

2021

Financial Report



Consolidated balance sheets

Assets

CONSOLIDATED BALANCE SHEETS

at 31 December 2021, 2020 and 1 January 2020

	Notes ¹	31.12.2021		31.12.2020		01.01.2020	
		in CHF m	in %	in CHF m	in %	in CHF m	in %
				Restated ²		Restated ²	
Assets							
Noncurrent assets							
Property, plant, and equipment	5	1 790		1 628		1 649	
Right-of-use assets	7	281		204		219	
Intangible assets	6	1 280		1 238		1 351	
Investments in associates and joint ventures	8	211		153		248	
Financial assets	9	198		202		218	
Prepaid pension assets	20	76		57		41	
Deferred tax assets	10	163		158		234	
Total noncurrent assets		3 999	56.8	3 640	52.5	3 960	49.6
Current assets							
Inventories	11	691		534		651	
Trade receivables	12	729		577		680	
Other current assets	13	316		312		337	
Current income tax receivables		48		67		104	
Short-term deposits	14	12		267		304	
Cash and cash equivalents	15	415		737		638	
Total current assets		2 211	31.4	2 494	36.0	2 714	34.0
Assets held for sale	25	828	11.8	798	11.5	1 305	16.4
Total assets		7 038	100.0	6 932	100.0	7 979	100.0

¹ The notes form an integral part of the consolidated financial statements.

² For further information on the restatement see note 1.03.



Consolidated balance sheets

Equity and liabilities

CONSOLIDATED BALANCE SHEETS

at 31 December 2021, 2020 and 1 January 2020

	Notes ¹	31.12.2021 in CHF m	in %	31.12.2020 in CHF m	in %	01.01.2020 in CHF m	in %
				Restated ²		Restated ²	
Equity and liabilities							
Equity							
Share capital	17	996		1 228		1 228	
Treasury shares (par value)	17	-8		-9		-10	
Other reserves		-1 140		-1 100		-431	
Retained earnings		2 510		2 158		1 728	
Total capital and reserves attributable to Clariant shareholders		2 358		2 277		2 515	
Noncontrolling interests		186		139		171	
Total equity		2 544	36.1	2 416	34.9	2 686	33.7
Liabilities							
Noncurrent liabilities							
Financial debts	18	958		1 424		1 485	
Deferred tax liabilities	10	30		24		43	
Retirement benefit obligations	20	593		630		673	
Noncurrent lease liabilities	7	233		159		172	
Other liabilities	22	58		60		68	
Provision for noncurrent liabilities	21	152		197		159	
Total noncurrent liabilities		2 024	28.8	2 494	36.0	2 600	32.6
Current liabilities							
Trade payables and other liabilities	22	985		814		875	
Financial debts	23	709		398		587	
Current income tax liabilities		257		262		238	
Current lease liabilities	7	49		41		45	
Provision for current liabilities	21	223		244		389	
Total current liabilities		2 223	31.6	1 759	25.4	2 134	26.8
Liabilities directly associated with assets held for sale	25	247	3.5	263	3.7	559	7.0
Total liabilities		4 494	63.9	4 516	65.1	5 293	66.3
Total equity and liabilities		7 038	100.0	6 932	100.0	7 979	100.0

¹ The notes form an integral part of the consolidated financial statements.

² For further information on the restatement see note 1.03.



Consolidated income statements

CONSOLIDATED INCOME STATEMENTS

for the years ended 31 December 2021 and 2020

	Notes ¹	2021 in CHF m	in %	2020 in CHF m	in %
				Restated ²	
Sales	24	4 372	100.0	3 860	100.0
Costs of goods sold		-3 077		-2 687	
Gross profit		1 295	29.6	1 173	30.4
Selling, general, and administrative costs		-741		-726	
Research and development costs		-155		-172	
Income from associates and joint ventures	24	41		42	
Operating income		440	10.1	317	8.2
Finance income	29	24		15	
Finance costs	29	-70		-101	
Income before taxes		394	9.0	231	6.0
Taxes	10	-102		-101	
Net result from continuing operations		292	6.7	130	3.4
Attributable to:					
Shareholders of Clariant Ltd		267		106	
Noncontrolling interests		25		24	
Net result from discontinued operations	25	81		695	
Attributable to:					
Shareholders of Clariant Ltd		77		678	
Noncontrolling interests		4		17	
Net result		373		825	
Attributable to:					
Shareholders of Clariant Ltd		344		784	
Noncontrolling interests		29		41	
Basic earnings per share attributable to the shareholders of Clariant Ltd (CHF/share)					
Continuing operations	30	0.81		0.32	
Discontinued operations	30	0.23		2.06	
Total		1.04		2.38	
Diluted earnings per share attributable to the shareholders of Clariant Ltd (CHF/share)					
Continuing operations	30	0.81		0.32	
Discontinued operations	30	0.23		2.05	
Total		1.04		2.37	

¹ The notes form an integral part of the consolidated financial statements.

² For further information on the restatement see note 1.03.



Consolidated statements of comprehensive income

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

for the years ended 31 December 2021 and 2020

	Notes ¹	2021 in CHF m	2020 in CHF m Restated ²
Net Result		373	825
Other comprehensive result			
Remeasurements:			
Actuarial gain/loss on retirement benefit obligations	20	28	-38
Return on retirement benefit plan assets, excluding amount included in interest expense	20	152	124
Limitation on recognition of net pension assets	20	-166	—
Fair value adjustment on financial assets	9	2	-10
Total items that will not be reclassified subsequently to the income statement, gross		16	76
Deferred tax effect	10	-7	-17
Total items that will not be reclassified subsequently to the income statement, net		9	59
Net investment hedge	31	22	26
Cash flow hedge		—	-1
Currency translation differences		-57	-275
Share in other comprehensive income of associates and joint ventures	8	2	1
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities		-4	130
Total items that may be reclassified subsequently to the income statement, gross		-37	-119
Deferred tax effect		—	—
Total items that may be reclassified subsequently to the income statement, net		-37	-119
Other comprehensive result for the period, net of tax		-28	-60
Total comprehensive result for the period		345	765
Attributable to:			
Shareholders of Clariant Ltd		315	741
Noncontrolling interests		30	24
Total comprehensive result for the period		345	765
Total comprehensive result attributable to shareholders of Clariant Ltd arising from:			
Continuing operations		218	-13
Discontinued operations		97	754
Total comprehensive result attributable to shareholders of Clariant Ltd		315	741

¹ The notes form an integral part of the consolidated financial statements.

² For further information on the restatement see note 1.03.



Consolidated statements of changes in equity

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY in CHF m

at 31 December 2021 and 2020

	Other reserves						Retained earnings	Total attributable to equity holders	Non-controlling interests	Total equity
	Total share capital	Treasury shares (par value)	Share premium reserves	Hedging reserves	Cumulative translation reserves	Total other reserves				
Balance 31 December 2019 as previously reported	1 228	-10	825	2	-1 258	-431	1 719	2 506	171	2 677
Restatement (see note 1.03)						–	9	9		9
Balance 1 January 2020 restated	1 228	-10	825	2	-1 258	-431	1 728	2 515	171	2 686
Net result						–	784	784	41	825
Cash flow hedge				-1		-1		-1		-1
Net investment hedge					26	26		26		26
Remeasurements:										
Actuarial loss on retirement benefit obligations (see note 20)						–	-38	-38		-38
Return on retirement benefit plan assets, excluding amount included in interest expense (see note 20)						–	124	124		124
Deferred tax on remeasurements (see note 10)						–	-18	-18		-18
Currency translation differences					-258	-258		-258	-17	-275
Fair value adjustment on financial assets						–	-9	-9		-9
Share in other comprehensive income of associates and joint ventures (see note 8)						–	1	1		1
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities					130	130		130		130
Total comprehensive result for the period	–	–	–	-1	-102	-103	844	741	24	765
Reclassification to reserves			220			220	-220	–		–
Distributions			-786			-786	-203	-989		-989
Dividends to noncontrolling interests						–		–	-42	-42
Effect on disposal									-14	-14
Employee share scheme:										
Effect of employee services						–	6	6		6
Treasury share transactions		1				–	3	4		4
Balance 31 December 2020 Restated	1 228	-9	259	1	-1 360	-1 100	2 158	2 277	139	2 416



CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY in CHF m

at 31 December 2021 and 2020

	Other reserves						Retained earnings	Total attributable to equity holders	Non-controlling interests	Total equity
	Total share capital	Treasury shares (par value)	Share premium reserves	Hedging reserves	Cumulative translation reserves	Total other reserves				
Balance 31 December 2020 as previously reported	1 228	-9	259	1	-1 360	-1 100	2 123	2 242	139	2 381
Restatement (see note 1.03)						—	35	35		35
Balance 1 January 2021 restated	1 228	-9	259	1	-1 360	-1 100	2 158	2 277	139	2 416
Net result						—	344	344	29	373
Net investment hedge					22	22		22		22
Remeasurements:										
Actuarial gain on retirement benefit obligations (see note 20)						—	28	28		28
Return on retirement benefit plan assets, excluding amount included in interest expense (see note 20)						—	152	152		152
Limitation on recognition of net pension asset (see note 20)						—	-166	-166		-166
Deferred tax on remeasurements (see note 10)						—	-7	-7		-7
Currency translation differences					-58	-58		-58	1	-57
Fair value adjustment on financial assets (see note 9)						—	2	2		2
Share in other comprehensive income of associates and joint ventures (see note 8)						—	2	2		2
Effect of the reclassification of foreign exchange differences on previously held net investments in foreign entities					-4	-4		-4		-4
Total comprehensive result for the period	—	—	—	—	-40	-40	355	315	30	345
Distributions from Share capital	-232	2				—		-230		-230
Dividends to noncontrolling interests						—		—	-28	-28
Effect of Business Combination (see note 27)						—		—	46	46
Transaction with noncontrolling interests						—		—	-1	-1
Employee share scheme:										
Effect of employee services						—	4	4		4
Treasury share transactions		-1				—	-7	-8		-8
Balance 31 December 2021	996	-8	259	1	-1 400	-1 140	2 510	2 358	186	2 544

¹ The notes form an integral part of the consolidated financial statements.



Consolidated statements of cash flows

CONSOLIDATED STATEMENTS OF CASH FLOWS

for the years ended 31 December 2021 and 2020

	Notes ¹	2021 in CHF m	2020 in CHF m
			Restated ²
Net income		373	825
Reversal of noncash income and expenses	16	391	-268
Dividends received from associates and joint ventures	8	44	44
Payments for restructuring	28	-38	-25
Cash flow before changes in net working capital and provisions		770	576
Changes in net working capital and provisions	16	-305	-92
Cash generated from operating activities		465	484
Income taxes paid		-102	-115
Net cash generated from operating activities		363	369
Cash flows from investing activities:			
Investments in property, plant, and equipment	5	-357	-288
Investments in intangible assets	6	-3	-11
Investments in financial assets, associates, and joint ventures	9	-5	-2
Changes in current financial assets and short-term deposits		254	48
Sale of property, plant, and equipment and intangible assets		57	22
Business combinations		-91	-9
Proceeds from the disposal of associates and financial assets		2	5
Proceeds from the disposal of discontinued operations	25	—	1 305
Proceeds/payments associated to disposals of activities not qualifying as discontinued operations	26	—	13
Net cash provided by/used in investing activities		-143	1 083
Cash flows from financing activities:			
Purchase of treasury shares		-16	-1
Distribution to the shareholders of Clariant Ltd	17	-230	-989
Dividends paid to noncontrolling interests		-28	-42
Proceeds/payments associated to transactions with noncontrolling interests		-1	—
Proceeds from financial debts		337	288
Repayments of financial debts		-499	-472
Repayments of lease liabilities	7	-59	-55
Interest paid		-51	-60
Interest paid for leases	7	-11	-11
Interest received		20	16
Net cash used in financing activities		-538	-1 326
Currency translation effect on cash and cash equivalents		-4	-27
Net change in cash and cash equivalents		-322	99
Cash and cash equivalents at the beginning of the period	15	737	638
Cash and cash equivalents at the end of the period	15	415	737

¹ The notes form an integral part of the consolidated financial statements.

² For further information on the restatement see note 1.03.

Notes to the consolidated financial statements

1. ACCOUNTING POLICIES

1.01 – General information

Clariant Ltd (the »Company«) and its consolidated subsidiaries (together the »Group«) are a global leader in the field of specialty chemicals. The Group develops, manufactures, distributes, and sells a broad range of specialty chemicals, which play a key role in its customers' manufacturing and treatment processes or add value to their end products. The Group has manufacturing plants around the world and sells mainly in countries within Europe, the Americas, and Asia.

Clariant Ltd is a limited liability company incorporated and domiciled in Switzerland. The address of its registered office is Rothausstrasse 61, CH-4132 Muttenz, Switzerland. The Company is listed on the SIX Swiss Exchange.

The Board of Directors approved the consolidated financial statements for issue on 17 May 2022. They will be subject to approval by the Annual General Meeting of Shareholders scheduled for 24 June 2022.

1.02 – Basis of preparation

The consolidated financial statements of the Clariant Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) and the IFRIC interpretations applicable to companies reporting under IFRS, and with the significant accounting policies set out below.

The consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities (including derivative instruments) at fair value through profit or loss and other comprehensive income.

The preparation of financial statements in conformity with the IFRS requires the use of certain critical accounting estimates. It also requires Management to exercise its judgment in the process of applying the Group's accounting policies.

These estimates and judgments affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period.

Although these are based on Management's best knowledge of current events and circumstances, actual outcomes may ultimately differ from those estimates. The areas involving a higher degree of judgment or complexity, or areas where estimates are significant to the consolidated financial statements, are disclosed under note 4.

1.03 – Restatements

Correction of errors

As a result of information received internally Clariant undertook an investigation which focused on the recognition and measurement of certain provisions and accruals, reviewing whether these were incorrectly recognized and/or measured with the potential aim of steering the Company's results to meet internal and external targets. The investigation was performed by independent advisors and external counsel appointed by the Company.

As a result of this investigation Clariant is required to restate previously published financial statements, including the annual financial statements for the financial year ended 31 December 2020, the unaudited First Half Year financial statements for the periods ended 30 June 2020 and 30 June 2021 as well as the unaudited quarterly reporting during those years. Errors which relate back to periods before 1 January 2020 have been corrected in the opening balance sheet of the 2020 Annual Financial Statements.

The identified deviations from previously reported figures resulting from the restatement of the 2020 financial statements are mainly due to over- or understated provisions and accruals. The correction of errors was performed in accordance with IAS 8.

The restatement items reflect adjustments to correct errors on the balance sheet to adjust the related provisions and accruals, deferred tax assets and liabilities which were affected by the corrections and the corresponding increases/decreases of costs of goods sold and operating expenses in the income statement.

The errors corrected in the 2020 Annual Financial Statement resulted in an increase of net income of CHF 26 million, thereof CHF 14 million in continuing operations. The nature and impact of these adjustments are described in more detail below and also listed in the table below. The results of the investigation have no impact on the sales and cash and cash equivalent figures reported in 2020.

Overview of the recorded transactions requiring correction

The following types of transaction required a correction:

- Overstatement of restructuring provisions
- Overstatement of provisions for variable salaries
- Overstatement of a provision in connection with an investigation by the EU.
- Overstatement of provisions set up in connection with the disposal of business activities
- Overstatement of provisions and accruals for expenses of various types (e.g. legal obligations, plant maintenance)



IMPACT OF THE CORRECTIONS ON THE ELEMENTS OF THE FINANCIAL STATEMENTS

in CHF millions

	Amounts reported before correction in CHF m	Amounts reported after correction in CHF m	Difference in CHF m
Opening Balance Sheet 1 January 2020			
Provision for current liabilities	393	389	-4
Provision for noncurrent liabilities	164	159	-5
Deferred tax liabilities	43	43	0
Equity	2 677	2 686	9
Closing Balance Sheet 31 December 2020			
Deferred tax assets	160	158	-2
Assets held for sale	797	798	1
Provision for current liabilities	278	244	-34
Equity	2 381	2 416	35
Trade payables and other liabilities	817	814	-3
Deferred tax liabilities	18	24	6
Provision for noncurrent liabilities	202	197	-5
Income statement 2020			
Continuing operations			
Selling, general, and administrative costs	-747	-726	21
Research and development costs	-170	-172	-2
Taxes	-96	-101	-5
Net result from continuing operations	116	130	14
Net result from discontinued operations	683	695	12
Net income	799	825	26
Basic earnings per share 2020 attributable to the shareholders of Clariant Ltd (CHF/share)			
Continuing operations	0.28	0.32	0.04
Discontinuing operations	2.02	2.06	0.04
Total	2.30	2.38	0.08
Diluted earnings per share 2020 attributable to the shareholders of Clariant Ltd (CHF/share)			
Continuing operations	0.28	0.32	0.04
Discontinuing operations	2.01	2.05	0.04
Total	2.29	2.37	0.08
Cash Flow statement 2020			
Net income	799	825	26
Tax expense	174	183	9
Changes in other current assets and liabilities	-15	-19	-4
Changes in provisions	-115	-146	-31
Total	843	843	0



1.04 – Disclosure of business units as discontinued operations in accordance with IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations

Following the decision of the Board of Directors to dispose of the Business Units Masterbatches (including Business Line Healthcare Packaging) and Pigments in June 2019, the two Business Units concerned were reclassified to discontinued operations in 2019 and therefore are presented separately in accordance with IFRS 5. Healthcare Packaging was sold in October 2019, and Masterbatches in July 2020. See also Note 25.

Assets and liabilities pertaining to the discontinued operations are presented as »assets held for sale, and as liabilities directly associated with assets held for sale respectively in the balance sheets of 2020 and 2019 as required by IFRS 5.

1.05 – Standards, interpretations, and amendments effective in 2021

The Group has applied the following standards and amendments for the first time:

- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4, and IFRS 16 – Interest Rate Benchmark (IBOR) Reform

The amendments listed above did not have any impact on the amounts recognized in the reporting period and prior periods and are not expected to significantly affect future periods.

1.06 – Standards, interpretations, and amendments not yet effective

Certain new accounting standards and interpretations have been published that are not mandatory for the reporting period ending on 31 December 2021 and have not been early adopted by the Group. These standards are not expected to have a material impact on the entity in the current or future reporting periods or on foreseeable future transactions.

1.07 – Scope of consolidation

- **Subsidiaries:** Subsidiaries are those entities over which the Group has control. This is the case when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group, and they are deconsolidated from the date control ceases.
- **Associates:** Associates are entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20 % and 50 % of the voting rights. Investments in associates are accounted for using the equity method.

- **Joint arrangements:** The Group applies IFRS 11, Joint Arrangements, to all joint arrangements. Under IFRS 11, investments in joint arrangements are classified as either joint operations or joint ventures, depending on the contractual rights and obligations of each investor. Clariant has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

All associates and joint ventures apply the same accounting principles as the Group.

1.08 – Principles and methods of consolidation

The annual closing date of the individual financial statements is 31 December. The consolidated financial statements are prepared applying uniform presentation and valuation principles. The results of noncontrolling interests are separately disclosed in the income statement and in the balance sheet.

1.09 – Recognition of revenue from contracts with customers

Sales of goods and services are recognized in line with the requirements of IFRS 15, Revenue from Contracts with Customers. Revenue is measured based on the consideration the Group expects to receive in exchange for the goods or services. Revenue from sales of goods is recognized in the income statement when control has been transferred to the buyer, which is usually upon delivery, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract.

Revenue from services is recognized when the respective services have been rendered.

Revenue is reported net of sales taxes, returns, discounts, and rebates. Rebates to customers are provided for in the same period that the related sales are recorded based on the contract terms.

Where third parties hold Clariant inventories on a consignment basis, revenue is recognized in the period when inventories are withdrawn from consignment and delivered to customers. Clariant periodically enters into prepayment contracts with customers whereby it receives contract liabilities for products to be delivered in a future period. These contract liabilities are recorded as liabilities and presented as part of other liabilities. Advance payment liabilities are released, and revenues associated with such advance payment transactions are recognized upon delivery and transfer of title, ownership, and risk of loss of the related products to the customer. Cash rebates and discounts granted to customers are classified as a reduction of revenue.

1.10 – Recognition of revenues from interest and dividends

Interest income is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the Group. Dividends are recognized when the right to receive the payment is established.



1.11 – Exchange rate differences

Exchange rate differences are recognized in line with the requirements of IAS 21, The Effect of Changes in Foreign Exchange Rates. The consolidated financial statements are presented in Swiss francs, which is the functional and presentation currency of the parent company.

Transactions and balances: Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognized in the line Finance costs in the income statement, except when deferred in Other comprehensive income as qualifying cash flow hedges and net investment hedges.

Translation differences on debt securities and on other monetary financial assets measured at fair value are included in foreign exchange gains and losses in the line Finance costs in the income statement.

Group companies: Income statements and cash flow statements of foreign entities are translated into the Group's presentation currency at sales-weighted average exchange rates for the year, and their balance sheets are translated at the exchange rates prevailing on 31 December.

All resulting exchange rate differences are recognized in other comprehensive income in the line Currency translation differences. Exchange rate differences arising from the translation of the net investment in foreign entities and from borrowings and other currency instruments designated as hedges of such investments are recognized in Other comprehensive income in the line Net investment hedge. Net investments also include loans for which the settlement is neither planned nor likely to occur in the foreseeable future.

When a foreign operation is disposed of and as a consequence control, significant influence or joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as a part of the gain or loss on disposal.

When the Group's interest in a subsidiary that includes a foreign operation changes, while retaining control in the subsidiary, a proportionate part of the cumulative amount of the translation difference that was recognized in other comprehensive income is reclassified to non-controlling interests.

1.12 – Property, plant, and equipment

Property, plant, and equipment, except for the ones pertaining to mining activities, are valued at historical acquisition or production costs and depreciated on a straight-line basis to the income statement, using the following estimated useful lives in accordance with the Group guidelines:

- Buildings 15 to 40 years
- Machinery and equipment 10 to 16 years
- Furniture, vehicles, computer hardware 3 to 13 years
- Land is not depreciated

Property, plant, and equipment pertaining to mining activities are valued at historical costs and depreciated over their useful lives to the income statement using the units of production method.

