reviewed the condensed consolidated interim financial statements – comprising the statement of financial position, income statement and statement of comprehensive income, statement of changes in equity, statement of cash flows and notes to the condensed consolidated interim financial statements – together with the interim group management report of the LANXESS Aktiengesellschaft, Cologne, for the period from 1 January to 30 June 2025 that are part of the semi annual financial report according to § 115 WpHG [“Wertpapierhandelsgesetz”: “German Securities Trading Act”]. The preparation of the condensed interim consolidated financial statements in accordance with the IFRS applicable to 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 interim consolidated 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). 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 interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to 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 interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to 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.

Cologne, August 5, 2025

KPMG AG
Wirtschaftsprüfungsgesellschaft
[Original German version signed by:]

Dr. Hain	Coir
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

Financial Calendar 2025

AUG.

AUGUST 14

Half-Year Financial Report
H1 2025
Conference Call

NOV.

NOVEMBER 6

Quarterly Statement
Q3 2025
Conference Call

JAN. FEB. MARCH APRIL MAY JUNE JULY SEP. OCT. DEC.

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Disclaimer

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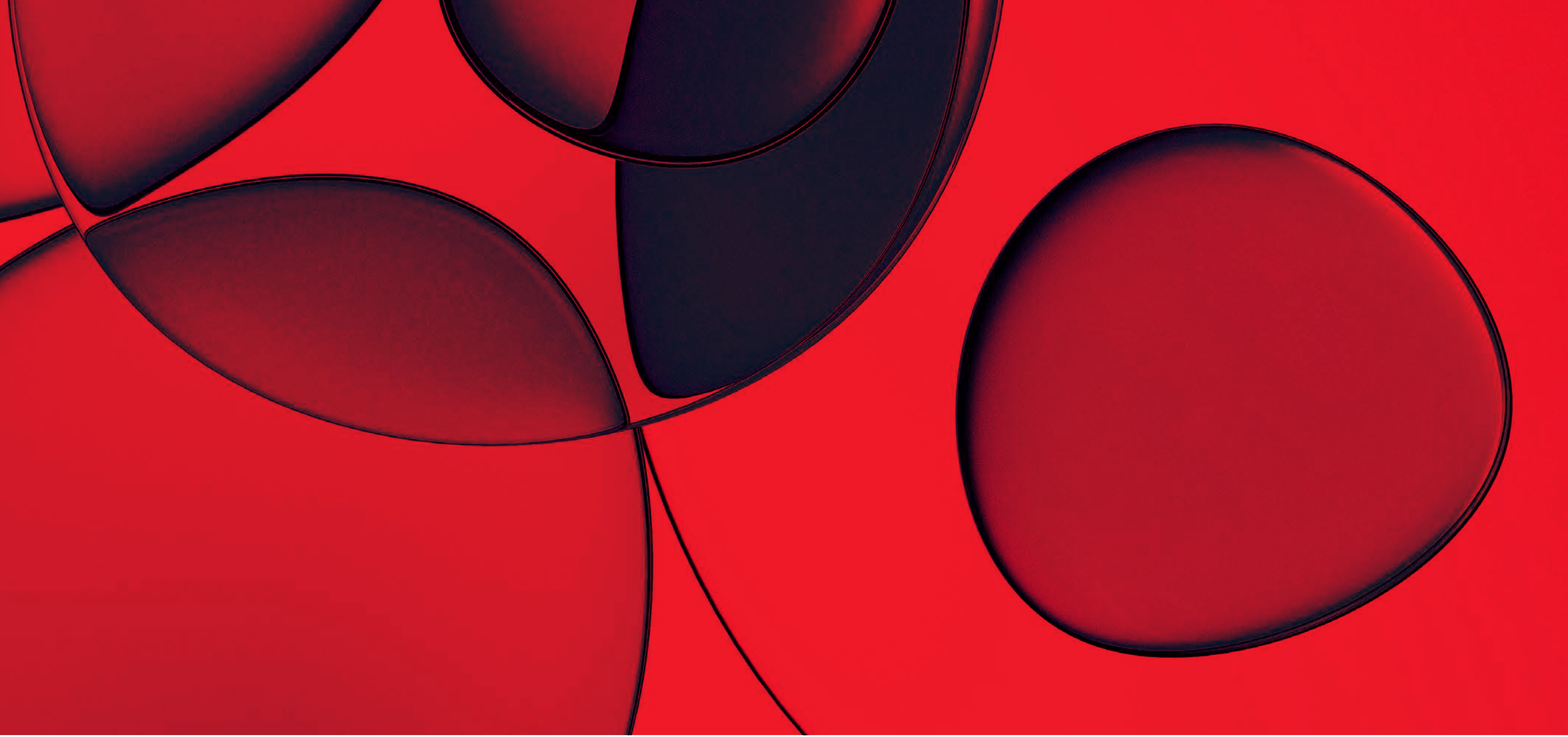

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