When the entity has a present legal or constructive obligation to dismantle an item of property, plant, and equipment or restore a site, its initial costs include an estimate of the costs of dismantling and removing the item and restoring the site on which it is located. A corresponding provision is recorded for the amount of the asset component.

Financing costs directly associated with the acquisition, construction, or production of qualifying property, plant, and equipment are capitalized as a part of the costs of these assets. Investment property is valued at cost less depreciation. As all investment property held by Clariant consists of industrial and administrative sites that have been in use for several decades, there is no active market that would give information on possible market prices. The fair values of the investment properties are therefore determined by way of external appraisals and value-in-use calculations.

1.13 – Leases

Clariant accounts for lease contracts in accordance with IFRS 16, Leases.

At the inception of the lease, a right-of-use asset and a lease liability are recognized in the balance sheet. The asset is initially measured at the amount of the lease liability plus any initial direct costs incurred.

The lease liability is initially measured at the present value of the lease payments payable over the lease term, including variable lease payments, depending on an index at the commencement date, and the exercise price of purchase options, if it is reasonably certain that the option will be exercised. The lease liability is discounted at the rate implicit in the lease. If that rate cannot readily be determined, the incremental borrowing rate is used. Lease liabilities are subsequently remeasured to reflect possible changes in the lease terms.

Right-of-use assets are depreciated over the duration of the lease contract, including contractually agreed optional extension periods whose exercise is deemed to be reasonably certain. The depreciation is recognized in operating income.

The unwinding of the discounting effect is included in the financial expense. Lease payments are accounted for as a repayment of the lease liability.

Expenses for lease contracts for objects with a value of less than CHF 5 000 and lease contracts with a duration of up to twelve months are recognized directly in the income statement.



1.14 – Intangible assets

Goodwill is recognized in accordance with the requirements of IFRS 3, Business Combinations; IAS 38, Intangible Assets; and IFRS 11, Joint Arrangements. Goodwill is not amortized, but tested annually for impairment as required by IAS 36, Impairment of Assets.

Trademarks and licenses are capitalized at historical costs and amortized on a straight-line basis to the income statement over their estimated useful lives, with a maximum of ten years.

Acquired computer software licenses are capitalized on the basis of the costs incurred to acquire and bring to use the specific software. They are amortized on a straight-line basis to the income statement over their estimated useful lives (three to five years).

Costs directly associated with the production of identifiable and unique software and other intangible products controlled by the Group that will probably generate economic benefits beyond one year are recognized as intangible assets and depreciated over their useful life of three years. Direct costs include software development costs, personnel costs, and advisory costs directly related to the software or product development and an appropriate portion of the relevant overheads. Costs associated with developing and maintaining common software programs are recognized as an expense when incurred.

Intangibles acquired in a business combination, with the exception of mining rights, are amortized using a straight-line method over their remaining useful lives as follows:

– Technology	3 to 15 years
– Customer relationships	6 to 20 years
– Tradenames	10 years
– Order backlog	2 years

Mining rights are depreciated over their useful lives using the units of production method.

REACH costs were capitalized until the end of 2020 and are depreciated over a period of 12 years.

1.15 – Impairment of assets

Impairment of assets is recognized and disclosed as per the requirements of IAS 36, Impairment of Assets.

1.16 – Noncurrent assets and disposal groups held for sale

Noncurrent assets and disposal groups are classified as held for sale when their carrying amount is to be recovered through a sale transaction and a sale is considered highly probable. They are stated at the lower of the carrying amount and fair value less costs of disposal, in accordance with the requirements of IFRS 5, Noncurrent Assets Held for Sale and Discontinued Operations.

1.17 – Inventories

Purchased goods are valued at acquisition costs, while self-manufactured products are valued at manufacturing costs, including related production overhead costs. Inventory held at the balance sheet date is primarily valued at standard costs, which approximate actual costs on a weighted-average basis. This valuation method is also used for valuing the costs of goods sold in the income statement. Adjustments are made for inventories with a lower net realizable value. Unsaleable inventories are fully written off. These adjustments are recorded as valuation allowances, which are deducted directly from the inventory value in the balance sheet. The allowances are reversed when the inventories concerned are either sold or destroyed and, as a consequence, are removed from the balance sheet.

1.18 – Trade receivables

Trade receivables are amounts due from customers for goods sold or services rendered in the ordinary course of business and are recognized in accordance with IFRS 9, Financial Instruments. They are generally due within 40 days and therefore classified as current. Trade receivables are recognized initially at the amount of consideration that is unconditional. The Group holds trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortized cost. Details about the Group's impairment policies and the calculation of the loss allowance are provided in note 12.

1.19 – Cash and cash equivalents, short-term deposits

Cash and cash equivalents comprise cash in hand, deposits, and calls with banks, as well as short-term investment instruments with an initial lifetime of 90 days or less. Bank overdrafts are reported within financial debt in current liabilities on the balance sheet.

Short-term deposits are disclosed separately in the balance sheet if they have an original maturity between 90 and 365 days. They are valued at their nominal value, which is close to their fair market value.

1.20 – Derivative financial instruments and hedging

Derivative financial instruments and hedges are recognized in accordance with IFRS 9, Financial Instruments. Qualifying hedge instruments are derivatives and nonderivative financial assets and liabilities that are fully measured at fair value through profit and loss. Hedged items are assets or liabilities, unrecognized firm commitments, forecast transactions, or net investments in foreign entities. They are reliably measurable, and, if not recognized, they are highly probable. The hedges are accounted for either as fair value hedges in the case of exposures in fair value of recognized assets and liabilities or unrecognized firm commitments, as cash flow hedges in the case of exposures in cash flows arising from recognized assets or liabilities or forecast transactions that could affect profit or loss, or as hedges of a net investment in a foreign entity.



1.21 – Current income tax

The taxable profits (losses) of Group companies are calculated in accordance with the rules established by the taxation authorities of the countries in which they operate. They are the basis for the determination of income tax payments (reimbursements) for the reporting period in accordance with the prevailing local income tax rates. Current income tax is accounted for in accordance with the requirements of IAS 12, Income Taxes.

1.22 – Deferred income tax

Deferred income tax is calculated using the comprehensive liability method in accordance with the requirements of IAS 12, Income Taxes. No deferred income tax is calculated for the temporary differences on investments in Group companies, provided that the investor (parent company) is able to control the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred income tax assets are recognized on tax losses incurred if, based on the business plans of the respective subsidiaries, it is deemed probable that the tax losses are recoverable in the foreseeable future. The recoverability of these tax losses is assessed by Management on a regular basis.

1.23 – Employee benefits

Group companies operate various post-employment schemes, including both defined benefit and defined contribution pension plans, post-employment health care plans, and other benefits. Obligations for employee benefits are determined and recorded in line with the requirements of IAS 19, Employee Benefits.

Defined contribution plans: Contributions to defined contribution plans are recorded in the income statement in the period to which they relate.

Defined benefit plans: For defined benefit plans, the amount to be recognized in the provision is determined using the Projected Unit Credit method. Independent actuaries perform the actuarial valuations for the defined benefit plans on a regular basis. For the larger plans, these valuations take place annually. For the smaller ones, valuations are performed at least every three years, with systematic roll-forwards in the years in between.

The retirement benefit obligations recognized in the balance sheet represent the present value of the obligations at the end of the reporting period less the fair value of the plan assets.

The prepaid pension assets recognized in the balance sheet are capitalized only to the extent of their recoverability, that is, when a cash refund or a reduction in the future payments is available. The return on plan assets, except for amounts reflected in net interest income, are reported under other comprehensive income.

Actuarial gains and losses are charged or credited to equity in other comprehensive income in the period in which they arise. Past service costs are recognized immediately in the income statement.

Some Group companies **provide post-employment health care benefits** to their retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using an accounting method similar to that for the defined benefit pension plans. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to equity in other comprehensive income in the period in which they arise.

The charges for defined benefit plans, defined contribution plans, and termination benefits are included in personnel expenses and reported in the income statement under the corresponding functions of the related employees.

Other **long-term employee benefits** are employee benefits (other than post-employment benefits and termination benefits) that do not fall wholly due within twelve months after the end of the period in which the employees render the related service.

These include long-term compensated absences, such as long-service or sabbatical leave, and jubilee or other long-service benefits. The accounting policy for other long-term employee benefits is equal to that for post-employment benefits, with the exception that actuarial gains and losses are recognized immediately in the income statement.

Short-term employee benefits are employee benefits (other than termination benefits) that fall due wholly within twelve months after the end of the period in which the employees render the related service.

1.24 – Provisions

Provisions are recognized in accordance with the requirements of IAS 37, Provisions, Contingent Liabilities, and Contingent Assets.

1.25 – Research and development

Development expenses are capitalized to the extent that the recognition criteria set up by IAS 38, Intangible Assets, are met.

Considering the uncertainties inherent to the development of new key products, Clariant does not capitalize the associated development costs. Experience has proven that the structure of research and development in the industries that Clariant engages in makes it difficult to demonstrate how single intangible assets (patents) will generate probable future economic benefits.

Laboratory buildings and equipment included in property, plant, and equipment are depreciated over their estimated useful lives in accordance with the Group guidelines of note 1.12.



1.26 – Segment reporting

Segment information is presented in the same manner as in the internal reporting to the chief operating decision maker. The chief operating decision maker, responsible for strategic decisions, for the assessment of the segments' performance, and for the allocation of resources to the segments, is the Executive Committee.

Clariant had seven business units (BUs), two of which were reclassified to discontinued operations on 30 June 2019, as a result of the Group's decision to dispose of the Business Units Masterbatches and Pigments. The Business Unit Masterbatches was sold on 1 July 2020. The Business Unit Pigments was sold subsequent to the balance sheet date on 3 January 2022. See also note 38. For external reporting purposes the remaining five business units are grouped into three business areas (BA) (reportable segments), in accordance with IFRS 8, Operating Segments:

- Care Chemicals (BU ICS)
- Catalysis (BU Catalysts)
- Natural Resources (BU Oil & Mining Services, BU Functional Minerals, BU Additives)

The five business units were grouped into business areas so that they reflect, in Management's opinion, the similar economic characteristics of certain BU's and common traits regarding products, markets, technologies, and cyclicity. These business areas have full responsibility for their operating results.

The Business Area **Care Chemicals** comprises the BU Industrial & Consumer Specialties (ICS), Food Additives as well as the future Industrial Biotechnology business. It demonstrates a clear focus on highly attractive, high-margin, and low-cyclicity segments. The BA is a pillar of Clariant's efforts to be a supplier of green and sustainable products.

The Business Area **Catalysis** develops, manufactures, and sells a wide range of catalyst products for the chemical, fuel, and automotive industries, as well for the biofuel business. This BA is highly profitable with a cyclicity in line with the investment cycle of the petrochemical industry.

The Business Area **Natural Resources**, comprising the BUs Oil & Mining Services, Functional Minerals, and Additives, is characterized by high growth and a low cyclicity. Main drivers are the rising demand for high-value-added specialty chemicals used in the oil, mining, food and packaging industries; the increased consumption of oil, gas, and base metals, and the increasing use of plastics with tailor-made properties in applications such as mobile phones, cars and construction, driven by the fast-growing economies.

Discontinued operations comprise Business Units Masterbatches for the first six months of 2020 and Pigments for 2020 and 2021.

Corporate: Income and expenses relating to Corporate include the costs of the Corporate headquarters and some of the corporate coor-

dination functions in major countries. In addition, Corporate includes certain items of income and expense, that are not directly attributable to specific Business Areas, like central R&D costs.

The Group's business areas are segments offering a large variety of products. The segments are managed separately because they manufacture, distribute, and sell distinct products, that require differing technologies and marketing strategies. These products are also subject to risks and returns that are different from those of other segments.

Segment sales are sales reported in the Group's income statement directly attributable to a segment, as well as the relevant portion of the company income that can be allocated on a reasonable basis to a segment, whether from sales to external customers or from transactions with other segments.

Segment operating expenses are expenses resulting from the operating activities of a segment directly attributable to the segment and the relevant portion of an expense that can be allocated on a reasonable basis, including expenses relating to sales to external customers and expenses relating to transactions with other segments. Inter-segment transactions are entered into under the normal circumstances and terms and conditions that would also be available to unrelated third parties.

The segment net assets consist of segment assets - primarily property, plant, and equipment, intangible assets, inventories and receivables, - less segment liabilities. Usually no allocation of Corporate items is made to the segments. Corporate assets and liabilities principally consist of net liquidity (cash, cash equivalents, and other current financial assets less financial debts) and deferred and current income taxes.

The Executive Committee assesses the performance of the operating segments based on income statement parameters like third-party sales, EBITDA, operating result, and cash flow. Interest income, interest expense, and taxes are not allocated to the segments. The return on the capital invested in each segment is measured by the Return on Net Assets (RONA).

1.27 – Share capital and other reserves

All issued shares are ordinary shares and, as such, are classified as equity. Incremental costs, directly attributable to the issue of new shares or options, are shown in equity as a deduction, net of tax, from the proceeds.

Written put options, where Clariant Ltd shares are the underlying, are reported as obligations to purchase Clariant Ltd shares if the number of shares is fixed and physical settlement for a fixed amount of cash is required in case the option is exercised.

At inception, the obligation is recorded at the present value of the settlement amount of the option, and the corresponding effect is recognized in shareholders' equity.



The liability is measured subsequently at amortized costs using the effective interest method. Upon settlement of such written put options, the liability is extinguished, and the charge to equity is reclassified to the treasury shares.

Clariant Ltd shares, subject to such put options, are not considered to be outstanding for the purpose of basic earnings per share calculations, but are considered for the dilutive earnings per share calculations to the extent that they are dilutive.

Other reserves comprise the following items:

- **Share premium:** The share premium comprises the excess price paid over the par value of the share at the time of issuance of the share capital.
- **Cumulative translation reserves:** The translation reserves comprise the foreign exchange differences arising from the translation of the financial statements of the foreign subsidiaries stated in a currency other than the Group's functional currency. In addition, the cumulative translation reserves comprise the foreign exchange differences arising on the translation of financial liabilities denominated in a currency other than the functional currency of the parent company, Clariant Ltd, that are at the same time designated as a hedge of a net investment in a foreign entity.

1.28 – Treasury shares

Treasury shares are deducted from equity at their par value of CHF 3.00 per share (2020: CHF 3.70). Differences between this amount and the amount paid for acquiring, or received for disposing of, treasury shares are recorded in retained earnings.

1.29 – Financial debt

Financial debt is recognized based on the requirements of IFRS 9, Financial Instruments: Recognition and Measurement.

All financial liabilities are valued at amortized cost.

1.30 – Financial assets

Financial assets are classified, recognized, measured, and, if necessary, impaired based on the requirements of IFRS 9, Financial Instruments.

Financial assets are valued at amortized cost if there is the intention to hold them in order to collect the contractual cash flow, and this cash flow is only for the principal and interest.

Financial assets are valued at fair value through other comprehensive income when they are held with the intention of getting the contractual cash flow, but also with the intention of eventually selling the asset.

Equity investments are measured at fair value through other comprehensive income based on the Group's irrevocable election at initial recognition.

There are currently no financial assets at fair value through profit and loss.

Loss allowances are recognized for expected credit losses, in line with the requirements of IFRS 9, Financial Instruments. Changes in the measurement of the loss allowance are recognized in profit and loss.

Purchases and sales of financial assets are recognized on the settlement date, which is the date on which the Group receives or delivers the assets

1.31 – Business combinations

The Group applies the acquisition method to account for business combinations in accordance with IFRS 3, Business Combinations, and recognizes any noncontrolling interests in the acquiree at fair value (full goodwill method).

Acquisition-related costs are expensed as incurred.

1.32 – COVID-19

The outbreak of the COVID-19 pandemic has affected the world-economy deeply and, as a consequence also the environment of Clariant and the company itself. Clariant has taken early measures to minimize the COVID-19 impact by assuring people safety first while supporting its communities and concurrently running business continuity, cash, and cost programs.

Business continuity was able to be preserved by stringent safety and contingency measures mitigated disruptions caused by temporary production site closures while cooperating closely with customers and suppliers along the value chains.

Management, together with the business units is continuously modeling and assessing the situation and executing stringent cash and cost programs.

These cash programs are centrally run and focus on optimizing net working capital efficiency, spend avoidance, cost cuts, and operational flexibilization. Supply and production plans have been adjusted to assure efficient levels of inventories. The recoverability of inventories is also assessed to be unchanged compared to the time prior to the COVID-19 crisis due to tight inventory management. Debtors are prudently managed, and so far, no increase in overdues or defaults was recorded.

The economic development is continuously monitored together with the Business Units and assessed for the need to adjust the business plans.

2. ENTERPRISE RISK MANAGEMENT IDENTIFICATION, ASSESSMENT, AND MANAGEMENT

In the framework of the Enterprise Risk Management Policy, risk assessments are prepared by business units, service units and corporate functions to assess threats that will impact the achievement of the objectives set for Clariant overall. These objectives are a result of the overall strategy of the Group as set by the Board of Directors and implemented by the Executive Committee.



The Executive Committee is responsible for monitoring the risk assessments for relevance and consistency. The Executive Committee has formed an »Ethics and Risk Management« subcommittee, which maintains an up-to-date understanding of areas where Clariant is, or may be, exposed to risk issues, and seeks to ensure that management is effectively addressing those issues.

The short- and long-term objectives are set in the fourth quarter of the year. These objectives and threats are subject to scrutiny by the Executive Committee during meetings with each business unit. Also reviewed and discussed are proposed measures to reduce or contain threats. In that context, responsibilities are assigned. All stakeholders are required to report significant changes to existing identified risks and new threats as they arise.

Risk registers are maintained using financial and reputational impact and probability assessments to score and rank all identified risks. The assessment also addresses the measures in place to manage the risks identified and indicate dates for completion of the measures.

When threats have been identified and quantified, they are delegated to qualified individuals who are required to deliver effective risk management. Depending on the nature of the risk identified, specific skill sets may be required for the management of those particular risks.

A summary risk assessment is submitted annually to the Executive Committee, the Audit Committee, and the Board of Directors for review.

In case of new or changed risks, reporting is accelerated. To support functional responsibility, certain functions have access to risk assessments to assist them in their roles.

Examples of such functions are Environmental Safety & Health Affairs (ESHA), to identify key sites for their property risk survey program, or Group Procurement, to ensure reliable and compliant supply of raw materials.

Examples of identified risks included in the risk register:

2.1 – Regulation & Compliance

Clariant is subject to many rules and regulations as well as compliance standards. These include chemical industry, country, government, and customer requirements as well as the European Union's (EU) Regulation on the Registration, Evaluation, Authorization, and Restriction of Chemicals (REACH) or similar regulations in other countries.

The function Global Product Stewardship is responsible for ensuring that all relevant legal requirements are met. Certain specific matters are delegated to other functions.

2.2 – Sites and locations

This includes manufacturing plants and equipment important for the production of Clariant products for sale to customers.

Also addressed are country and culture issues that could create threats to business objectives. The aim is to maintain high-quality and safe production facilities. ESHA and Regional Services are responsible for the management of the associated risks.

Examples of emerging risks included in the risk register:

2.3 – Supply chain reliability

The achievement of targets depends on the reliability of the supply chain. The purchasing of raw materials may be impaired due to the unavailability of respective products, required energy, or corresponding means of transportation. Similarly, our customers may be affected by the unavailability of certain input materials outside the range of chemical products, limiting their production and thus Clariant's sales opportunities. Clariant responds to these challenges with market intelligence to identify potential constraints in an early stage and in close cooperation with our business partners.

2.4 – Sustainability transformation

Demand for sustainable products is clearly increasing, which opens up business opportunities. Nonavailability of sustainable offerings represents a market disadvantage. Clariant is responding with the new organizational unit Group Innovation & Sustainability, which combines various resources to accelerate the sustainability transformation.

2.5 – Digital interconnection

Successful performance of the Clariant Group depends on properly working information systems. Cyberattacks may result in the loss of business and personal data, knowledge, facilities, or money, leading to interruptions in manufacturing and product deliveries. Such attacks might cause significant economic damages as well as loss of trust. Clariant is responding to the increased cyber risk with a reinforced security operations center, state-of-the-art software, and frequent awareness campaigns.

3. FINANCIAL RISK MANAGEMENT

3.1 – Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk, liquidity risk, counterparty risk, (re)financing and funding risk, and also settlement risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to reduce potential adverse effects on the Group's financial performance at reasonable hedging costs. The Group uses derivative financial instruments, nonderivative financial instruments, and operating strategies to hedge certain risks.

Financial risk management is carried out by the central treasury department (Corporate Treasury) under policies approved by the Executive Committee and the Board of Directors. Corporate Treasury identifies, evaluates, and hedges financial risks in close cooperation with the Group's operating units and functions. Written principles for the management of overall foreign exchange risk and credit risk for the use of derivative financial instruments, nonderivative financial instruments and investing excess liquidity (counterparty risk) are in

place.

3.1.1 – Market risk

3.1.1.1 – Foreign exchange risk

- **Exposure to foreign exchange risk:** The Group operates internationally and is exposed to foreign exchange risks arising from various currency exposures, primarily with respect to the euro, the US dollar and, to some extent, the currencies of emerging countries. Foreign exchange risks arise from future commercial transactions, recognized assets and liabilities, and net investments in foreign operations when they are denominated in a currency that is not the respective subsidiary's functional currency.
- **Foreign exchange risk management:** To manage the foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, entities in the Group use spot transactions, FX forward contracts, FX options, and FX swaps according to the Group's foreign exchange risk policy. Corporate Treasury is responsible, in close coordination with the Group's operating units, for managing the net position in each foreign currency and for putting in place the appropriate hedging actions.

The Group's foreign exchange risk management policy is to selectively hedge net transaction exposures in major foreign currencies.

Currency exposures arising from the net assets of the Group's foreign operations are managed primarily through borrowings denominated in the relevant foreign currency.

Detailed information regarding foreign exchange management is provided in note 31.

- **Foreign exchange risk sensitivity:** The estimated percentage change of the following foreign exchange rates used in this calculation is based on the historical foreign exchange rate volatility for a term of 360 days.

At 31 December 2021, if the euro had strengthened/weakened by 4 % (2020: 5 %) against the Swiss franc with all other variables held constant, pretax profit for the year would have been CHF 22 million higher/lower (2020: CHF 25 million higher/lower), mainly as a result of foreign exchange gains/losses on the translation of the euro-denominated financing, cash and cash equivalents, intragroup financing, and third-party trade receivables and payables. Equity would have been CHF 42 million lower/higher (2020: CHF 54 million lower/higher), arising mainly from foreign exchange gains/losses of the exposure of the foreign currency participations and the hedge instruments in the hedge of net investments, which partially offset this effect.

At 31 December 2021, if the US dollar had strengthened/weakened by 6 % (2020: 8 %) against the Swiss franc with all other variables held constant, pretax profit for the year would have been CHF 13 million higher/lower (2020: CHF 34 million higher/

lower), mainly as a result of foreign exchange gains/losses on the translation of US dollar-denominated cash and cash equivalents, intragroup financing, and trade receivables. Equity would have been CHF 60 million lower/higher (2020: CHF 30 million lower/higher), arising mainly from foreign exchange gains/ losses of the exposure of the foreign currency participations and the hedge instruments in the hedge of net investments, which partially offset this effect.

3.1.1.2 – Interest rate risk

- **Exposure to interest rate risk:** Financial debt issued at variable rates and cash and cash equivalents expose the Group to cash-flow interest rate risk; the net exposure as of 31 December 2021 was not significant. Financial debt issued at fixed rates does not expose the Group to fair value interest rate risk because it is recorded at amortized costs. At the end of 2021 and 2020, 100% of the net financial debt was at fixed rates.
- **Interest rate risk management:** It is the Group's policy to manage the costs of interest using fixed- and variable-rate debt and interest-related derivatives. Corporate Treasury monitors the net debt fix-to-float mix on an ongoing basis.
- **Interest rate risk sensitivity:** To calculate the impact of a potential interest rate shift on profit and loss, the net debt exposure is taken into consideration for cash and debt maturing within the next 12 months. The variable Certificates of Indebtedness maturing after 12 months are also taken into consideration (interest rates comparison between the end of 2021 and end of 2020). At 31 December 2021, if the CHF interest rates on net current financial debt including Certificates of Indebtedness with variable interest rates after 12 months, had been 1 basis point higher/lower with all other variables held constant, pretax profit for the year would have been CHF 0.00 million higher/lower (2020: CHF 0.16 million higher/lower for a CHF interest rate shift of 1 basis point).

At 31 December 2021, if the USD interest rates on net current financial debt issued, including Certificates of Indebtedness with variable interest rates after 12 months, had been 1 basis point higher/lower with all other variables held constant, pretax profit for the year would have been CHF 0.15 million higher/lower (2020: CHF 0.65 million higher/lower for a USD interest rate shift of 1 basis point).

At 31 December 2021, if the EUR interest rates on net current financial debt issued, including Certificates of Indebtedness with variable interest rates after 12 months had been 1 basis point higher/lower with all other variables held constant, pretax profit for the year would have been CHF 5.09 million higher/lower (2020: CHF 2.38 million higher/lower for a euro interest rate shift of 1 basis point).

3.1.2 – Other price risks

With regard to the financial statements as per 31 December 2021 and 2020, the Group was not exposed to other price risks in the sense of IFRS 7, Financial Instruments: Disclosures.



3.1.2.1 – Credit risk

- **Exposures to credit risk:** Credit risk arises from deposits of cash and cash equivalents, from entering into derivative financial instruments, and from deposits with banks and financial institutions, as well as from credit exposures to wholesale and retail customers, including outstanding receivables and committed transactions with suppliers. Customer credit risk exposure is triggered by customer default risk and country risk. As of 31 December 2021, the Group had a diversified portfolio with more than 16 000 active credit accounts (2020: more than 19 000), with no significant concentration either due to size of customers or due to country risk. Of the accounts receivable, 50% are distributed among 244 corporate groups with moderate customer default risk.
- **Credit risk management:** Clariant has a Group credit risk policy in place to ensure that sales are made to customers only after an appropriate credit assessment. Procedures are standardized within a corporate customer credit risk policy and supported by the IT system with respective credit management tools. Credit lines are partially backed by credit risk insurance.

AGEING BALANCE OF TRADE RECEIVABLES

	31.12.2021	31.12.2020
Not due yet	93%	93%
Total overdue	7%	7%
– less than 30 days	4%	5%
– more than 30 days	3%	2%

NET TRADE RECEIVABLES PER GROUP INTERNAL RISK CATEGORY

	31.12.2021	31.12.2020
A – low credit risk	24%	22%
B – low to medium credit risk	31%	33%
C – medium to above-average risk	32%	28%
D – high credit risk	13%	17%
N – customers awaiting rating	0%	0%

Financial instruments contain an element of risk that the counterparty may be unable to either issue securities or to fulfill the settlement terms of a contract. Clariant therefore – whenever possible – only cooperates with counterparties or issuers that are at least rated »BB-« when it comes to entering into deposits with such counterparties. The cumulative exposure to these counterparties is constantly monitored by Corporate Treasury. There is no expectation of a material loss due to counterparty risk.

The Group maintains a large EUR cash pooling structure with a leading European bank, over which most European subsidiaries execute their cash transactions denominated in euro. A USD cash pooling structure with a leading US bank was introduced in 2020. As a result of this cash pool, the Group at certain times has substantial current financial assets and at other times substantial current financial liabilities with the corresponding banks.

In view of the European bank being rated »A-« (2020: BBB+) and the US bank being rated »A+« by the most important rating agencies, Clariant does not consider this to pose any particular counterparty risk.

At the balance sheet date, 71% (2020: 63%) of the total cash and cash equivalents and short-term deposits were held with five banks (2020: five banks), each with a position between CHF 21 million and CHF 132 million (2020: between CHF 89 million and CHF 154 million). All of these banks are rated »A-« (2020: »A«) and better.

The table below shows in percentage of total cash and cash equivalents the share deposited with each of the three major counterparties at the balance sheet date (excluding the banks managing the EUR and USD cash pools):

Counterparty	Rating	31.12.2021
Bank 1	A+	20%
Bank 2	A+	7%
Bank 3	A+	5%

Counterparty	Rating	31.12.2020
Bank 1	AA+	15%
Bank 2	A+	13%
Bank 3	A+	13%

3.1.3 – Liquidity risk

- **Liquidity risk management:** Cash flow forecasting is performed in the subsidiaries of the Group and in aggregate by Corporate Treasury. Corporate Treasury monitors the forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet its operational needs while maintaining sufficient headroom on its undrawn borrowing facilities. At all times, the Group aims to meet the requirements set by the covenants of any of its borrowing facilities. Corporate Management therefore takes into consideration the Group’s debt financing plans and financing options.

Cash that is not needed in the operating activities of the Group is invested in short-term money market deposits or marketable securities if an interest income higher than the one on a regular bank deposit can be achieved. At 31 December 2021, the Group held money market funds of CHF 29 million (2020: CHF 485 million), of which CHF 12 million have an initial tenor of more than 90 days (2020: CHF 267 million).

The following table analyzes the maturity profile of the Group’s financial liabilities. The amounts disclosed are the contractual undiscounted cash flows and therefore do not reconcile with the financial liabilities presented in the consolidated balance sheets.



AT 31 DECEMBER 2021 in CHF m

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	707	272	655	18
Interest on borrowings	21	13	17	1
Lease liabilities	50	40	78	121
Trade payables and other liabilities	1122	4	10	44
Derivative financial instruments	8	—	14	—

AT 31 DECEMBER 2020 RESTATED
in CHF m

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
Borrowings	411	358	832	234
Interest on borrowings	30	24	34	4
Lease liabilities	43	35	61	75
Trade payables and other liabilities	946	5	10	45
Derivative financial instruments	-1	—	-6	—

The Group covers its liabilities out of generated operating cash flow, liquidity reserves in form of cash and cash equivalents including money market deposits (31 December 2021: CHF 427 million vs. 31 December 2020: CHF 1004 million), out of uncommitted open cash pool limits and bank credit lines (31 December 2021: CHF 117 million vs. 31 December 2020: CHF 117 million), as well as out of additional uncommitted net working capital facilities and through issuance of capital market instruments.

Since 16 December 2016, Clariant Ltd had an agreement for a CHF 445 million (2020: CHF 445 million) five-year multicurrency revolving credit facility (RCF) with two one-year extension options. The RCF is structured as a club deal with ten key relationship banks with equal stakes and contains an accordion option for an increase up to CHF 600 million. The RCF is structured as a »backstop« facility for rating purposes to maintain Clariant's liquidity headroom. It contains customary covenants such as negative pledge, cross default, ownership change, and restriction on disposals, mergers, and subsidiary debt. The Group is required to maintain one financial covenant (debt leverage) that is tested at the end of each financial half year. The RCF has been extended until 16 December 2023.

3.2 – Fair value measurement

IFRS 13, Fair Value Measurement, requires the disclosure of fair value measurements for financial instruments measured at fair value in the balance sheet in accordance with the fair value measurement hierarchy.

The fair value hierarchies are defined as follows:

- **Level 1:** Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- **Level 2:** Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- **Level 3:** Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

3.2.1 – Valuation methods

As of 31 December 2021, the open derivative financial instruments held were valued using the following valuation methods:

Forward exchange rate contracts: The valuations of forward exchange rate contracts are based on the discounted cash flow model, using observable inputs such as interest curves and spot rates.

Exchange rate options: FX options are valued based on a Black-Scholes model, using major observable inputs such as volatility and exercise prices.

Equity investments valued at fair value through OCI: These are usually classified at Level 3. Their valuation is based on multiples of projected earnings and discounted cash flows.

The financial instruments measured at fair value through profit or loss were all classified as Level 2 (see note 31). There were no transfers between the levels in 2021 and 2020.

3.3 – Hedge accounting

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates certain derivatives as either:

- Hedges of a particular risk associated with the cash flows of recognized assets and liabilities and highly probable forecast transactions (cash flow hedges)
- Hedges of a net investment in a foreign operation (net investment hedges).

At the inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items, including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

The fair values of derivative financial instruments designated in hedge relationships are disclosed in note 31. Movements in the hedging reserve in shareholders' equity are shown in note 31. The full fair value of a hedging derivative is classified as a noncurrent asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as a current asset or liability.

- **Cash flow hedges:** The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.



As long as the hedged cash flow item is probable, the cumulative gain or loss on the respective hedge remains in equity and does not get recycled.

Amounts accumulated in equity are reclassified in the periods when the hedged item affects profit or loss, as follows:

- The gain or loss relating to the effective portion of the interest rate/cross-currency swaps hedging variable-rate or fixed-rate borrowings is recognized in profit or loss within finance cost at the same time as the interest expense on the hedged borrowings.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

- **Hedges of net investments** in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognized in other comprehensive income and accumulated within equity. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Gains and losses accumulated in equity are reclassified to profit or loss when the foreign operation is partially disposed of or sold.

3.4 – Capital risk management

The Group’s objectives when managing capital are to safeguard the ability to continue as a going concern in order to provide returns for the shareholders and benefits for other stakeholders and to maintain a capital structure suitable to optimize the cost of capital. This includes aspects of the credit rating.

In order to maintain or adjust the capital structure, the Group may adjust the amount of payouts to the shareholders, return capital to the shareholders, issue new shares, or sell assets to reduce debt. The Group monitors capital on the basis of invested capital as part of the return on invested capital concept. Invested capital is calculated as the sum of total equity as reported in the consolidated balance sheet plus current and noncurrent financial liabilities as reported in the consolidated balance sheet, including lease liabilities, plus estimated cash needed for operating purposes, less cash and cash equivalents and near cash assets not needed for operating purposes.

Invested capital for the Group was as follows on 31 December 2021 and 2020 respectively:

in CHF m		
	2021	2020 ²
Total equity	2 544	2 416
Total current and noncurrent financial liabilities (incl. lease liabilities)	1 949	2 022
Less cash and cash equivalents and short-term deposits ¹	-427	-1 004
Less assets held for sale (net of liabilities related to assets held for sale)	-581	-535
Cash needed for operating purposes	87	77
Invested capital	3 572	2 976

¹ Short-term deposits represent deposits over 90 days.

² Restated see note 1.03

At the end of 2021, Clariant considers the invested capital to be adequate.

3.5 – IBOR Reform

On 31 December 2021 LIBOR rates for all major currencies except for the US dollar were abandoned and replaced by alternative risk-free rates (ARFRs, e.g., SARON for CHF, SONIA for GBP, TONAR for JPY). ARFRs are transaction based on overnight rates (secured or unsecured). The loan documentation of Clariant’s revolving credit facility (RCF) has been amended for the switch from LIBOR to ARFR for the relevant currencies. No other financial liabilities or derivatives were affected by the discontinuation of LIBOR. All of Clariant’s floating Certificates of Indebtedness are denominated in EUR and therefore subject to EURIBOR, which continues to be used.

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations on future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

4.1 – Estimated impairment of goodwill, intangibles, and property, plant, and equipment

The Group tests annually whether goodwill has suffered any impairment in accordance with the requirements of IAS 36, Impairment of Assets. The recoverable amounts of all cash-generating units have been determined based on value-in-use calculations reported in continuing operations. The recoverable amounts of all cash-generating units classified as discontinued operations have been valued at fair value less cost to sell.



The recoverable value of intangibles and property, plant, and equipment is also assessed applying value-in-use calculations. These calculations require the use of estimates, in particular in relation to the expected growth of sales, the discount rates, the development of raw material prices, and the success of restructuring measures implemented.

4.2 – Environmental liabilities

The Group is exposed to environmental regulations in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for environmental remediation. The Group constantly monitors its sites to ensure compliance with legislative requirements and to assess the liability arising from the need to adapt to changing legal demands. The Group recognizes liabilities for environmental remediation based on the latest assessment of the environmental situation of the individual sites and the most recent requirements of the respective legislation. Where the final remediation results in expenses that differ from the amounts previously recorded, such differences impact the income statement in the period in which such determination is made.

4.3 – Income tax and other taxes

The Group is subject to income tax and other taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income tax and other taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain at the time a liability must be recorded.

The Group recognizes liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts initially recorded, such differences impact the income tax and deferred tax provisions in the period in which such determination is made (see note 10). As a substantial part of Clariant's activities are based in Germany, this is where the largest tax risks arise. Some subsidiaries generate tax losses. Often these can be used to offset taxable gains of subsequent periods. The Group constantly monitors the development of such tax loss situations. Based on the business plans for the subsidiaries concerned, the recoverability of such tax losses is determined. In the event that a tax loss is deemed to be recoverable, the capitalization of a deferred tax asset for such a tax loss is then decided.

4.4 – Estimates for the accounting for employee benefits

IAS 19, Employee Benefits, requires that certain assumptions are made in order to determine the amount to be recorded for retirement benefit obligations and pension plan assets, in particular for defined benefit plans. These are mainly actuarial assumptions such as expected future salary increases, long-term increase in health care costs, average life expectancy, and discount rates. Substantial changes in the assumed development of any of these variables may significantly change the Group's retirement benefit obligation and pension assets (see note 20).

4.5 – Provisions and Contingencies

Clariant is regularly confronted with situations where possible obligations arising from past events will only be confirmed by the occurrence or nonoccurrence of future events not wholly within the control of the Group or where the amount of the obligation cannot be reliably estimated. Clariant reviews such situations at each balance sheet date and makes judgments based on all information available to determine if an outflow of resources can be reliably estimated or not. If this is not possible, a contingency is reported for each material case.

4.6 – Assets held for sale and liabilities directly associated with assets held for sale

As a result of the decision to divest two of its Business Units, Clariant reclassified the assets and liabilities pertaining to those activities to »held for sale« in accordance with IFRS 5 (see note 1.04). In distinguishing between the assets and liabilities pertaining to continuing operations and those pertaining to discontinued operations, judgment had to be applied, as a part of those assets and liabilities is used by both types of activities.

All assets and liabilities exclusively pertaining to one Business Unit were allocated to that Business Unit. In all other cases, a critical assessment was conducted as to whether it could be reasonably expected that the asset or liability concerned would be transferred in a disposal. This assessment was made based on past experience and most recent market developments. The allocation made may have to be adjusted when the disposal is actually consummated.

5. PROPERTY, PLANT, AND EQUIPMENT

in CHF m	Land	Buildings	Machinery and equipment	Furniture, vehicles, computer hardware	Assets under construction	Total 2021
Cost						
As per 1 January	293	881	1 924	274	351	3 723
Additions	1	14	51	17	279	362
Acquired in business combinations (see note 27)	4	2	42	1	—	49
Reclassified to/from held for sale (see note 25)	—	—	7	2	-4	5
Disposals	-26	-13	-16	-12	-1	-68
Reclassifications	3	71	129	14	-217	—
Exchange rate differences	-10	-12	-55	-5	-8	-90
At 31 December	265	943	2 082	291	400	3 981
Accumulated depreciation and impairment						
As per 1 January	-78	-454	-1 343	-220	—	-2 095
Additions	—	—	—	—	—	—
Reclassified to/from held for sale (see note 25)	—	—	-3	-2	—	-5
Disposals	—	12	15	12	—	39
Depreciation	—	-33	-117	-20	—	-170
Impairment (see note 28)	—	—	-1	—	—	-1
Reclassifications	—	—	—	—	—	—
Exchange rate differences	3	7	28	3	—	41
At 31 December	-75	-468	-1 421	-227	—	-2 191
Net book value	190	475	661	64	400	1 790

Impairments recognized in the income statement amounted to CHF 1 million in 2021 (2020: CHF 11 million). Impairments arise as a result of restructuring measures entailing site closures and of disposal projects.

Exchange rate differences mainly arise from the changes in the EUR/Swiss franc and Romanian leu/Swiss franc exchange rates. Both currencies significantly devalued against the Swiss franc in 2021.

As at 31 December 2021, commitments for the purchase of property plant, and equipment concerned various projects mainly in Germany, Romania and China and totaled CHF 78 million (2020: CHF 61 million).

As per 31 December 2021, property, plant, and equipment acquired by way of a business acquisition, with costs of CHF 49 million were recorded. See also note 27.

Additions in 2021 include CHF 112 million of investments in a cellulosic ethanol plant in Romania.

Disposals in 2021 include real estate in Germany, the US and Brazil with a total book value of CHF 27 million. A building in Brazil was subsequently leased back. Altogether a profit of CHF 15 million was incurred on these disposals, which is recognized in Selling, general and administrative costs.



in CHF m	Land	Buildings	Machinery and equipment	Furniture, vehicles, computer hardware	Assets under construction	Total 2020
Cost						
As per 1 January	340	1 128	1 981	296	248	3 993
Additions	1	8	40	11	228	288
Acquired in business combinations (see note 27)	—	2	1	—	—	3
Reclassified to/from held for sale (see note 25)	—	63	-48	-7	10	18
Disposals	-40	-255	-43	-15	-1	-354
Reclassifications	2	23	90	7	-122	—
Exchange rate differences	-10	-88	-97	-18	-12	-225
At 31 December	293	881	1 924	274	351	3 723
Accumulated depreciation and impairment						
As per 1 January	-105	-700	-1 310	-229	—	-2 344
Reclassified to/from held for sale (see note 25)	-1	-10	-13	3	—	-21
Disposals	27	242	39	14	—	322
Depreciation	—	-33	-109	-20	—	-162
Impairment (see note 28)	—	-2	-7	-2	—	-11
Exchange rate differences	1	49	57	14	—	121
At 31 December	-78	-454	-1 343	-220	—	-2 095
Net book value	215	427	581	54	351	1 628

Investment properties (Clariant as a lessor in operating leases)

As a result of the continuous efforts to increase efficiency and to optimize the structure of its facilities, sometimes production or administrative sites are vacated. In order to minimize expenses, Clariant seeks to find tenants for these facilities.

As a consequence, such facilities, which generate income exclusively from rental contracts, are considered as investment property in line with the requirements of IAS 40, Investment Property. All investment property is valued at cost less depreciation.

Investment property in Clariant is almost entirely located in Switzerland and Germany. The gross book value of investment property amounted to CHF 304 million on 31 December 2021 (CHF 524 million on 31 December 2020).

Accumulated depreciation on investment property amounted to CHF 186 million on 31 December 2021 (CHF 382 million on 31 December 2020).

The net book value amounted to CHF 118 million on 31 December 2021 (CHF 142 million on 31 December 2020).

Depreciation amounted to CHF 1 million in 2021 (CHF 1 million in 2020).

Income from investment properties amounted to CHF 6 million in 2021 (CHF 6 million in 2020) and is recorded in SG&A in the segment “Corporate”.

Expected minimum lease income varies between CHF 5 million and CHF 6 million (2020: CHF 5 million and CHF 6 million) per annum for the next five years and amounts to CHF 199 million for later periods (2020: CHF 193 million).

Since all investment property consists of industrial and administrative sites that have been in use for several decades, there is no active market that would give information on possible market prices. The fair values of the investment properties were therefore determined by way of external appraisals and value-in-use calculations. As of 31 December 2021, the estimated fair value of investment property amounted to CHF 171 million (CHF 186 million on 31 December 2020).



6. INTANGIBLE ASSETS

in CHF m	Goodwill	Technology	Customer relationships	Trade names	Other	Total 2021
Cost						
As per 1 January	998	231	368	86	288	1 971
Additions	—	—	—	—	3	3
Acquired in business combinations (see note 27)	60	—	—	5	26	91
Disposals	—	—	—	—	-7	-7
Reclassified to held for sale (see note 25)	-1	—	—	—	3	2
Exchange rate differences	-5	-3	3	—	-10	-15
At 31 December	1 052	228	371	91	303	2 045
Accumulated amortization and impairment						
As per 1 January	-4	-182	-251	-83	-213	-733
Disposals	—	—	—	—	3	3
Amortization	—	-9	-16	-3	-15	-43
Reclassified to held for sale (see note 25)	1	—	—	—	-1	—
Exchange rate differences	-2	2	-1	—	9	8
At 31 December	-5	-189	-268	-86	-217	-765
Net book value	1 047	39	103	5	86	1 280



in CHF m	Goodwill	Technology	Customer relationships	Trade names	Other	Total 2020
Cost						
As per 1 January	1 069	238	387	87	292	2 073
Additions	—	1	—	—	10	11
Acquired in business combinations (see note 27)	2	—	2	—	2	6
Disposals	—	—	—	—	-2	-2
Reclassified to held for sale (see note 25)	-15	-6	-2	-1	-5	-29
Exchange rate differences	-58	-2	-19	—	-9	-88
At 31 December	998	231	368	86	288	1 971
Accumulated amortization and impairment						
As per 1 January	-24	-177	-243	-80	-198	-722
Disposals	—	—	—	—	1	1
Amortization	—	-12	-18	-4	-23	-57
Reclassified to held for sale (see note 25)	15	6	2	1	4	28
Exchange rate differences	5	1	8	—	3	17
At 31 December	-4	-182	-251	-83	-213	-733
Net book value	994	49	117	3	75	1 238

Amortization is allocated to the line in the income statement that represents the function to which the intangible asset pertains.

In 2021 and 2020, no impairment losses were recognized.

As per end of 2021, other intangible assets include the carrying value in the amount of CHF 27 million (2020: CHF 34 million) capitalized in connection with the REACH regulation and less than CHF 1 million (2020: CHF 4 million) of capitalized internally generated intangibles.

Impairment test for goodwill. Goodwill is allocated to the Group's cash-generating units (CGUs). Cash-generating units consist of business units which are for external reporting purposes reported under the corresponding business areas (reportable segments, see note 1.26).



Goodwill is allocated to the following CGUs:

in CHF m	31.12.2021	31.12.2020
Industrial & Consumer Specialties	119	60
Pigments	11	11
Functional Minerals	137	139
Catalysts	636	645
Oil & Mining Services	155	150
Total net book value	1 058	1 005
Thereof reclassified to held for sale:		
Pigments	-11	-11
Total as reported in the balance sheet	1 047	994

Continuing operations

The recoverable amount for CGUs reported as continuing operations is determined based on their value-in-use. The value-in-use calculations use cash flow projections based on the strategic plans up to 2025 as approved by the Executive Committee. For the terminal value, a market growth of 2.25% is assumed. The main assumptions used for cash flow projections are EBITDA in percent of sales and sales growth. The assumptions regarding these two variables are based on Management's past experience and future expectations of business performance. The pretax discount rates used are based on the Group's weighted average cost of capital. The assumed pre-tax discount rate was 10.70 % for all cash-generating units (2020: 10.68 %). As all CGUs operate in similar geographic areas, have the same source of funds and a similar risk pattern a uniform discount rate is applied to all of them.

For all CGUs, it was assumed that they achieve sales growth in line with or higher than market growth, based on the specific strategic plans for the respective CGUs. It was also assumed that the EBITDA in percent of sales will improve over present performance as a result of the continuous improvement measures implemented. The conclusion was that the net present value of the expected cash flows exceeds the carrying amount of the net assets allocated on a value-in-use basis of all CGU's.

Discontinued operations

The estimated recoverable amount of the CGU and BU Pigments, which is classified as a discontinued operation, was determined based on the signed sales contract. Based on this, the fair value less cost to sell of the CGU exceeds its book value. For further details on discontinued operations, see note 25.



7. LEASES

in CHF m	31.12.2021	31.12.2020
Right-of-use assets - net book value		
Leasehold land	30	22
Buildings	149	158
Machinery and equipment	90	19
Furniture, vehicles, computer hardware	24	22
Total	293	221
Reclassified to held for sale (see note 25)	-12	-17
Total as reported in the balance sheet	281	204
Lease liabilities		
Noncurrent lease liabilities	238	173
Current lease liabilities	51	41
Total	289	214
Reclassified to held for sale (see note 25)	-7	-14
Total as reported in the balance sheet	282	200

Additions to the right-of-use assets during 2021 were CHF 129 million (2020: CHF 51 million).

Consolidated income statements include the following amounts relating to leases:

in CHF m	2021	2020
Depreciation expense		
Leasehold land	-3	-2
Buildings	-29	-29
Machinery and equipment	-9	-6
Furniture, vehicles, computer hardware	-13	-13
Total depreciation	-54	-50
Interest expense, included in finance costs	-11	-11
Expense relating to short-term leases	-11	-13
Expense relating to leases of low-value assets	-4	-5
Total	-80	-79
Thereof reported under discontinued operations	1	4
Total continuing operations	-79	-75

The total cash outflow for leases in 2021 was CHF 70 million (2020: CHF 66 million).

There are CHF 1 million of commitments for leases not commenced at year-end (2020: CHF 1 million).

Potential future cash outflows arising from extension options in the amount of CHF 44 million were not reflected in the measurement of lease liabilities on 31 December 2021 (2020: less than CHF 1 million).



8. Investments in associates and joint ventures

in CHF m	2021	2020
As per 1 January	344	349
Change in the scope of consolidation	-14	—
Additions	—	2
Disposals	—	-1
Share in profit	69	63
Share in other comprehensive income of associates and joint ventures	2	1
Dividends received	-44	-44
Exchange rate differences	-7	-26
At 31 December	350	344
Thereof joint ventures	120	118
Reclassified to held for sale (see note 25)	-139	-191
Total as reported in balance sheet	211	153

The key financial data of the Group's principal associates is as follows:

INVESTMENTS IN ASSOCIATES:

in CHF m	Infraserv GmbH & Co. Höchst KG		Infraserv GmbH & Co. Gendorf KG		Infraserv GmbH & Co. Knapsack KG		Others	
	Germany		Germany		Germany			
	2021	2020	2021	2020	2021	2020	2021	2020
Summarized financial information								
Interest held %	33%	33%	50%	50%	21%	21%	—	—
Revenue	1 218	927	294	234	250	234	149	115
Total comprehensive income	82	59	34	34	13	13	21	16
Net income	78	63	33	34	13	13	21	16
Other comprehensive income	4	-4	1	—	—	—	—	—
Current assets	351	265	106	91	78	66	94	86
Noncurrent assets	930	815	193	199	119	126	23	23
Current liabilities	-311	-213	-78	-77	-73	-63	-40	-31
Noncurrent liabilities	-687	-605	-90	-76	-41	-41	-3	-3
Net assets	283	262	131	137	83	88	74	75
Reconciliation of book value								
Book value at the beginning of the period	87	86	69	63	19	18	52	73
Additions	—	—	—	—	—	—	—	2
Disposals	—	—	—	—	—	—	—	-1
Change in the scope of consolidation	—	—	—	—	—	—	-14	—
Share in profit for the period	25	21	17	17	3	3	17	6
Share in other comprehensive income	2	-1	—	—	—	—	—	—
Dividends received	-16	-18	-17	-10	-3	-3	-6	-5
Foreign exchange rate differences	-4	-1	-3	-1	-2	1	4	-23
Book value at the end of the period	94	87	66	69	17	19	53	52
Clariant's share in the book values at the end of the period	94	87	66	69	17	19	53	52
Reclassified to held for sale (see note 25)	—	55	—	—	—	—	32	28

The Infraserv companies were set up by the former Hoechst group to cater to the infrastructure needs of its subsidiaries in Germany prior to 1997. The shareholdings in associates summarized under »Others« concern mainly companies specializing in selling Clariant products.

On 31 December 2021, accumulated unrecognized losses amounted to CHF 4 million (2020: CHF 3 million).



The key financial data of the Group's principal joint ventures is as follows:

INVESTMENTS IN JOINT VENTURES:

in CHF m	Scientific Design Company Inc.		Global Amines group	
	USA			
	2021	2020	2021	2020
Summarized financial information				
Interest held %	50%	50%	50%	50%
Revenue	105	121	243	195
Total comprehensive income	14	17	14	19
Net income	14	17	14	14
Other comprehensive income	—	—	—	5
Current assets	108	87	101	96
Noncurrent assets	32	30	86	67
Current liabilities	-34	-25	-101	-77
Noncurrent liabilities	-11	-8	-13	-20
Net assets	95	84	73	66
Reconciliation of book value				
Book value at the beginning of the period	108	108	10	1
Share in profit for the period	—	9	7	7
Share of other comprehensive income	—	—	—	2
Dividends received	—	-8	-2	—
Foreign exchange rate differences	-1	-1	-2	—
Book value at the end of the period	107	108	13	10
Reclassified to held for sale (see note 25)	107			
Group's share in net assets at the end of the period	48	42	36	33
Fair value adjustment/goodwill	66	66	—	—
Impairment	—	—	-23	-23
Taxes, minorities, and other adjustments	—	—	—	—
Clariant's share in the book values at the end of the period	114	108	13	10

Scientific Design Company Inc. is a producer of ethylene and oxide catalysts headquartered in the United States and has around 140 employees. The Co-owner is the Saudi Arabia-based Sabic group. The sale of Clariant's participation in this company is imminent, which is why it has been reclassified to Held for Sale. As a consequence the accounting at equity was discontinued and the value of the shareholding was valued at the lower of the book value or the value expected to be recovered from the sale, i.e. at the book value. For this reason the book value is lower than Clariant's share in the net assets. Please also refer to note 38.

The Global Amines group is a joint venture of Clariant and Wilmar International Limited, a leading Asian agribusiness group headquartered in Singapore, and serves as a global platform for the production and sale of fatty amines and selected amine derivatives. It also has worldwide sales, distribution, and production facilities. The joint venture has existed since 26 October 2012 and is operated as part of the Business Unit ICS.

9. FINANCIAL ASSETS

in CHF m	2021	2020
As per 1 January	202	218
Additions	5	—
Fair value adjustment	2	-10
Repayments and disposals	-2	-5
Exchange rate differences	-9	-1
At 31 December	198	202

Financial assets include loans to joint ventures and a number of small-scale participations in companies, mostly in Germany and in Switzerland, engaged in activities closely related to those of Clariant.

In 2021, Clariant acquired a 10% stake in Aqdot Limited, which develops intelligent encapsulation solutions for the consumer, agrochemical, and household and personal care industries. The purchase price amounted to CHF 5 million.

In 2021, loans amounted to CHF 1 million (2020: CHF 4 million). Participations amounted to CHF 197 million in 2021 (CHF 198 million in 2020).



In 2021, loans in the amount of CHF 2 million (2020: CHF 5 million) from associates were repaid.

While loans are carried at amortized cost, participations are valued at fair value through OCI using Level 3 methods.

The valuation of participations is based on multiples of projected earnings and discounted cash flows. The change in participation values was mainly driven by the fair value estimation performed in 2021 and resulted in an increase of CHF 2 million, which was recognized in Other comprehensive income.

The key unobservable inputs used in the fair value estimation of the most material participation which constitutes 87.9% of these shareholdings are as follows: long-term revenue growth rate of 1%, long-term pre-tax operating margin of 16.5% and weighted-average cost of capital of 9.4%. The sensitivity analysis shows that if the long-term growth rate had been higher/lower by 1% with all other variables held constant, the fair value would have been CHF 8 million higher/lower. If the long-term pretax operating margin had been higher/lower by 1% with all other variables held constant, the fair value would have been CHF 12 million higher/lower. If the weighted-average cost of capital had been higher/lower by 0.5% with all other variables held constant, the fair value would have been CHF 10 million lower/CHF 12 million higher.

10. TAXES

in CHF m	2021	2020 ¹
Current income taxes	-119	-167
Deferred income taxes	-18	-16
Total taxes	-137	-183
Thereof reported under discontinued operations	35	82
Total continuing operations	-102	-101

¹ Restated, see note 1.03.

The main elements contributing to the difference between the Group's overall expected tax expense/rate and the effective tax expense/rate are:

	2021		2020 ²	
	in CHF m	in %	in CHF m	in %
Income before taxes from continuing operations	394		231	
Income before taxes from discontinued operations	116		777	
Income before taxes total	510		1 008	
Expected tax expense/rate¹	-146	28.6	-158	15.7
Effect of taxes on items not tax-deductible	-27	5.3	-115	11.4
Effect of utilization and changes in recognition of tax losses and tax credits	3	-0.6	-40	4.0
Effect of tax losses and tax credits of current year not recognized	-24	4.7	-10	1.0
Effect of adjustments to taxes recognized in prior periods	18	-3.5	-4	0.4
Effect of tax-exempt income	40	-7.8	148	-14.7
Effect of other items	-1	0.2	-4	0.4
Effective tax expense/rate	-137	26.9	-183	18.2
Thereof reported under discontinued operations	35	30.2	82	10.6
Effective tax expense/rate continuing operations	-102	25.9	-101	43.7

¹ Calculated based on the income before tax of each subsidiary (weighted average)

² Restated, see note 1.03.

The effective tax rate for the period (continuing operations) was positively impacted by the recognition of deferred tax assets in Switzerland, the PIS-COFINS credit in Brazil, and an increased profitability in low-tax jurisdictions.



The movement of the net deferred income tax balance is as follows:

in CHF m	PPE, RoU assets, and intangible assets	Retirement benefit obligations/assets	Tax losses and tax credits	Other liabilities and provisions	Total	Thereof offset within the same jurisdiction	Total
Deferred tax assets at 31 December 2019	170	110	66	101	447	-213	234
Deferred tax liabilities at 31 December 2019	-229	-2	—	-25	-256	213	-43
Net deferred tax balance at 1 January 2020 restated	-59	108	66	76	191		191
Charged/credited to income (restated)	2	-1	2	12	15		
Effect of disposals	1	—	-33	1	-31		
Total charged/credited to income statement (restated)	3	-1	-31	13	-16		
Charged/credited to other comprehensive income	—	-18	1	—	-17		
Effect of disposals	-23	-7	4	-4	-30		
Reclassified to/from held for sale	—	16	—	—	16		
Exchange rate differences	6	-2	3	-17	-10		
Net deferred tax balance at 31 December 2020 (restated)	-73	96	43	68	134	—	134
Deferred tax assets at 31 December 2020 (restated)	137	97	43	101	378	-220	158
Deferred tax liabilities at 31 December 2020 (restated)	-210	-1	—	-33	-244	220	-24
Net deferred tax balance at 1 January 2021 restated	-73	96	43	68	134	—	134
Charged/credited to income statement	-7	-11	-14	14	-18		
Total charged/credited to income statement	-7	-11	-14	14	-18		
Charged/credited to other comprehensive income	—	-7	—	—	-7		
Effect of disposals	1	—	—	—	1		
Effect of acquisitions	9	—	—	—	9		
Reclassified to/from held for sale	18	—	—	—	18		
Exchange rate differences	1	6	-4	-7	-4		
Net deferred tax balance at 31 December 2021	-51	84	25	75	133	—	133
Deferred tax assets at 31 December 2021	155	87	25	114	381	-218	163
Deferred tax liabilities at 31 December 2021	-206	-3	—	-39	-248	218	-30
Net deferred tax balance at 31 December 2021	-51	84	25	75	133	—	133

Of the deferred tax assets capitalized on tax losses, CHF 0 million relate to tax losses of the US subsidiaries (2020: CHF 17 million), CHF 0 million to tax losses of the Spanish subsidiaries (2020: CHF 4 million), CHF 6 million to tax losses of the Indian subsidiaries (2020: CHF 10 million) and CHF 6 million to tax losses of the Chinese subsidiaries (2020: CHF 0 million). Clariant considers it probable that these tax losses can be recovered.

Deferred income tax liabilities have not been established for withholding tax and other taxes that would be payable on the unremitted earnings of certain foreign subsidiaries, as such amounts are currently regarded as permanently reinvested. These unremitted earnings totaled CHF 2 252 million at the end of 2021 (2020: CHF 2 415 million).

The change compared to the prior year is primarily the result of Group-internal transactions.

The tax losses on which no deferred tax assets are recognized are reviewed for recoverability at each balance sheet date. The largest part of these tax losses arose in France (with a tax rate of 27%), in the US (with a tax rate of 25%), and in Switzerland (with a tax rate of 14%). At present, their recoverability is not considered probable.

Tax losses on which no deferred tax assets were recognized are as follows:

in CHF m	31.12.2021	31.12.2020
EXPIRY BY:		
2021	—	15
2022	10	12
2023	5	12
2024	3	6
2025	33	—
after 2025 (2020: after 2024)	532	406
Total	583	451

Tax credits amounting to CHF 9 million were recognized in 2021 (2020: CHF 3 million). They expire in and after 2026.

Temporary differences on which no deferred tax was recognized amount to CHF 1 208 million in 2021 (2020: CHF 1 160 million).



11. INVENTORIES

in CHF m	31.12.2021	31.12.2020
Raw material, consumables, work in progress	394	290
Finished products	531	430
Total	925	720
Reclassified to held for sale (see note 25)	-234	-186
Total as reported in the balance sheet	691	534

in CHF m	2021	2020
Movements in write-downs of inventories		
As per 1 January	-40	-40
Additions	-17	-23
Reversals	22	14
Effect of disposals	—	6
Exchange rate differences	1	3
At 31 December	-34	-40
Thereof reclassified to held for sale	-7	-9

As at 31 December 2021 and 2020, no inventories were pledged as collateral for liabilities.

The cost for raw materials and consumables recognized as an expense and included in »Costs of goods sold« amounted to CHF 1 860 million (2020: CHF 1 537 million) for continuing operations.

12. TRADE RECEIVABLES

in CHF m	31.12.2021	31.12.2020
Gross accounts receivable - trade	860	694
Gross accounts receivable - associates and joint ventures	26	15
Less: provision for doubtful accounts receivable	-9	-5
Total trade receivables - net	877	704
Reclassified to held for sale (see note 25)	-148	-127
Total as reported in the balance sheet	729	577

The following summarizes the movement in the provision for doubtful accounts receivable:

in CHF m	2021	2020
As per 1 January	-5	-5
Charged to the income statement	-9	-8
Amounts used	2	3
Unused amounts reversed	2	3
Exchange rate differences	1	2
At 31 December	-9	-5

There is no concentration of credit risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers.

The Group applies the IFRS 9 simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance for all trade receivables within stage 1 and 2. The estimated expected loss rates are based on historical credit losses and are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Group recognizes impairment of trade receivables in »Selling, general, and administrative costs« in the income statement.

The maximum credit risk on trade receivables is equal to their fair value.

Collateral is only required in rare cases (2021: CHF 1 million, 2020: CHF 1 million).



The loss allowance for trade receivables as at 31 December 2021 and 2020 was determined as follows:

in CHF m	Current	30 - 60 days overdue	61 - 90 days overdue	More than 90 days overdue	Individually impaired	Total
31 December 2021						
Expected loss rate (in %)	0.92	3.05	3.23	3.29		
Gross carrying amount, trade receivables	847	18	6	15	—	886
Loss allowance	8	1	—	—	—	9

in CHF m	Current	30 - 60 days overdue	61 - 90 days overdue	More than 90 days overdue	Individually impaired	Total
31 December 2020						
Expected loss rate (in %)	0.29	5.65	9.81	14.38		
Gross carrying amount, trade receivables	678	13	7	11	—	709
Loss allowance	2	1	1	1	—	5

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

in CHF m	31.12.2021	31.12.2020
EUR	344	252
USD	262	198
CNY	54	66
BRL	45	40
JPY	29	28
INR	67	40
Other	76	80
Total trade receivables - net	877	704
Reclassified to held for sale (see note 25)	-148	-127
Total as reported in the balance sheet	729	577

As of 31 December 2021, »Total trade receivables - net« include an amount of CHF 72 million (2020: CHF 70 million) that was past due, but not impaired. These related to a number of customers for whom there is no recent history of default.

13. OTHER CURRENT ASSETS

Other current assets include the following:

in CHF m	31.12.2021	31.12.2020
Other receivables	271	255
Current financial assets	49	51
Prepaid expenses and accrued income	44	41
Total	364	347
Reclassified to held for sale (see note 25)	-48	-35
Total as reported in the balance sheet	316	312

Other receivables include, among others, staff loans, deposits, advances, and VAT and sales tax receivables.

At the end of 2021 a VAT credit in the amount of CHF 17 million arising in Brazil was recognized in this position.

Other receivables are recognized at amortized cost in the balance sheet.

Current financial assets are mainly made up of notes receivable and short term loans. These are classified as loans and receivables and recognized at amortized cost in the balance sheet.

The book value of current financial assets equals their fair value.

Other receivables and other current financial assets are also subject to the impairment requirements of IFRS 9. The identified impairment loss for other receivables was immaterial.

There was no impairment of current financial assets in 2021 and 2020.

Other receivables are denominated in the following currencies:

in CHF m	31.12.2021	31.12.2020
CHF	12	16
EUR	78	74
USD	18	8
JPY	5	3
BRL	33	20
CNY	24	16
INR	36	34
Other	65	84
Total	271	255
Thereof reclassified to held for sale	46	33

Current financial assets are denominated in the following currencies:

in CHF m	31.12.2021	31.12.2020
CHF	32	29
USD	1	5
CNY	16	17
Total	49	51

The maximum exposure to credit risk of other current assets at the reporting date is their fair value.



14. SHORT-TERM DEPOSITS

Short-term deposits have an original maturity between 90 and 365 days.

They are denominated in the following currencies:

in CHF m	31.12.2021	31.12.2020
CHF	—	80
USD	—	176
INR	12	11
Total	12	267

15. CASH AND CASH EQUIVALENTS

in CHF m	31.12.2021	31.12.2020
Cash at bank and on hand	398	520
Short-term bank deposits	17	217
Total	415	737

Cash and cash equivalents are denominated in the following currencies:

in CHF m	31.12.2021	31.12.2020
EUR	18	141
USD	149	304
CHF	83	71
GBP	23	27
CNY	8	2
JPY	20	63
INR	42	48
BRL	23	8
Other	49	73
Total	415	737

The effective average annual interest rate on short-term bank deposits in Swiss franc was -0.55 % (2020: 0 %); these deposits have an average maturity of 50 days (2020: 0 days).

The effective average annual interest rate on short-term bank deposits in US dollars was 0.31 % (2020: 0.34 %); these deposits have an average maturity of 60 days (2020: 21 days).

In 2021 and 2020, there were no short-term bank deposits in euro.

There were no material short-term bank deposits denominated in currencies other than Brazilian Real at the end of the reporting period (2020: US dollar and Swiss franc).

The maximum exposure to credit risk on cash and cash equivalents is equal to their book value.



16. CASH FLOW: ADDITIONAL INFORMATION

for the years ended 31 December 2021 and 2020

	Notes	2021 in CHF m	2020 ¹ in CHF m
Noncash income and expenses		373	825
Depreciation of property, plant, and equipment and right-of-use assets	5, 7	224	212
Impairment	28	1	11
Amortization of intangible assets	6	43	57
Impairment of working capital		18	26
Income from associates and joint ventures	8	-69	-63
Tax expense	10	137	183
Net financial income and costs	29	46	66
Gain/loss from disposals not qualifying as discontinued operations	26	—	-12
Gain on disposals of discontinued operations	25	—	-768
Other noncash items		-9	20
Total noncash income and expenses		391	-268
Changes in net working capital and provisions			
Changes in inventories		-226	84
Changes in trade receivables		-191	47
Changes in trade payables		196	-58
Changes in other current assets and liabilities		-26	-19
Changes in provisions (excluding payments for restructuring)		-58	-146
Total changes in net working capital and provisions		-305	-92

¹ Restated, see note 1.03



17. CHANGES IN SHARE CAPITAL AND TREASURY SHARES AND CHANGES IN NONCONTROLLING INTERESTS

Registered shares each with a par value of CHF 3.00 (2020: CHF 3.70)	Number of shares 2021	Par value 2021 in CHF m	Number of shares 2020	Par value 2020 in CHF m
Share capital as per 1 January	331 939 199	1 228	331 939 199	1 228
Nominal value reduction		-232		
Share capital at 31 December	331 939 199	996	331 939 199	1 228
Treasury shares	-2 822 712	-8	-2 385 509	-9
Outstanding share capital at 31 December	329 116 487	988	329 553 690	1 219

Treasury shares (number of shares)	2021	2020
Holdings as per 1 January	2 385 509	2 586 765
Shares purchased at market value	657 207	34 000
Shares purchased on exercise of put options	200 000	—
Shares transferred to employees	-420 004	-235 256
Holdings at 31 December	2 822 712	2 385 509

All shares are duly authorized and fully paid in.

Dividends are paid out as and when declared equally on all shares, excluding treasury shares. The information concerning payments per share to the shareholders is disclosed in the notes to the financial statements of Clariant Ltd.

In accordance with Article 5 of the company's Articles of Incorporation, no limitations exist with regard to the registration of shares which are acquired in one's own name and on one's own account. Special rules exist for nominees.

In accordance with Article 13 of the company's Articles of Incorporation, each share has the right to one vote.

Distribution from share capital to shareholders

On 7 April 2021 the Annual General Meeting of Clariant AG approved a distribution through capital reduction by way of a par value reduction of the par value from CHF 3.70 to CHF 3.00 per registered share. The payout reduced the share capital by CHF 232 million.

Significant shareholders of 3% or more of total share capital

Based on the notifications received by Clariant and published by SIX Exchange Regulation, as at 31 December 2021, the following shareholders held more than 3% of voting rights in Clariant Ltd:

Shareholders	Voting rights
SABIC International Holdings B.V., Sittard, The Netherlands, controlled by the Public Investment Fund of Saudi Arabia (PIF), Riyadh, Kingdom of Saudi Arabia	32.35 % ¹
BlackRock Inc., New York, United States	3.80%
Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Strasslach-Dingharting, Germany, and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82057 Icking, Germany ²	3.49%
PSquared Master SICAV Ltd, on behalf of its subfund Valetta, Malta Leveraged Event Fund LP, Grand Cayman, Cayman Islands, controlled by Patrick Schmitz-Morkramer, Zurich, Switzerland, and Patrick Bierbaum, Zurich, Switzerland	3.035%

¹ SABIC acquired 24.99 % of the shares of Clariant Ltd on 17 September 2018, and increased its participation by 6.51 % to 31.5 % on 9 September 2020. SABIC has not changed its participation by 31.5 % since then. The difference between this figure (i.e. 31.5 %) and the abovementioned 32.35 % corresponds to the amount of treasury shares held by Clariant Ltd as of 31 December 2021, which have to be aggregated to the shares held by SABIC solely for regulatory disclosure purposes due to the Governance Agreement entered into by SABIC and Clariant on 17 September 2018.

² According to a disclosure notification published on 18 December 2018, a group consisting of Konstantin Winterstein, 80333 Munich, Germany, and Elisabeth Prinzessin zu Sayn-Wittgenstein, 80333 Munich, Germany, was formed.



Disclosure notifications during the financial year 2021 reported to the Stock Exchange Disclosure Office pursuant to Art. 120 of the Financial Markets Infrastructure Act (FMIA) as well as further information in relation to disclosure notifications can be found on the SIX Swiss Exchange reporting platform: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

On 31 December 2020, the following shareholders held a participation of 3% or more of the total share capital: SABIC International Holdings B.V., Sittard, The Netherlands, controlled by the Public Investment Fund of Saudi Arabia (PIF), Riyadh, Kingdom of Saudi Arabia: 32.22%; APG Asset Management N.V., Amsterdam, Netherlands: 5.01%; BlackRock Inc., New York, United States: 3.8%; Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany), and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany): 3.49%.

On 31 December 2021, Clariant AG itself held 2822712 shares in treasury, corresponding to 0.85% of the share capital.

Noncontrolling interests

At 31 December 2021, noncontrolling interests reported are primarily made up of those of the five following companies. They amount to more than 94.4 % of the minority shares reported:

Clariant Huajin Catalysts (Panjin) Ltd, reported sales in the amount of CHF 28 million in the reporting period and total assets in the amount of CHF 52 million as per 31 December 2021. The noncontrolling interests of 40 % of the shares outstanding are held by Northern Huajin Chemical Industry Group Co. Ltd.

Clariant Chemicals (India) Ltd reported sales in the amount of CHF 101 million in the reporting period and CHF 86 million of total assets as per 31 December 2021. The noncontrolling interests of 49% of the shares outstanding are traded on the Bombay Stock Exchange (BSE) in Mumbai.

Clariant Catalysts (Japan) K.K. reported sales in the amount of CHF 157 million in the reporting period and CHF 84 million of total assets as per 31 December 2021. The noncontrolling interests of 38.6 % of the shares outstanding are held by Nissan Chemicals Industries Ltd.

Süd-Chemie India Ltd (SCIL) reported sales in the amount of CHF 208 million in the reporting period and total assets of CHF 219 million as per 31 December 2021, thereof current assets of CHF 137 million and noncurrent assets of CHF 82 million. Total liabilities amounted to CHF 32 million, thereof current liabilities of CHF 29 million and non-current liabilities of CHF 3 million. As per 31 December 2021, total equity of Süd-Chemie India Ltd (SCIL) amounted to CHF 187 million. The noncontrolling interests of 50% of the shares outstanding are owned by private shareholders in India.

Clariant IGL Specialty Chemicals, acquired on 1 July 2021, reported sales in the amount of CHF 71 million in the reporting period since the time of the acquisition and total assets of CHF 156 million as per 31 December 2021, thereof current assets of CHF 51 million and noncurrent assets of CHF 105 million. Total liabilities amounted to CHF 70 million, thereof current liabilities of CHF 45 million and noncurrent liabilities of CHF 25 million. The noncontrolling interests of 49% of the shares outstanding are owned by the India-based IGL group.



18. NONCURRENT FINANCIAL DEBTS

in CHF m	Interest rate in %	Term	Notional amount	Net amount 31.12.2021	Net amount 31.12.2020
Certificate of indebtedness	0.779	2016-2021	55 EUR m	—	60
Certificate of indebtedness	3 m LIBOR +1.5	2016-2021	166 USD m	—	146
Certificate of indebtedness	2.618	2016-2021	111 USD m	—	97
Straight bond	3.500	2012-2022	175 CHF m	175	175
Certificate of indebtedness	mixed	2020-2022	115 EUR m	118	124
Certificate of indebtedness	3 m LIBOR +1.5	2020-2022	37 CHF m	—	37
Certificate of indebtedness	mixed	2015-2023	150 EUR m	155	161
Certificate of indebtedness	6 m EURIBOR +1.1	2016-2023	13 EUR m	13	14
Certificate of indebtedness	1.137	2016-2023	27 EUR m	27	29
Certificate of indebtedness	1.501	2016-2023	73 EUR m	76	79
Straight bond	2.125	2014-2024	160 CHF m	160	160
Certificate of indebtedness	1.194	2018-2024	92 EUR m	95	99
Certificate of indebtedness	1.548	2018-2025	102 EUR m	106	112
Certificate of indebtedness	6 m EURIBOR +0.95	2018-2025	54 EUR m	55	58
Certificate of indebtedness	6m EURIBOR +1.9	2020-2025	83 EUR m	—	89
Certificate of indebtedness	3 m LIBOR +1.8	2020-2025	25 CHF m	—	25
Certificate of indebtedness	2.010	2016-2026	15 EUR m	15	16
Straight bond	1.125	2019-2026	200 CHF m	200	200
Certificate of indebtedness	2.087	2018-2028	17 EUR m	18	18
Total straight bonds and certificates of indebtedness				1 213	1 699
Liabilities to banks and other financial institutions				38	28
Subtotal				1 251	1 727
Less: current portion (see note 23)				-293	-303
Total				958	1 424
Breakdown by maturity					
			2022	—	358
			2023	271	283
			2024	283	261
			2025	170	—
			after 2025 (2020: after 2024)	234	522
Total				958	1 424
Breakdown by currency			EUR	561	799
			CHF	374	603
			Others	23	22
Total				958	1 424
Fair value comparison (including current portion)					
Straight bonds				554	561
Certificates of indebtedness				678	1 164
Others				38	28
Total				1 270	1 753
Total net book value of assets pledged as collateral for financial debts				—	—
Total collateralized financial debts				—	—



On 23 August 2021, two certificates of indebtedness issued in 2020 were repaid early (CHF 37 million, original maturity 2022; CHF 25 million, original maturity 2025).

On 22 November 2021, the certificate of indebtedness issued in 2020 with a notional amount of EUR 83 million was repaid early (original maturity 2025).

On 22 May 2020, Clariant issued five certificates of indebtedness with a total amount of EUR 197.5 million and CHF 62.5 million. These certificates have terms of 2 years, expiring on 23 May 2022 (EUR 114.5 million and CHF 37.5 million), and 5 years, expiring on 22 May 2025 (EUR 83 million and CHF 25 million). While a tranche of CHF 62.5 million has a variable interest of 3 months CHF LIBOR plus a spread ranging between 1.50% and 1.80% and a tranche in the amount of EUR 110.5 million has a variable interest rate of 6 months EURIBOR plus a spread ranging between 1.45% and 1.90%, the fixed interest rate is 1.45% for a tranche in the amount of EUR 87 million.

Valuation. Noncurrent financial debt is recognized initially at fair value, net of transaction costs incurred. Financial debt is subsequently stated at amortized cost. There are no long-term financial liabilities valued at fair value through profit and loss.

Fair values of straight bonds are determined by quoted market prices (Level 1 in the fair value hierarchy).

Certificates of indebtedness and other financial debts are recorded at notional amounts, which are a reasonable approximation of the fair values.

Covenants. For the covenants, please refer to note 3.1.3 Financial risk factors.

Exposure of the Group's borrowings to interest rate changes

- **Bonds:** the interest rates of all bonds are fixed.
- **Certificates of indebtedness:** the major part of the existing certificates of indebtedness has a fixed coupon.
- **Liabilities to banks and other financial institutions,** mostly consisting of bank loans with fixed interest rates mainly.

Collateral. In 2021, no assets were pledged as collateral (2020: no assets were pledged as collateral).



19. RECONCILIATION OF NET DEBT

in CHF m	01.01.2021	Effects of business acquisitions	Movements in cash flow	Exchange rate differences	Other noncash movements	31.12.2021	Reclassified to held for sale (see note 25)	Total as reported in balance sheet
Cash and cash equivalents	737		-318	-4		415	—	415
Short-term deposits	267		-255			12	—	12
Financial instruments with positive fair values	5		-4			1	—	1
Total cash and liquid investments	1 009	—	-577	-4	—	428	—	428
Noncurrent financial debt	-1 424	-24	150	47	293	-958	—	-958
Current financial debt	-411	—	12	-24	-293	-716	7	-709
Lease liabilities	-214	—	70	3	-148	-289	7	-282
Borrowings and other financial liabilities	-2 049	-24	232	26	-148	-1 963	14	-1 949
Net debt	-1 040	-24	-345	22	-148	-1 535	14	-1 521

in CHF m	01.01.2020	Movements from the disposal	Movements in cash flow	Exchange rate differences	Other noncash movements	31.12.2020	Reclassified to held for sale (see note 25)	Total as reported in balance sheet
Cash and cash equivalents	638		126	-27	—	737	—	737
Short-term deposits	304		-34	-3	—	267	—	267
Financial instruments with positive fair values	4		1	—	—	5	—	5
Total cash and liquid investments	946	—	93	-30	—	1 009	—	1 009
Noncurrent financial debt	-1 485		-288	46	303	-1 424	—	-1 424
Current financial debt	-587	6	472	1	-303	-411	13	-398
Lease liabilities	-246	23	66	11	-68	-214	14	-200
Borrowings and other financial liabilities	-2 318	29	250	58	-68	-2 049	27	-2 022
Net debt	-1 372	29	343	28	-68	-1 040	27	-1 013



20. RETIREMENT BENEFIT OBLIGATIONS

Apart from the legally required social security schemes, the Group has numerous independent retirement benefit plans. As a principle, assets are held externally. For certain Group companies, however, no independent assets exist for the retirement benefit and other noncurrent employee benefit obligations. In these cases, the related liability is included in the balance sheet as part of the noncurrent liabilities.

Defined benefit post-employment plans. Defined benefit pensions and termination plans cover the majority of the Group's employees. Future obligations and the corresponding assets of those plans considered as defined benefit plans under IAS 19 are reappraised annually and reassessed at least every three years by independent actuaries. Assets are valued at fair value.

Pension assets for funded defined benefit pension plans are managed according to local rules and legislation in each country.

The actual asset allocation is determined by current and expected economic and market conditions and in consideration of specific asset class risks in the risk profile. For this purpose, Asset Liability Matching studies are conducted by third party experts on a regular basis to ensure that investment strategies for pension assets are in line with the structure of the plan members of the pension plan concerned.

In all countries with funded defined benefit plans, the body governing the investment policy is constituted in accordance with local legal requirements. To the extent legally permitted, Clariant Corporate exercises influence to ensure that the investment policy is set in a way to serve best the needs of the retirement benefit plan and its members.

The largest defined benefit plans are operated in Switzerland, the United Kingdom, the United States, and Germany. These plans make up 95.2 % of the total defined benefit obligation.

The most important German plan is unfunded and covers the supplementary pension liabilities for plan members whose salaries exceed the level of the German mandatory social security coverage. Contributions are made primarily by the employer and vary depending on the salary level of the plan members. Benefits are paid out as annual pensions amounting to 20 % of total contributions. Lump-sum payments to employees are possible to the extent of the voluntary contributions. For employees having joined or joining in 2011 and later, there exists a funded retirement benefit plan. Contributions are pri-

marily paid into the plan by the employer and vary depending on the income of the individual plan member. Employees contribute to the plan up to 2 % of pensionable earnings on a voluntary basis, to which the employer contributes an equal amount on top of the regular contributions. Pensions paid by this plan are principally based on the return on plan assets (contributions paid in plus interest), apart from a minimal interest. In addition, there exists a smaller, similarly structured funded defined benefit plan for former employees of the Süd-Chemie group, acquired in 2011. All other pension liabilities regarding German staff members are covered by a funded multi-employer plan, which is accounted for as a defined contribution plan.

The defined benefit obligation in the United Kingdom is a funded plan covering the retirement benefit liabilities of UK employees who joined the company before 31 December 2001 and was closed to further accruals in April 2016. All staff members are now covered by a defined contribution plan. The defined benefit pension plan is fully funded according to legal requirements.

In the United States, Clariant operates a funded defined benefit pension plan covering the pension liabilities of employees who joined the company before 31 December 2000. Contributions are paid by the employer exclusively. Benefits are paid out as lifetime pensions determined on the basis of a final/career average calculation. Staff members who joined on 1 January 2001 or later are covered by a defined contribution plan. For members of Management whose annual salaries exceed the amount of CHF 275 000, an additional pension scheme is in place in the form of an unfunded defined benefit obligation, which covers the part exceeding this amount.

US employees transferred to Clariant with the Hoechst Specialty Chemicals business remain insured with Hoechst for their pension claims incurred prior to 30 June 1997.



In Switzerland, Clariant operates a funded defined benefit pension plan that covers the pension liabilities of all employees of the Swiss Clariant companies up to a salary level of CHF 200 000.

Both the employer and the employees contribute to the plan, the employer paying two-thirds of the total contributions. The pension plan provides lifetime pensions determined based on cumulative savings of the individual plan member and converted into an annual pension at a fixed conversion rate. Lump-sum payments are possible at up to 100 percent of the total individual cumulative savings.

The Swiss retirement benefit plan is marked by a shrinking operating basis and, as a result, an increasing share of retired members.

For members of Management whose annual salaries exceed the amount of CHF 200 000, an additional pension scheme is in place in the form of a funded defined benefit obligation. Any shortfalls in funded provisions for pension commitments to members of the Executive Committee are accounted for as an unfunded defined benefit obligation.

Mortality tables

The following mortality tables were used to determine the defined pension obligation of the most important pension plans:

Switzerland	BVG 2020 generation table
Germany	Richttafeln 2018G by Prof. Dr. Klaus Heubeck
UK	SAPS S2 series amount tables (base table) CMI Model (2019) (future improvements)
USA	Pri 2012 mortality table with projection scale MP-2020

Post-employment medical benefits. The Group operates a number of post-employment medical benefit schemes in the United States and France. The method of accounting for the liabilities associated with these plans is largely equal to the one used for defined benefit pension schemes. These plans are not externally funded, but are recognized as provisions in the balance sheets of the Group companies concerned.

Expenses for net benefits are recorded in the same line and function in which the personnel costs are recorded.



Changes in the present value of defined benefit obligations are as follows:

in CHF m	Pension plans (funded and unfunded)		Post-employment medical benefits (unfunded)	
	2021	2020	2021	2020
As per 1 January	2 497	2 686	48	75
Current service cost	28	30	—	—
Past service cost/gain including curtailments	11	4	—	—
Gain/loss on settlements	-2	-2	—	—
Interest costs on obligation	22	29	1	2
Contributions to plan by employees	14	9	—	—
Benefits paid out to personnel in reporting period	-134	-119	-3	-3
Remeasurements:				
Actuarial gain/loss arising from changes in demographic assumptions	-39	—	-1	-5
Actuarial gain/loss arising from changes in financial assumptions	-45	75	-1	5
Actuarial gain/loss due to experience adjustments	57	-28	1	-9
Liabilities acquired in a business combination	1	—	—	—
Effect of disposals	—	-126	—	-13
Exchange rate differences	-15	-61	—	-4
At 31 December	2 395	2 497	45	48

Changes in the fair value of plan assets are as follows:

in CHF m	2021	2020
	As per 1 January	1 932
Interest income on plan assets	15	20
Contributions to plan by employees	15	9
Contributions to plan by employer	37	30
Benefits paid out to personnel in reporting period	-109	-93
Remeasurements:		
Return on plan assets (excluding amount included in interest expense)	152	124
Effect of disposals	—	-85
Exchange rate differences	11	-54
At 31 December	2 053	1 932

As at 31 December 2021 and 2020, the pension plan assets did not include any directly held registered shares or bonds issued by Clariant Ltd.



The amounts recognized in the balance sheets are as follows:

in CHF m	Defined benefit pension plans		Post-employment medical benefits		Total	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Present value of funded obligations	-1 815	-1 894	—	—	-1 815	-1 894
Fair value of plan assets	2 053	1 932	—	—	2 053	1 932
Overfunding/Deficit	238	38	—	—	238	38
Present value of unfunded obligations	-580	-603	-45	-48	-625	-651
Limitation on recognition of net asset ¹	-166	—	—	—	-166	—
Net liabilities, total	-508	-565	-45	-48	-553	-613
Reclassified to held for sale (see note 25)	36	38	—	2	36	40
Net liabilities in the balance sheet	-472	-527	-45	-46	-517	-573

¹ Limitation on recognition of net asset pertain to Swiss pension plan

Thereof recognized in:

in CHF m	31.12.2021		31.12.2020		31.12.2021		31.12.2020	
	Retirement benefit obligations	-585	-622	-45	-48	-630	-670	
Reclassified to held for sale (see note 25)	37	38	—	2	37	40		
Retirement benefit obligations in the balance sheet	-548	-584	-45	-46	-593	-630		
Prepaid pension assets	77	57	—	—	77	57		
Reclassified to held for sale (see note 25)	-1	—	—	—	-1	—		
Prepaid pension assets in the balance sheet	76	57	—	—	76	57		
Net liabilities in the balance sheet for defined benefit plans	-472	-527	-45	-46	-517	-573		

The amounts recognized in the income statement and in other comprehensive income are as follows:

in CHF m	Defined benefit pension plans		Post-employment medical benefits		Total	
	2021	2020	2021	2020	2021	2020
Current service cost	-28	-30	—	—	-28	-30
Net interest cost	-7	-8	-1	-2	-8	-10
Past service cost/gain including curtailments	-11	-4	—	—	-11	-4
Gain/loss on settlements	2	2	—	—	2	2
Components of defined benefit expense reported in the income statement	-44	-40	-1	-2	-45	-42
in CHF m						
Actuarial gain/loss arising from changes in demographic assumptions	39	—	1	5	40	5
Actuarial gain/loss arising from changes in financial assumptions	45	-75	1	-5	46	-80
Actuarial gain/loss due to experience adjustments	-57	28	-1	9	-58	37
Return on plan assets (excluding amount included in net interest expense)	152	124	—	—	152	124
Limitation on recognition of net asset	-166	—	—	—	-166	—
Components of defined benefit gain reported in other comprehensive income	13	77	1	9	14	86
Total defined benefit expense/gain	-31	37	—	7	-31	44



The fair value of the plan assets is split into the major assets categories as follows:

in CHF m	31.12.2021	31.12.2020
Equities	427	402
<i>thereof based on quoted market prices</i>	423	399
Bonds	614	614
<i>thereof based on quoted market prices</i>	423	416
Cash	82	56
<i>thereof based on quoted market prices</i>	82	56
Property	298	283
<i>thereof based on quoted market prices</i>	215	204
Alternative investments	632	577
<i>thereof based on quoted market prices</i>	220	202
Total fair value of plan assets	2 053	1 932

The principal actuarial assumptions at the balance sheet dates in percent are as follows:

	2021 in %						2020 in %				
	Group		Most important countries				Group		Most important countries		
	Weighted average	Switzerland	United Kingdom	United States	Germany	Weighted average	Switzerland	United Kingdom	United States	Germany	
Discount rate	1.1	0.2	1.8	2.6	1.2	0.9	0.1	1.4	2.3	1.0	
Future salary increases	1.7	1.5	—	3.5	2.5	1.8	1.5	—	3.5	2.5	
Long-term increase in health care costs	5.1	—	—	6.0	—	5.1	—	—	6.1	—	
Current average life expectancy for a 65-year-old male	in years	18	23	21	21	20	19	23	22	20	20
Current average life expectancy for a 65-year-old female	in years	20	25	24	23	24	22	25	24	22	24

A one-percentage-point change in health care cost trend rates would have the following effects on the obligation for post-employment medical benefits:

2021 in CHF m	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1	-1
Effect on defined benefit obligation	4	-3

2020 in CHF m	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	1	-1
Effect on defined benefit obligation	5	-2



A 25-basis-point change in discount rate would have the following effects on the obligation for pension plans:

in CHF m	25 basis point increase		25 basis point decrease	
	2021	2020	2021	2020
Effect on defined benefit obligation	-81	-83	86	86

If life expectancy increased by one year, the defined benefit obligation would increase by CHF 96 million (2020: CHF 106 million).

Defined contribution post-employment plans. In 2021, CHF 22 million was charged to the income statement as contributions to defined contribution plans (2020: CHF 24 million).

In Germany, approximately 4 300 Clariant employees are insured in a defined benefit plan that is a multi-employer plan and, as such, is accounted for as a defined contribution plan. The reason for this accounting practice is that the plan exposes the participating Clariant companies to actuarial risks associated with the current and former employees of other companies who are members of the same pension plan. There is no consistent or reliable basis for allocating the obligation, plan assets, and cost to individual companies participating in the plan.

Based on the statutory actuarial calculation of 2021, the pension fund's obligations are fully funded. Also, for 2022 it is anticipated that the pension plan liabilities are covered by the respective assets.

In the case where the multi-employer plan faces a situation in which the pension plan liabilities exceed the assets, this can be remedied either by increasing the employer's contributions to the pension plan or by reducing the benefits paid out to the entitled parties. In the case of a reduction of the benefits, this must be compensated by the employer according to German legislation. If the pension plan were unwound, the remaining funds would be distributed among the plan members. In case there are no plan members left, the remaining funds would be transferred to social institutions.

If Clariant withdrew from the pension fund, all rights and obligations of the employer against the pension plan would remain in force as long as the pension plan continues to render pension services to the Group's plan members. Based on the number of plan members (active and passive), Clariant's share in the pension plan amounts to approximately 7 %.

Clariant's contribution to this pension plan amounted to CHF 16 million in 2021 (CHF 17 million in 2020) and is expected to be CHF 13 million in 2022.

The multi-employer plan originates in the pension plan scheme of the German companies of the former Hoechst Group, to which a part of the activities of Clariant pertained until 1997. Several of the companies that were formerly part of the Hoechst Group continue to participate in this multi-employer plan.



in CHF m	Pension plans		Post-employment medical benefits	
	2021	2020	2021	2020
Clariant Group regular and supplemental contributions (employer's contributions):				
Actual contributions in 2020		30		—
Actual contributions in 2021 (2020: estimated)	37	25	—	—
Estimated contributions in 2022	19	25	—	—
Estimated contributions in 2023	19	25	—	—
Estimated contributions in 2024	19	25	—	—
Estimated contributions in 2025	19	22	—	—
Estimated contributions in 2026	19		—	
Payments to beneficiaries:				
Actual payments in 2020		-119		-3
Actual payments in 2021 (2020: estimated)	-134	-113	-3	-3
Estimated payments in 2022	-120	-110	-3	-3
Estimated payments in 2023	-110	-109	-3	-3
Estimated payments in 2024	-112	-110	-3	-4
Estimated payments in 2025	-113	-112	-3	-3
Estimated payments in 2026	-113		-3	
Allocation of defined benefit obligation to plan members (in CHF m):				
Active members	605	636	10	13
Deferred members	317	334	5	2
Retired members	1 473	1 527	30	33
Total funded and unfunded obligations at 31 December	2 395	2 497	45	48
Weighted-average duration of the defined benefit obligation at the end of reporting period (in years):				
At 31 December	14.4	14.1	9.8	10.0



21. MOVEMENTS IN PROVISIONS

in CHF m	Environmental provisions	Personnel provisions	Restructuring provisions	Other provisions	Total provisions 2021	Total provisions 2020 ¹
As per 1 January	108	137	119	116	480	557
Restatement (see Note 1.03)	—	-11	-22	-6	-39	-9
As per 1 January restated	108	126	97	110	441	548
Additions	27	112	26	47	212	441
Effect of business combinations (see note 27)	—	—	—	—	—	1
Disposals	—	—	—	—	—	—
Reclassified to/from held for sale	—	—	—	—	—	-5
Amounts used	-12	-118	-38	-33	-201	-380
Unused amounts reversed	-4	-9	-15	-40	-68	-142
Changes due to the passage of time and changes in discount rates	1	—	—	—	1	3
Exchange rate differences	-3	-2	-3	-2	-10	-25
At 31 December	117	109	67	82	375	441
Of which						
– Current portion	26	92	42	63	223	244
– Noncurrent portion	91	17	25	19	152	197
Total provisions	117	109	67	82	375	441
Expected outflow of resources						
Within 1 year	26	92	42	63	223	244
Between 1 and 3 years	29	12	24	12	77	74
Between 3 and 5 years	19	1	1	2	23	44
Over 5 years	43	4	—	5	52	79
Total provisions	117	109	67	82	375	441

¹ Restated, see note 1.03

Environmental provisions. Provisions for environmental liabilities are made when there is a legal or constructive obligation for the Group that will result in an outflow of economic resources. It is difficult to estimate the action required by Clariant in the future to correct the effects on the environment of prior disposals or release of chemical substances by Clariant or other parties and the associated costs, pursuant to environmental laws and regulations.

The material components of the environmental provisions consist of the costs to fully clean and refurbish contaminated sites and to treat and contain contamination at sites where the environmental exposure is less severe. The Group's future remediation expenses are affected by a number of uncertainties which include, but are not limited to, the method and extent of remediation and the percentage of material attributable to Clariant at the remediation sites relative to that attributable to other parties.

The environmental provisions reported in the balance sheet concern a number of different obligations, mainly in Germany, Brazil, the United States, and Switzerland.

Provisions are made for remedial work where there is an obligation to remedy environmental damage, as well as for containment work where required by environmental regulations. All provisions relate to environmental liabilities arising in connection with activities that occurred prior to the date when Clariant took control of the relevant site. At each balance sheet date, Clariant critically reviews all provisions and makes adjustments where required.



Personnel provisions. Personnel provisions include holiday entitlements, compensated absences such as sabbatical leave, jubilee, annual leave or other long-service benefits, profit sharing, and bonuses. Such provisions are established in proportion to the services rendered by the employee concerned.

Restructuring provisions. Restructuring provisions are established where there is a legal or constructive obligation for the Group that will result in the outflow of economic resources. The term restructuring refers to the activities that have as a consequence staff redundancies and the shutdown of production lines or entire sites. When the Group has approved a formal plan and has either started to implement the plan or announced its main features to the parties concerned and to the public, a restructuring provision is created. The restructuring provisions end of 2021 concern head count reductions in various countries, with the largest amounts incurred in Germany, Switzerland, and China. For further information regarding restructuring measures, refer to note 28.

Other provisions. Additionally, other provisions include provisions for obligations relating to tax (other than income tax) and legal cases and other items in various countries for which the amount can be reliably estimated.

An antitrust investigation initiated by the European Commission in 2017 against Clariant and some of its competitors was closed and settled with a payment of CHF 156 million in December 2020. A provision of CHF 50 million was reversed at the same time.

All noncurrent provisions are discounted to reflect the time value of money, where material. Discount rates reflect current market assessments of the time value of money and the risk specific to the provisions in the respective countries.

22. TRADE PAYABLES AND OTHER LIABILITIES

in CHF m	31.12.2021	31.12.2020 ¹
Trade payables	688	539
Contract liabilities	91	68
Payables to associates and joint ventures	55	51
Accruals	156	161
Other liabilities	190	187
Total trade payables and other liabilities	1 180	1 006
Reclassified to noncurrent liabilities	-58	-60
Reclassified to held for sale (see note 25)	-137	-132
Total as reported in the balance sheet	985	814

¹ Restated, see note 1.03

The amount recognized for trade payables is equal to their fair value.

Contract liabilities are short-term and will be recognized as revenues in the next reporting period.

23. CURRENT FINANCIAL DEBTS

in CHF m	31.12.2021	31.12.2020
Banks and other financial institutions	423	108
Current portion of noncurrent financial debts (see note 18)	293	303
Total	716	411
Reclassified to held for sale (see note 25)	-7	-13
Total current financial debts as reported in the balance sheet	709	398
Breakdown by maturity:		
in CHF m	31.12.2021	31.12.2020
Up to three months after the balance sheet date	364	98
Three to six months after the balance sheet date	143	1
Six to twelve months after the balance sheet date	209	312
Total	716	411
Reclassified to held for sale (see note 25)	-7	-13
Total current financial debts as reported in the balance sheet	709	398

A bond issued in 2012 with a nominal value of CHF 175 million will mature in 2022 and was therefore reclassified to current financial debts.

Two certificates of indebtedness issued in 2020 with a nominal value of EUR 115 million will mature in 2022 and were therefore reclassified to current financial debts.



On 5 August 2021, certificates of indebtedness issued in 2016 in the amount of EUR 55 million (CHF 60 million) and USD 277 million (CHF 250 million) reached maturity and were repaid.

On 17 April 2020, the certificates of indebtedness issued in 2015 in the amount of EUR 150 million (CHF 162 million) reached maturity and were repaid. On 26 October 2020 certificates of indebtedness in the amount of EUR 212 million (CHF 229 million) reached maturity and were repaid.

Current financial debt is recognized initially at fair value, net of transaction costs incurred. Financial debt is subsequently stated at amortized cost. Except for derivatives, there are no current financial liabilities valued at fair value through profit and loss.

The fair value of financial debt at banks and other financial institutions approximates its carrying amount due to the short-term nature of these instruments.

24. SEGMENT INFORMATION

In 2019, Clariant set out to rearrange its portfolio of business activities. In October 2019, Clariant sold its business line Healthcare Packaging, operated as a part of the Business Unit Masterbatches, to US-based Arsenal Capital Partners. In July 2020, the Business Unit Masterbatches was sold to the US-based group Avient. Business Unit Pigments was sold in a post-balance sheet date transaction on 3 January 2022; see also notes 25 and 38. For these reasons, all these business units are reported as discontinued operations in the financial report (see also note 25 discontinued operations and assets held for sale).

As a result Clariant has grouped its remaining activities into three Business Areas (reportable segments): Care Chemicals (BU ICS), Catalysis (BU Catalysts), Natural Resources (BU Oil & Mining Services, BU Functional Minerals, BU Additives).

Intersegment transactions are entered into under the normal circumstances, terms, and conditions that would also be available to unrelated third parties.

Segment assets consist of property, plant, and equipment, goodwill, intangible assets, inventories, receivables, and investments in associates. They exclude deferred tax assets, financial assets, and operating cash. Segment liabilities comprise trade payables. They exclude items such as tax liabilities, provisions, pension liabilities, and corporate borrowings. Capital expenditure comprises additions to property, plant, and equipment, and intangibles.



SEGMENTS in CHF m	Care Chemicals		Catalysis		Natural Resources		Corporate		Total Group	
	2021	2020 ²	2021	2020 ²	2021	2020 ²	2021	2020 ²	2021	2020 ²
	Segment sales	1 716	1 423	907	879	1 790	1 581	—	—	4 413
Sales to other segments	-17	-12	—	—	-24	-11	—	—	-41	-23
Total sales from continuing operations	1 699	1 411	907	879	1 766	1 570	—	—	4 372	3 860
Operating expenses	-1 421	-1 205	-825	-783	-1 557	-1 442	-129	-113	-3 932	-3 543
Thereof:										
Income from associates and joint ventures	34	26	—	9	8	8	-1	-1	41	42
Gain/loss from disposals not qualifying as discontinued operations	—	12	—	—	—	—	—	—	—	12
Restructuring, impairment, and transaction-related costs	-15	-15	2	-12	-3	-30	-37	-42	-53	-99
Reversal of provision for EU investigation	—	—	—	—	—	—	—	50	—	50
Operating income	278	206	82	96	209	128	-129	-113	440	317
Net financial expenses and taxes									-148	-187
Net result from continuing operations									292	130
Result from discontinued operations									81	695
Net income									373	825
Segment assets	1 299	1 035	1 847	1 599	1 548	1 388	—	—	4 694	4 022
Segment liabilities	-239	-180	-192	-164	-259	-172	—	—	-690	-516
Net operating assets	1 060	855	1 655	1 435	1 289	1 216	—	—	4 004	3 506
Segment assets reported as assets held for sale	—	—	107	108	—	2	—	—	107	110
Corporate assets reported as assets held for sale	—	—	—	—	—	—	2	5	2	5
Segment assets of discontinued operations reported as assets held for sale	—	—	—	—	—	—	—	—	719	683
Assets held for sale	—	—	107	108	—	2	2	5	828	798
Segment liabilities of discontinued operations reported as liabilities associated with assets held for sale									-247	-263
Liabilities directly associated with assets held for sale									-247	-263
Corporate assets without cash							1 088	1 103	1 088	1 103
Corporate liabilities without financial liabilities							-1 608	-1 715	-1 608	-1 715
Net debt (see note 19)							-1 521	-1 013	-1 521	-1 013
Total net assets	1 060	855	1 762	1 543	1 289	1 218	-2 039	-1 620	2 544	2 416
Thereof:										
Investments in PPE and intangibles for the period	66	53	196	141	56	56	15	24	333	274
Investments in associates and joint ventures at the end of the period	85	85	—	—	121	63	5	5	211	153
Reconciliation of key figures										
Operating income	278	206	82	96	209	128	-129	-113	440	317
Add: systematic depreciation of PPE	57	52	50	50	49	45	14	15	170	162
Add: impairment	—	—	—	3	1	7	—	1	1	11
Add: depreciation of RoU assets	9	9	8	6	20	19	17	16	54	50
Add: amortization of intangible assets	7	7	12	14	21	25	3	11	43	57
EBITDA¹	351	274	152	169	300	224	-95	-70	708	597
Add: restructuring, impairment, and transaction-related costs	15	15	-2	12	3	30	37	42	53	99
Add: Reversal of provision for EU investigation								-50	—	-50
Less: impairment	—	—	—	-3	-1	-7	—	-1	-1	-11
Less: gain/loss from disposals not qualifying as discontinued operations	—	-12	—	—	—	—	—	—	—	-12
Adjusted EBITDA	366	277	150	178	302	247	-58	-79	760	623
Operating income	278	206	82	96	209	128	-129	-113	440	317
Add: restructuring, impairment, and transaction-related costs	15	15	-2	12	3	30	37	42	53	99
Add: Reversal of provision for EU investigation								-50	—	-50
Less: gain/loss from disposals not qualifying as discontinued operations	—	-12	—	—	—	—	—	—	—	-12
Adjusted operating income	293	209	80	108	212	158	-92	-121	493	354

¹ EBITDA is earnings before interest, tax, depreciation, and amortization.

² Restated, see note 1.03



Reconciliation of segment assets to total assets

in CHF m	31.12.2021	31.12.2020 ³
Segment assets	4 694	4 022
Segment assets reported as assets held for sale	107	110
Corporate assets reported as assets held for sale	2	5
Segment assets of discontinued operations reported as assets held for sale	719	683
Corporate assets without cash	1 088	1 103
Cash and cash equivalents	415	737
Short-term deposits	12	267
Financial instruments with positive fair values	1	5
Total Assets	7 038	6 932

in CHF m	Sales ¹		Noncurrent assets ²	
	2021	2020	31.12.2021	31.12.2020
EMEA	1 888	1 572	1 975	1 854
<i>of which Germany</i>	533	432	1 122	1 138
<i>of which Switzerland</i>	28	24	355	378
<i>of which MEA</i>	320	274	22	21
North America	692	703	903	895
<i>of which USA</i>	649	656	889	882
Latin America	487	457	171	140
<i>of which Brazil</i>	227	191	101	75
Asia-Pacific	1 305	1 128	711	536
<i>of which China</i>	479	402	291	216
<i>of which India</i>	262	168	232	123
Total	4 372	3 860	3 760	3 425

¹ Allocated by region of third-party sale's destination. Continuing operations

² Noncurrent assets excluding deferred tax assets and pension plan assets

³ Restated, see note 1.03.

All of the Group's segments generate their revenues to the largest extent from the sale of products. These come in such a great variety that a meaningful grouping below the segment information is not possible.

Revenue from services recognized in 2021 amounted to CHF 48 million (2020: CHF 83 million) and mostly were incurred in Business Area Natural Resources.

For a description of the business units see note 1.26.



25. DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

In 2019, Clariant announced its intention to sell the Business Units Pigments and Masterbatches and the Business Line Healthcare Packaging, which operated as a part of the Business Unit Masterbatches. As a result, these activities were reclassified to discontinued operations in June 2019. Income and expenses of the activities concerned have been reclassified to »Discontinued operations« in the consolidated income statement, and the assets and liabilities pertaining to these activities have been reclassified to »Assets held for sale« and »Liabilities directly associated with assets held for sale« in the consolidated balance sheet, according to IFRS 5, Noncurrent assets held for sale and discontinued operations.

On 31 October 2019, Clariant sold its Healthcare Packaging business to Arsenal Capital Partners, a private equity firm located in New York, USA. The final total consideration of the sale amounted to CHF 312 million including CHF 2 million received in 2020 and the after-tax gain to CHF 54 million.

On 1 July 2020, Clariant sold the Business Unit Masterbatches to the US-based group Avient. The total consideration of the sale net of cash transferred amounted to CHF 1308 million and the after-tax gain to CHF 723 million.

In a transaction after the balance sheet date, Clariant sold the Business Unit Pigments to US-based SK Capital Partners and the German Heubach Group on 3 January 2022. See also note 38.

One shareholding in an associate accounted for at equity in Germany, which was previously classified as "held for sale", was reclassified to investments in associates and joint ventures in Q4 2021. Income from associates and joint ventures was adjusted accordingly for the reporting period. As the impact of the reclassification on the numbers of the prior year was immaterial, no restatement of the financials of 2020 was made.

For a description of the business units please refer to note 1.26.

Other assets held for sale

An amount of CHF 2 million relates to plant, and equipment held for sale in Italy and in the US (2020: CHF 7 million), and CHF 107 million (2020: CHF 108 million) to an investment in an associate in the US.

During 2021, property held for sale in Italy and in the US partially have been sold.



DISCONTINUED OPERATIONS in CHF m	Plastics & Coatings (discontinued) ¹		Corporate		Total discontinued operations	
	2021	2020 ²	2021	2020 ²	2021	2020 ²
Sales	912	1 330	—	—	912	1 330
Operating expenses	-802	-1 189	-21	-62	-823	-1 251
Income from associates and joint ventures	28	21	—	—	28	21
Restructuring (see note 28)	2	-23	-5	-60	-3	-83
Operating result	140	139	-26	-122	114	17
Financial result					2	-8
Result from discontinued operations before taxes					116	9
Taxes					-35	-40
Result from discontinued operations after taxes					81	-31
Gain on the disposal of discontinued operations		768			—	768
Taxes (current and deferred)		-42			—	-42
Net result from discontinued operations					81	695
Currency translation differences of discontinued operations					-9	50
Other items					4	20
Other comprehensive income/loss from discontinued operations	—	—	—	—	-5	70
Operating cash flows	-17	154	-9	-62	-26	92
thereof: payments for restructuring	-9	-7			-9	-7
Investing cash flows	-27	-25			-27	-25
Total cash flow	-44	129	-9	-62	-53	67
Cash flow from disposals:						
Gross proceeds	—	1 450			—	1 450
Less cash and cash equivalents transferred	—	-140			—	-140
Less refund transaction cost to buyer	—	-5			—	-5
Net proceeds from disposal	—	1 305	—	—	—	1 305
Net assets held for sale:						
Property, plant, and equipment	192	174			192	174
Right-of-use assets	12	17			12	17
Intangible assets	30	31			30	31
Investments in associates and joint ventures	32	84			32	84
Deferred and income tax assets	22	29			22	29
Prepaid pension assets	1	—			1	—
Inventories	234	186			234	186
Trade receivables	148	127			148	127
Other current assets	48	35			48	35
Total assets held for sale	719	683	—	—	719	683
Trade payables and other liabilities	-137	-132			-137	-132
Retirement benefit obligations	-37	-40			-37	-40
Provisions	-59	-64			-59	-64
Lease liabilities	-7	-14			-7	-14
Current financial debts	-7	-13			-7	-13
Total liabilities directly associated with assets held for sale	-247	-263	—	—	-247	-263
Total net assets held for sale	472	420	—	—	472	420

¹ Including the Business Unit Pigments for 12 months in both 2021 and 2020, and the the business unit Masterbatches for 6 months in 2020.

² Restated, see note 1.03

Cumulative exchange rate differences recognized in equity for discontinued operations amounted to CHF 93 million on 31 December 2021 (2020: CHF 92 million).



Masterbatches

In July 2020, Clariant sold the Business Unit Masterbatches to the US-based group Avient. The result of this disposal was as follows:

in CHF m	2020
Purchase price consideration	1 448
Less cash and cash equivalents transferred	-140
Total consideration for the sale	1 308
Net assets sold, including disposal-related expenses	-411
Gain on the disposal from discontinued operations	897
Effect of the reclassification of foreign exchange differences related to the disposal of discontinued operations	-132
Gain on the disposal from discontinued operations before taxes	765
Taxes (current and deferred)	-42
Gain on the disposal from discontinued operations after taxes	723

The result from disposals in 2020 also comprises an additional payment in the amount of CHF 3 million resulting from the disposal of the Health Care Packaging business in 2019.

26. DISPOSALS

Activities not qualifying as discontinued operations

In this section, disposals of subsidiaries, associates, and activities are reported that do not qualify as discontinued operations in the sense of IFRS 5. The following disposal took place in 2020:

On 7 August 2020, Clariant sold its sulfonation production in Santa Clara, Mexico, pertaining to the Business Unit ICS, for a net consideration of CHF 13 million and resulting in a gain of CHF 12 million to the Mexico-based company Stepan Mexico, S.A. de C.V.

The result from disposals not qualifying as discontinued operations is reported under »Selling, general and administrative costs« in the income statement.

27. ACQUISITIONS

Beraca Ingredientes Naturais S.A.

On 25 October 2021, Clariant acquired the remaining 70% of the shares of the Brazilian personal Care company Beraca Ingredientes Naturais S.A. from the company's founder-owners. The company is one of the foremost producers of natural ingredients for the Personal Care industry and is based in the Amazonas region. This acquisition pertains to the Business Unit Industrial & Consumer Care Services (ICS). Clariant has been holding 30% of the shares since 2015 and is now a 100% owner. The shareholding was previously accounted for at equity, and the transaction is treated as a step acquisition. Since the acquisition date, Beraca Ingredientes Naturais S.A. is fully consoli-

dated in Clariant's financial statements. The summary of the financial impact of consolidating the company in the accounts at the acquisition date, using the provisional fair values of identified assets and liabilities, is as reported below. As part of the accounting for the business combination, the 30% shareholding previously held was revalued to fair value, which resulted in a one-time gain of CHF 9 million, recorded in Selling, general and administrative costs in the income statement. Goodwill incurred in the acquisition refers to expected cost and supply chain synergies and better market access.

The acquired intangible assets comprise mainly trademarks and developed technology.

in CHF m	2021
Cash consideration for the acquisition in 2021	33
Less cash and cash equivalents received	-2
Total cash outflow for the acquisition in 2021	31
Fair value of shareholdings previously owned	13
Total consideration for purchase	44
Recognized amounts of identifiable assets and liabilities assumed:	
Property plant, and equipment	2
Intangible assets	12
Inventories	3
Receivables	5
Other assets and liabilities	-3
Fair value of net assets acquired	19
Goodwill	25

From the acquisition date up to the end of the year 2021, Beraca Ingredientes Naturais S.A. reported net sales of CHF 3 million and an operating loss of CHF 1 million including CHF 1 million of depreciation and amortization. If the acquisition had occurred on 1 January 2021, Group sales would have been CHF 12 million higher and the operating result would have been CHF 6 million higher.



Joint venture Clariant IGL Specialty Chemicals Private Ltd

On 1 July 2021, Clariant and India Glycos Ltd (IGL) established a joint venture for ethylene oxide derivatives from renewable sources, Clariant contributing 51% to the joint venture, and IGL 49%. As Clariant exercises control over the joint venture it is consolidated in Clariant's financial accounts and accounted for as a business combination. The joint venture combines IGL's business with bio-ethyleneoxide derivatives from renewable sources, with Clariant's ICS activities in India, Sri Lanka, Bangladesh and Nepal. It comprises a multipurpose plant in Kashipur, India, including an alkoxylation plant. This acquisition pertains to the Business Unit Industrial & Consumer Care Services (ICS). Since the initiation of the joint venture, Clariant IGL SC is fully consolidated in Clariant's financial statements. The summary of the financial impact of consolidating the joint venture in the accounts at the acquisition date, using the provisional fair values of identified assets and liabilities, is as reported below.

The acquired intangible assets comprise mainly customer relationships and vendor contract.

in CHF m	2021
Total cash outflow for the acquisition in 2021	58
Total consideration for purchase	58
Recognized amounts of identifiable assets and liabilities assumed:	
Property plant, and equipment	47
Intangible assets	19
Deferred tax assets	9
Inventories	9
Receivables	10
Financial debt	-23
Pension plan liabilities	-1
Other assets and liabilities	-1
Fair value of net assets acquired	69
Noncontrolling interests	-46
Goodwill	35

For this transaction acquisition related costs of less than CHF 1 million, comprising M&A, legal costs and consulting, were recognized in Selling, general, and administrative costs. Goodwill incurred in the acquisition refers to a better access to important materials, expansion of the product portfolio and business know-how.

From the acquisition date up to the end of the year 2021, Clariant IGL Specialty Chemicals Inc. reported net sales of CHF 71 million and an operating result of CHF 9 million, including CHF 2 million of depreciation and amortization. This result includes the abovementioned items of a one-time nature, which were incurred in connection with the takeover by Clariant. If the acquisition had occurred on 1 January 2021, Group sales would have been CHF 54 million higher and the operating result would have been CHF 8 million higher.

Bentonite mining activities

In August 2020, Clariant acquired from Jianping Cimco Mining Co. Ltd, China, the activities of Clay Industrial Minerals Co Ltd by way of an asset deal for a consideration of CHF 9 million. The acquisition included a goodwill of CHF 2 million. The purpose of the transaction is to secure longer-term access to clay and to strengthen the Business Unit Functional Mineral's foothold and the Group's position in the Chinese Foundry market.



28. RESTRUCTURING, IMPAIRMENT, AND TRANSACTION-RELATED COSTS

in CHF m	2021	2020 ¹
Restructuring income/expenses	1	-118
Payments for restructuring	-38	-25
Impairment loss	-1	-11
thereof charged to PPE (see note 5)	-1	-11
Transaction-related costs	-77	-101
Total restructuring, impairment, and transaction-related costs	-77	-230
thereof reported under discontinued operations	-24	-131
Total continuing operations	-53	-99

¹ Restated, see note 1.03

In order to increase profitability over a sustained period, Clariant implements measures designed to improve the Group's performance. The aim of these efforts is to increase the Group's operating result and to reduce net working capital. The changes made to the processes and structures result in a reduction of head count across the Group.

Restructuring. In 2021, Clariant recorded a net income from the creation and reversal of restructuring provisions in the amount of CHF 1 million (2020: expenses CHF 118 million).

As a result of the economic developments, Clariant decided to resume its efficiency program in 2020. Measures to increase efficiency were defined, leading to a workforce reduction of approximately 600 positions and a reduction of the cost basis in excess of CHF 50 million for the continuing operations over the following two years. Additional measures are implemented to rightsize regional organizations and service units to the reduced size of the Group to avoid remnant costs post the expiration of transitory service agreements following the closing of the divestitures of the Masterbatches and Pigments businesses. An efficiency program was also launched for the Pigments business. Restructuring expenses for the efficiency program for continuing operations were booked in the amount of CHF 35 million. In 2021, additional measures were initiated to further automate and centralize processes primarily in the area of Finance.

In 2020, in discontinued operations, restructuring expenses for the efficiency program were booked for the Pigments business in the amount of CHF 24 million. For the rightsizing program, restructuring expenses in amount of CHF 59 million were booked in discontinued operations.

In 2021, certain economic developments have given rise to a reconsideration of some of these restructuring measures. Some of the envisaged measures were recalibrated or revoked. As a consequence, Clariant reports in Continuing Operations net income from the change in restructuring provisions in the amount of CHF 4 million in 2021, compared to an expense of CHF 35 million in 2020.

In addition, in discontinued operations, an expense from the change in restructuring provisions in the amount of CHF 3 million in 2021 was recorded, compared to an expense of CHF 83 million in 2020 for the rightsizing program.

Impairment. The impairment losses recorded in 2021 concerned mainly property, plant and equipment in USA, China and Italy. The ones recognized in 2020 relate mainly to properties, plants and equipment in USA, Germany and China.

Transaction-related costs comprise expenses incurred in connection with acquisition or disposal projects .

The total amount pertaining to continuing operations, CHF 53 million of Restructuring, impairment, and transaction-related costs (2020: CHF 99 million restated), is reported in the income statement from continuing operations as follows: CHF 7 million in Cost of goods sold (2020: CHF 31 million), CHF 47 million in Selling, general, and administrative costs (2020: CHF 55 million restated), and income of CHF 1 million in Research & Development costs (2020: CHF 13 million expenses).



29. FINANCE INCOME AND COSTS

FINANCE INCOME

in CHF m	2021	2020
Interest income	11	13
<i>thereof interest on loans, receivables, and deposits</i>	11	13
Other financial income	13	2
Total finance income	24	15

FINANCE COSTS

in CHF m	2021	2020
Interest expense	-62	-72
<i>thereof effect of discounting of noncurrent provisions</i>	-3	-4
<i>thereof net interest component of pension provisions</i>	-8	-10
<i>thereof interest on lease liabilities</i>	-11	-11
Other financial expenses	-8	-9
Total finance costs before currency result	-70	-81
Currency result, net	2	-28
Total finance costs	-68	-109
thereof reported under discontinued operations (see note 25)	2	-8
Total continuing operations	-70	-101

Other financial expenses include bank charges and miscellaneous financial expenses.

In 2021 and 2020, no foreign exchange gains pertaining to the ineffective part of hedges on net investments were recognized in the income statement.

Interest expense, other than the effect of discounting noncurrent provisions and the interest component of pension provisions, pertains to financial debts measured at amortized cost.

Interest costs capitalized on qualifying assets for 2021 were CHF 3 million (2020: CHF 1 million).



30. EARNINGS PER SHARE (EPS)

Earnings per share are calculated by dividing the Group net income by the average number of outstanding shares (issued shares less treasury shares).

	2021	2020 ¹
Net income attributable to shareholders of Clariant Ltd, undiluted and diluted in CHF m		
Continuing operations	267	106
Discontinued operations	77	678
Total	344	784
Weighted-average number of shares outstanding		
As per 1 January	329 517 644	329 594 997
Effect of transactions with treasury shares on weighted-average number of shares outstanding	-180 855	-77 353
Weighted-average number of shares outstanding at 31 December	329 336 789	329 517 644
Adjustment for granted Clariant shares	2 053 495	1 507 123
Weighted average diluted number of shares outstanding at 31 December	331 390 284	331 024 767
Basic earnings per share attributable to shareholders of Clariant Ltd (CHF/share)		
Continuing operations	0.81	0.32
Discontinued operations	0.23	2.06
Total	1.04	2.38
Diluted earnings per share attributable to shareholders of Clariant Ltd (CHF/share)		
Continuing operations	0.81	0.32
Discontinued operations	0.23	2.05
Total	1.04	2.37

¹ Restated, see note 1.03

The dilution effect is triggered by the effect of Clariant shares granted as part of the share-based payment plan that have not yet vested. To calculate this dilutive potential, it is assumed that they vested on 1 January of the respective period. The effect of the services still to be rendered during the vesting period is taken into consideration.

Diluted earnings per share are calculated by adjusting the weighted-

average number of ordinary shares outstanding to assume conversion of all dilutive potential ordinary shares.

In 2021, Clariant made a cash distribution of CHF 0.70 per share to its shareholders out of the share capital, reducing the nominal value from CHF 3.70 to CHF 3.00 per share (see note 17).



31. DERIVATIVE FINANCIAL INSTRUMENTS

Risk management (hedging) instruments and off-balance sheet risks. Clariant uses forward foreign exchange rate and option contracts, currency options as well as other financial instruments to hedge the Group's risk exposure to volatility in interest rates, currencies, and prices and to manage the return on cash and cash equivalents. Risk exposures from existing assets and liabilities as well as anticipated transactions are managed centrally.

Interest rate management. It is the Group's policy to manage the costs of interest using fixed- and variable-rate debt and interest-related derivatives.

Foreign exchange management. To manage the exposure to the fluctuations in foreign currency exchange rates, the Group follows a strategy of hedging both balance sheet and revenue risk, partially through the use of forward contracts and currency swaps in various currencies. In order to contain costs, the Group does not hedge the entire exposure.

The following tables show the contract or underlying principal amounts and the respective fair value of derivative financial instruments by type at the year-end.

The contract or underlying principal amounts indicate the volume of business outstanding at the balance sheet date and do not represent the amount at risk.

DERIVATIVE FINANCIAL INSTRUMENTS

in CHF m	Contract or underlying principal amount		Positive fair values		Negative fair values	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Interest rate related-instruments						
Interest rate swaps	—	146	—	—	—	-1
Cross Currency Swaps	364	165	—	—	-22	-6
Currency related-instruments						
Forward foreign exchange rate contracts	413	274	1	5	—	-1
Total derivative financial instruments	777	585	1	5	-22	-8

The fair value of these derivative financial instruments is recorded in Other current assets in the balance sheet in the case of a positive value or in Current financial debts in the case of a negative value and if the instruments expire within the next twelve months.

If the remaining lifetime exceeds twelve months, the value is recorded in Financial assets in case it is positive and in Noncurrent financial debts in case it is negative.

DERIVATIVE FINANCIAL INSTRUMENTS BY MATURITY

in CHF m	31.12.2021	31.12.2020
Breakdown by maturity:		
Up to one month after the balance sheet date	32	100
More than one and up to three months after the balance sheet date	263	37
More than three and up to twelve months after the balance sheet date	324	283
More than one and up to five years after the balance sheet date	158	165
Total derivative financial instruments	777	585

DERIVATIVE FINANCIAL INSTRUMENTS BY CURRENCY

in CHF m	31.12.2021	31.12.2020
USD	278	361
EUR	493	164
JPY	4	44
Others	2	16
Total derivative financial instruments	777	585



FINANCIAL INSTRUMENTS EFFECTIVE FOR HEDGE-ACCOUNTING PURPOSES

in CHF m	31.12.2021	31.12.2020
Contracts with negative fair values	-22	
Interest rate swaps	—	—
Notional amount (USD)	—	146
Maturity date	—	05.08.2021
Hedge ratio	—	1:1
Change in fair value of hedging instruments since 1st January	—	-2
Change in fair value of hedged item	—	2
Cross-Currency Swaps	-5	-2
Notional amount (EUR)	50	56
Maturity date	25.03.2024	25.03.2024
Hedge ratio	1:1	1:1
Change in fair value since 1 January	-3	—
Change in fair value of hedged item	3	—
Cross-Currency Swaps	-9	-4
Notional amount (EUR)	103	116
Maturity date	25.09.2025	25.09.2025
Hedge ratio	1:1	1:1
Change in fair value since 1 January	-6	—
Change in fair value of hedged item	6	—
Cross-Currency Swaps	-8	
Notional amount (EUR)	200	
Maturity date	29.07.2022	
Hedge ratio	1:1	
Change in fair value since 1 January	-8	
Change in fair value of hedged item	8	
Notional amount of hedges of net investments in foreign entities:		
Borrowings denominated in foreign currencies	-521	-937
EUR amount	-521	-694
USD amount	—	-243
Hedge ratio	1:1	1:1

Since 2015, Clariant issued various certificates of indebtedness totaling EUR 1158 million, USD 277 million, and CHF 62 million (see note 18). During 2021, EUR 138 million and USD 277 million and CHF 62 million were paid back (2020: EUR 358 million). As per 31 December 2021, certificates of indebtedness totaling EUR 658 million are recorded.

As per 31 December 2021, EUR 505 million were designated as a hedge of a net investment in some of Clariant's European subsidiaries (2020: EUR 699 million). Due to the repayment of the USD denominated certificates of indebtedness in 2021, the hedge of a net investment in some US subsidiaries (2020: USD 277 million) was terminated.

The unrealized foreign exchange rate gain resulting from the hedge of a net investments amounted to CHF 22 million for 2021 (2020: CHF 26 million) and is recorded in the cumulative translation difference in shareholders' equity.

In addition the cash flow hedge applied to hedge the interest rate risk arising from the USD denominated certificates of indebtedness which were issued at a variable interest rate were closed; the interest rate swaps amounting to USD 166 million were matured during 2021.

The hedge effectiveness is assessed at the beginning of the hedging relationship by way of recurring prospective effectiveness tests. Thus it is ensured that there exists an economic relationship between the underlying transaction and the hedging instrument.



The Group enters into interest rate and cross-currency swaps that have identical critical terms as the hedged item, such as the reference rate, reset dates, payment dates, maturities, and notional amount. The Group does not hedge 100% of its loans; therefore the hedged item is identified as a proportion of the outstanding loans up to the notional amount of the swaps. As all critical terms matched during the year, the economic relationship was 100% effective.

Hedge ineffectiveness for interest rate/cross-currency swaps is assessed using the following principles: The focus is on the credit value/debit value adjustment on the interest rate/cross-currency swaps that is not matched by the loan, and on differences in critical terms between the interest rate/cross-currency swaps and loans.

The Cross-Currency Basis Spread as per End of December 2021 was CHF -100 748 (2020: CHF 66 665).

There was no ineffectiveness during 2021 and 2020 in relation to the interest rate/cross-currency swaps. Clariant has chosen the cost-of-hedging approach for the newly entered cash flow hedging relationship. The cross-currency basis spread is not part of the hedging relationship.



32. EMPLOYEE PARTICIPATION PLANS

In 2019, the new Clariant Long-Term Incentive Plan (CLIP) was introduced with the first grants in April 2019. A subsequent grant took place in April 2020. The CLIP represents an equity-based award in the form of Performance Share Units with a three-year vesting period. The review of the target achievements (vesting criteria) for the first grant under this plan will be held in summer 2022, and vesting is scheduled to take place in September 2022. Target achievement reviews and vesting will continue on an annual basis for all subsequent grants.

For the first time in 2013, the Performance Share Unit (PSU) Plan was introduced for all senior managers. The term of Clariant's Performance Share Unit Plan is a three-year vesting period. The vesting is conditional upon achievement of the performance targets at the end of the vesting period. If the performance targets are achieved, each PSU will be converted into one Clariant share. The last grant under this plan took place in September 2018. Performance targets for this grant were met and granted PSUs vested in September 2021.

Under the Group Senior Management – Long-Term Incentive Plan (GSM-LTIP), a certain percentage of the actual bonus is granted to the plan participants in the form of registered shares of Clariant Ltd (investment shares). These shares vest immediately upon grant, but are subject to a three-year blocking period. Shares were granted for the first time in 2011, based on the performance achieved in the base year 2010. Similar plans were launched in all subsequent years. In the years 2013 to 2018, the plan participants also received an additional share free of cost (matching share) for each investment share held at the end of the blocking period. The number of shares not yet vested and thus disclosed are the matching shares already granted. No further grants were made after 2018 under this plan.

The expense recorded in the income statement and in equity spreads the costs of each grant over the measurement period and the vesting period. Assumptions are made concerning the forfeiture rate, which is adjusted during the vesting period so that at the end of the vesting period, there is only a charge for the vested number of shares.

In 2021, CHF 12 million was debited to the income statement for equity-settled share-based payments (2020: income of CHF 11 million).

As of 31 December 2021, the total carrying value of liabilities arising from equity-settled share-based payments, entirely recognized in equity, is CHF 22 million (2020: CHF 20 million).

SHARES FOR MEMBERS OF MANAGEMENT AND THE EXECUTIVE COMMITTEE

Base year	Granted	Vesting in	Fair value at grant date	Number 31.12.2021	Number 31.12.2020
2017	2018	2021	22.82	—	97 100
2018	2018	2021	23.58	4 665	270 024
2018	2018	2021	21.47	—	3 960
2018	2018	2021	24.11	—	2 074
2019	2019	2022	15.91	785 275	884 192
2020	2020	2023	12.87	1 025 099	1 138 348
2021	2021	2024	19.20	3 891	—
2021	2021	2024	18.84	20 317	—
2021	2021	2024	18.34	1 000	—
2021	2021	2024	13.64	1 154 066	—
Total				2 994 313	2 395 698



	Weighted average exercise price	Shares 2021	Weighted average exercise price	Shares 2020
Shares outstanding at 1 January	18.82	2 395 698	21.60	2 083 364
Granted		1 234 206		1 211 808
Exercised / distributed		-349 886		-173 290
Cancelled / forfeited		-285 705		-726 184
Outstanding at 31 December	14.03	2 994 313	18.82	2 395 698
Fair value of shares outstanding in CHF		42 010 204		45 087 027

The fair value of shares granted during 2021 is CHF 16 million (2020: CHF 15 million), calculated based on market value of shares at grant date.

No options were granted in 2021 and 2020.

33. PERSONNEL EXPENSES

in CHF m	2021	2020 ¹
Wages and salaries	-819	-1 010
Social welfare costs	-174	-185
Shares and options granted to directors and employees	-12	-11
Pension costs - defined contribution plans	-22	-24
Pension costs - defined benefit plans	-39	-34
Total personnel expenses	-1 066	-1 264
thereof reported under discontinued operations	133	265
Total continuing operations	-933	-999

¹ Restated, see note 1.03

34. RELATED-PARTY TRANSACTIONS

Clariant maintains business relationships with related parties. One group consists of the associates and joint ventures, of which the most important ones are described in note 8. The most important business with these companies is the purchase of services by Clariant (e.g., energy and rental of land and buildings) in Germany and the rendering of services to the Global Amines group.

The second group of related parties is key management, comprising the Board of Directors and the Executive Committee. The information required by the Ordinance against Excessive Compensation in Stock Exchange-Listed Companies regarding the emoluments for the members of the Board of Directors and the Executive Committee is disclosed in the Compensation Report.

More information on the relationship with the Board of Directors is given in the **Corporate Governance Report** (non-audited).

The third group of related parties is the pension plans of major subsidiaries. Clariant provides services to its pension plans in Switzerland, the United Kingdom, and the United States. These services comprise mainly administrative and trustee services. The total costs in 2021 of these services is CHF 1 million (2020: CHF 1 million), of which approximately half is charged back to the pension plans. The number of full-time employees corresponding to these is approximately four (2020: approximately four).

The fourth group of related parties is all companies pertaining to the SABIC group, which is a 32.35% shareholder of Clariant (see note 17). The most important business done with these companies is the sale and purchase of chemical products.



TRANSACTIONS WITH RELATED PARTIES		
in CHF m	2021	2020
Income from the sale of goods to related parties	51	47
<i>thereof to joint ventures</i>	9	9
<i>thereof to associates</i>	11	11
<i>thereof to SABIC companies</i>	31	27
Income from the rendering of services to related parties	54	48
<i>thereof to joint ventures</i>	32	26
<i>thereof to associates</i>	22	22
Expenses from the purchase of goods from related parties	-33	-39
<i>thereof from joint ventures</i>	-19	-17
<i>thereof from associates</i>	-14	-17
<i>thereof from SABIC companies</i>	—	-5
Expenses from services rendered by related parties	-261	-216
<i>thereof by joint ventures</i>	-24	-30
<i>thereof by associates</i>	-237	-186
Expense from the purchase of property, plant, and equipment from related parties	-5	-7
<i>thereof from associates</i>	-5	-7
Expense from lease contracts with related parties	-6	-7
<i>thereof with associates</i>	-6	-7

PAYABLES AND RECEIVABLES WITH RELATED PARTIES		
in CHF m	31.12.2021	31.12.2020
Receivables from related parties	26	15
<i>thereof from joint ventures</i>	12	4
<i>thereof from associates</i>	7	4
<i>thereof from SABIC companies</i>	7	7
Payables to related parties	55	51
<i>thereof to joint ventures</i>	7	4
<i>thereof to associates</i>	48	47
Loans to related parties	15	19
<i>thereof to joint ventures</i>	—	2
<i>thereof to associates</i>	15	17
Loans from related parties	1	1
<i>thereof from associates</i>	1	1

TRANSACTIONS WITH KEY MANAGEMENT		
in CHF m	2021	2020
Salaries and other short-term benefits	9	9
Post-employment benefits	1	1
Share-based payments	3	2
Total	13	12

There are no outstanding loans by the Group to any members of the Board of Directors or Executive Committee.

35. COMMITMENTS AND CONTINGENCIES

Guarantees. No guarantees on behalf of third parties were issued in 2021 and 2020.

Purchase commitments. In the regular course of business, Clariant enters into relationships with suppliers whereby the Group commits itself to purchase certain minimum quantities of materials in order to benefit from better pricing conditions. These commitments are not in excess of current market prices and reflect normal business operations.

Clariant is engaged in contracts to buy a minimum quantity of ethylene for the next nine years and other materials in 2022. This implies a total purchase commitment of about CHF 925 million (2020: CHF 700 million).

Contingencies. Clariant operates in countries where political, economic, social, legal, and regulatory developments can have an impact on the operational activities. The effects of such risks on the company's results, which arise during the normal course of business, are not foreseeable and are therefore not included in the accompanying financial statements.

In the ordinary course of business, Clariant is involved in lawsuits, claims, investigations, and proceedings, including product liability, intellectual property, commercial, environmental and health, and safety matters. Although the outcome of any legal proceedings cannot be predicted with certainty, management is of the opinion that, apart from those cases where a provision has already been recognized, there are no such matters pending that would likely have any material adverse effect in relation to its business, financial position, or results of operations.

After an internal complaint concerning misstatements relating to provision bookings, Clariant engaged external counsel to investigate the matter. The investigation found that the 2020 financial statements required restatement and the quarterly reporting of key financial data for 2020 and 2021 required correction, as announced by the Company on 27 April 2022. Clariant has made the required restatement and correction and is confident that the matter has been resolved (see note 1.03). Nevertheless, uncertainties around the existence, timing and amount of possible financial obligations of the Company may exist. It cannot be ruled out that this matter could result in Clariant becoming subject to formal investigations, proceedings or claims, and any fine or other sanction imposed or other possible financial obligations arising in connection with the restatement or correction or the underlying behavior could adversely affect the Company.

A Clariant subsidiary in the United States has been named along with many other defendants in lawsuits involving per- and polyfluoroalkyl substances (PFAS). Clariant is monitoring the development of these cases, which relate to a line of business divested in 2013, and is defending all litigation matters related to PFAS. The initial trial on one of the PFAS litigation matters may occur no earlier than early 2023. As of this point in time, Clariant cannot assess if these litigation matters will have a material impact on Clariant's financial results.



Environmental risks. Clariant is exposed to environmental liabilities and risks relating to its past operations, principally in respect of remediation costs. Provisions for nonrecurring remediation costs are made when there is a legal or constructive obligation and the costs can be reliably estimated. It is difficult to estimate the action required by Clariant in the future to correct the effects on the environment of prior disposal or release of chemical substances by Clariant or other parties, and the associated costs, pursuant to environmental laws and regulations. The material components of the environmental provisions consist of costs to fully clean and refurbish contaminated sites and to treat and contain contamination at sites where the environmental exposure is less severe.

36. EXCHANGE RATES OF PRINCIPAL CURRENCIES

Rates used to translate the consolidated balance sheets (closing rate):

	31.12.2021	31.12.2020
1 USD	0.91	0.88
1 EUR	1.03	1.08
1 BRL	0.16	0.17
1 CNY	0.14	0.13
100 INR	1.23	1.21
100 JPY	0.79	0.85

Sales-weighted average exchange rates used to translate the consolidated income statements and consolidated statements of cash flows:

	2021	2020
1 USD	0.92	0.94
1 EUR	1.08	1.07
1 BRL	0.17	0.18
1 CNY	0.14	0.14
100 INR	1.24	1.26
100 JPY	0.83	0.88



37. IMPORTANT SUBSIDIARIES

Country	Company name	Currency	Share-/paid-in capital (in thousands)	Participation in %	Holding/Finance/Service	Sales	Production	Research	classified as discontinued operations
Argentina	Clariant (Argentina) SA, Buenos Aires	ARS	54 605	100.0		■	■		
	Colorants Solutions (Argentina) S.A., Ciudad Autónoma de Buenos Aires	ARS	92 556	100.0		■	■		■
Australia	Clariant (Australia) Pty Ltd, Notting Hill	AUD	1 902	100.0		■	■		
	Colorants Solutions (Australia) Pty Ltd, Notting Hill	AUD	1 000	100.0		■			■
Belgium	Colorants Solutions (Belgium) SA, Louvain-La-Neuve	EUR	19	100.0		■	■		■
Brazil	Clariant S.A., São Paulo	BRL	276 953	100.0	■	■	■	■	
	Companhia Brasileira de Bentonita Ltda, Vitoria da Conquista	BRL	17 470	100.0		■	■		
	Consórcio CCPN, Niteroi	BRL	26 113	100.0		■	■		
	Beraca Ingredientes Naturais S.A.	BRL	18 158	100.0		■	■	■	
	Colorants Solutions (Brazil) Ltda., Santo Amaro	BRL	44 152	100.0		■	■	■	■
Canada	Clariant (Canada) Inc., Toronto	CAD	10 415	100.0		■	■		
	Colorants Solutions (Canada) Inc., Toronto	CAD	2 800	100.0		■			■
Chile	Clariant (Chile) Ltda., Maipú-Santiago de Chile	CLP	15	100.0		■	■		
	Clariant Plastics & Coatings (Chile) Ltda. Maipú-Santiago de Chile	CLP	1 842	100.0		■	■		■
China	Clariant (China) Ltd., Hong Kong	HKD	414 788	100.0	■				
	Clariant Bohai Pigments Preparations (Tianjin) Ltd., Tianjin	CNY	49 176	100.0		■	■		■
	Clariant Catalysts (Nanjing) Co., Ltd., Nanjing	CNY	321 822	100.0		■			
	Clariant Chemicals (China) Ltd., Shanghai	CNY	210 014	100.0		■	■	■	
	Clariant Chemicals (Huizhou) Ltd., Daya Bay, Huizhou	CNY	247 577	100.0		■	■		
	Clariant China Holding Limited, Hong Kong	HKD	67 251	100.0	■				
	Clariant Huajin Catalysts (Panjin) Ltd., Panjin City	CNY	69 511	60.0		■	■		
	Clariant Redhill Bentonite (Liaoning) Ltd., Jianping	CNY	124 365	100.0		■	■		
	Clariant Specialty Chemicals (Zhenjiang) Co., Ltd., Zhenjiang	CNY	166 431	100.0		■	■		
	Clariant Bentonite (Jiangsu) Co., Ltd., Zhenjiang	CNY	79 058	100.0		■	■		
	Clariant Coatings (Shanghai) Ltd., Shanghai	CNY	245 393	100.0		■	■		■
	Clariant Chemicals Technology (Shanghai) Ltd., Shanghai	CNY	170 286	100.0		■	■	■	
	Clariant Specialty Chemicals (Jiaxing) Co., Ltd., Jiangxing	CNY	170 347	100.0			■		
Colombia	Clariant Colombia S.A., Cota (Cundinamarca)	COP	2 265	100.0		■	■		
	Colorants Solutions (Colombia) S.A.S., Cota (Cundinamarca)	COP	5 567	100.0		■	■		■
France	Clariant Production (France), Choisy le Roi	EUR	6 273	100.0		■	■	■	
	Clariant Services (France), Choisy le Roi	EUR	21 200	100.0	■				
	Colorants Solutions (France), Choisy le Roi	EUR	300	100.0		■			■
Germany	Clariant Vierte Chemie GmbH	EUR	30	100.0	■				
	Clariant Produkte (Deutschland) GmbH, Frankfurt a.M.	EUR	9 348	100.0	■	■	■	■	
	Clariant Plastics & Coatings (Deutschland) GmbH	EUR	149	100.0	■	■	■	■	
	Colorants Solutions (Deutschland) GmbH, Frankfurt a.M.	EUR	500	100.0		■	■	■	■
	Clariant SE, Frankfurt a.M.	EUR	916	100.0		■			
Clariant Verwaltungsgesellschaft mbH, Frankfurt a.M.	EUR	2 560	100.0	■					
Great Britain	Clariant Distribution UK Limited, Yeadon, Leeds	GBP	500	100.0				■	
	Clariant Oil Services UK Ltd, Yeadon, Leeds	GBP	400	100.0		■	■	■	
	Clariant Production UK Ltd, Yeadon, Leeds	GBP	500	100.0	■	■	■		
	Clariant Services UK Ltd, Yeadon, Leeds	GBP	500	100.0	■				
	Colorants Solutions (UK) Ltd, Yeadon, Leeds	GBP	3 501	100.0		■			■
Greece	Süd-Chemie Hellas Monoprosopi EPE, Adamantas, Milos	EUR	548	100.0		■	■		
India	Clariant Chemicals (India) Ltd, Navi Mumbai	INR	230 818	51.0		■	■		■
	Clariant India Private Limited, Navi Mumbai	INR	10 829	100.0	■	■	■	■	
	Süd-Chemie India Pvt. Ltd., Ernakulam	INR	9 623	50.0		■	■	■	
	Clariant IGL Specialty Chemicals Private Limited, Kashipur	INR	220	51.0		■	■		



Country	Company name	Currency	Share-/paid-in capital (in thousands)	Participation in %	Holding/Finance/Service	Sales	Production	Research	classified as discontinued operations
Indonesia	PT. Clariant Indonesia, Tangerang	IDR	267 577	100.0	■	■	■		
	PT. Clariant Kujang Süd-Chemie Catalysts, Cikampek	USD	3 447	76.9		■		■	
	PT. Clariant Plastics & Coatings, Tangerang Banten	USD	10 282	100.0		■			■
	PT. Clariant Specialties Indonesia, Tangerang Banten	IDR	4 803	100.0		■			
	PT. Clariant Adsorbents Indonesia, Sukabumi	IDR	12 375	100.0		■	■		
	P.T. Colorants Solutions (Indonesia), Tangerang	IDR	21 750	100.0		■	■		■
Italy	Clariant Prodotti (Italia) S.p.A., Milano	EUR	1 000	100.0	■	■	■	■	
	Società Sarda di Bentonite S.r.l., Santa Giusta	EUR	2 050	100.0		■			
	Colorants Solutions (Italia) S.p.A., Milano	EUR	5 200	100.0		■			■
Japan	Clariant (Japan) K.K., Tokyo	JPY	450	100.0		■	■	■	
	Clariant Catalysts (Japan) K.K., Tokyo	JPY	544	61.5	■	■	■	■	
	Clariant Plastics & Coatings (Japan) K.K., Tokyo	JPY	250	100.0		■	■	■	■
Korea	Clariant (Korea) Ltd., Pohang, Pohang-Si	KRW	6 361	100.0		■	■		
	Colorants Solutions (Korea) Ltd.	KRW	600	100.0					■
Luxemburg	Clariant Finance (Luxembourg) S.A., Luxemburg	EUR	82 030	100.0	■				
Malaysia	Clariant (Malaysia) Sdn Bhd, Kuala Lumpur	MYR	5 000	100.0		■			■
	Clariant Oil Services (Malaysia) Sdn Bhd, Petaling Jaya	MYR	411	48.9		■			
	Clariant Specialty Chemical (M) Sdn Bhd, Kuala Lumpur	MYR	3 300	100.0					
Mexico	Clariant (Mexico) S.A. de C.V., Ecatepec de Morelos	MXN	22 219	100.0	■	■	■	■	
	Clariant Productos Químicos, S.A. de C.V., Ecatepec de Morelos	MXN	2 475	100.0					■
	Clariant Plastics & Coatings México, S.A. de C.V., Ecatepec de Morelos	MXN	358	100.0	■	■	■	■	■
	Clariant Servicios Integrales México, S.A. de C.V., Ecatepec de Morelos	MXN	3	100.0					
Morocco	Clariant (Maroc) S.A., Casablanca	MAD	4 000	100.0		■			
Norway	Clariant Oil Services Scandinavia AS, Bergen	NOK	4 725	100.0		■	■		
Pakistan	Clariant Pakistan (private) limited, Karachi	PKR	50 000	100.0		■			
Peru	Clariant (Perú) S.A., Lima	PEN	20 454	100.0	■	■	■		
	Clariant Plastics & Coatings (Perú) S.A.C., Lima	PEN	2 010	100.0		■			■
Poland	Clariant Poland Spolka z o.o., Konstantynów Łódzki	PLN	3 000	100.0		■	■		
	Clariant Services (Poland) SP. z o.o., Łódź	PLN	10 000	100.0					
	Colorants Solutions (Polska) Spolka z o.o., Łódź	PLN	4 500	100.0		■			■
Qatar	Clariant Qatar W.L.L., Mesaieed	QAR	30 000	65.0		■	■		
Romania	Clariant Products Ro Srl, Bucarest	RON	105 261	100.0					
Russia	Clariant (RUS) LLC, Moscow	RUB	19 000	100.0		■			
Singapore	Clariant (Singapore) Pte. Ltd., Singapore	SGD	21 500	100.0	■	■	■		
	Clariant South East Asia Pte. Ltd., Singapore	SGD	1 560	100.0	■	■		■	
	Colorants Solutions (Singapore) Pte. Ltd., Singapore	SGD	3 000	100.0		■	■		■
South Africa	Clariant Sasol Catalysts Ltd., Chloorkop, Gauteng	ZAR	1 417	80.0		■			
	Clariant Southern Africa (Pty) Ltd. Chloorkop, Gauteng	ZAR	6	100.0	■	■	■		
	Clariant Plastics & Coatings Southern Africa (Pty) Ltd., Chloorkop, Gauteng	ZAR	70 000	100.0		■			■
Spain	Clariant Ibérica Producción S.A., Sant Joan Despi	EUR	6 023	100.0	■	■	■	■	
	Colorants Solutions (Ibérica) S.A., Sant Joan Despi	EUR	3 503	100.0		■	■		■
Sweden	Clariant Production Sweden AB, Mölndal	SEK	500	100.0		■	■		
	Colorants Solutions Scandinavia AB, Mölndal	SEK	50	100.0		■			■
Switzerland	Clariant Consulting AG, MuttENZ	CHF	200	100.0	■				
	Clariant Chemical Consulting AG, MuttENZ	CHF	100	100.0	■				
	Clariant International AG, MuttENZ	EUR	101 648	100.0	■	■	■	■	
	Clariant Oil Services AG, MuttENZ	CHF	300	100.0	■				
	Clariant Reinsurance AG, MuttENZ	CHF	3 000	100.0	■				
	EBITO Chemiebeteiligungen AG, MuttENZ	CHF	202	100.0	■				■
	Clariant Produkte (Schweiz) AG, MuttENZ	CHF	5 000	100.0	■				
	Clariant Additives (Switzerland) AG, MuttENZ	CHF	5 000	100.0		■	■		
	Colorants International AG, MuttENZ	EUR	28 799	100.0	■	■	■	■	■
	Colorants Solutions Switzerland AG, MuttENZ	EUR	100	100.0		■	■		■
Colorants Consulting AG, MuttENZ	EUR	100	100.0					■	



Country	Company name	Currency	Share-/paid-in capital (in thousands)	Participation in %	Holding/Finance/Service	Sales	Production	Research	classified as discontinued operations
Taiwan	Clariant Specialty Chemicals (Taiwan) Co., Ltd., Taipei	TWD	36 000	100.0		■	■		
	Colorants Solutions (Taiwan) Co., Ltd.	TWD	1 000	100.0			■		■
Thailand	Clariant (Thailand) Ltd., Bangkok	THB	250 000	100.0		■		■	
	Colorants Solutions (Thailand) Ltd., Bangkok	THB	100 000	100.0		■	■		■
Turkey	Clariant (Türkiye) A.S., Ataşehir/İstanbul	TRY	17 538	100.0		■	■		
	Colorants Solutions (Türkiye) A.S., Ataşehir/İstanbul	TRY	1 500	100.0		■	■		■
UAE	Clariant (Gulf) FZE, Jebel Ali, Dubai	AED	1 000	100.0		■			
	Colorants Solutions (Gulf) FZE, Jebel Ali, Dubai	AED	1 000	100.0		■			■
Ukraine	Clariant Ukraine LLC, Severodonetsk	UAH	28 688	100.0		■	■		
USA	Clariant Corporation, Charlotte, NC	USD	749 500	100.0	■	■	■	■	
	Colorants Solutions USA LLC, Charlotte, NC	USD	1	100.0		■		■	■
Venezuela	Clariant Venezuela, S.A., Maracay	VEF	1	100.0		■	■		

¹ The participation in % reflects the capital and voting rights in %.

38. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 3 January 2022 Clariant sold the business unit Pigments to US-based SK Capital Partners and the German-based Heubach group. The total consideration of the sale net of cash transferred amounted to CHF 614 million, a 20 % stake in the combined group newly created from the former Clariant and Heubach pigment activities, plus an earn-out of CHF 50 million in case certain numbers of operating profit (EBITDA) were achieved in 2021.

On 3 January 2022, a bridging loan in the amount of EUR 250 million with no interest was repaid early.

On 4 March 2022 Clariant announced that it would suspend all business in Russia with immediate effect in response to the Russian armed forces' invasion of the Ukraine. Clariant's operations in Russia include a sales office and a laboratory in Moscow and contributed approximately 2% to the company's annual sales and CHF 16 million of total assets.

Also as a result of the war in the Ukraine Clariant was forced to put all business activities in the Ukraine on hold. Clariant's operations in the Ukraine comprise a Catalyst plant which contributed about 0.02% to the company's annual sales and CHF 9 million of total assets.

All holders of Certificates of Indebtedness (Col) in a total amount of EUR 544 million and the banks extending a Revolving Credit Facility (RCF) in the amount of CHF 445 million are entitled to be presented the audited consolidated financial statement of the Clariant Group by 30 April and 31 March, respectively, of the following year. In the case of a delay Col holders can extraordinarily terminate their investment and require an early repayment. RCF banks, subject to a majority vote of all RCF banks are entitled to a cancellation of their commitment and, as the case may be, a repayment of any funds drawn under the

RCF. Due to the investigation on Clariant' financial reporting (see Note 1.03) and the ensuing delay of the publication of the Annual Report the original deadlines could not be kept by Clariant. This led to negotiations with the holders of these financial instruments to extend the deadline for the presentation of the audited Financial Report 2021 until 30 June 2022. As of 17 May 2022 all 10 banks extending the RCF have consented to extend the deadline for the presentation of the audited Financial Report 2021, including the restatement for 2020 until 30 June 2022. Of the 101 holders of Cols as of 17 May 2022 three holders announced not to consent to an extension of the deadline for the presentation of the audited Financial Report 2021, and thereof one demanded an early payment of EUR 13 million which was repaid on 28 April 2022.

On 14 April 2022 Clariant announced the sale of the 50 % participation in the joint venture Scientific Design Company to the joint venture partner SABIC for a net consideration of USD 139.4 million.

Report of the statutory auditor

to the General Meeting of Clariant Ltd

Muttenz

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of Clariant Ltd and its subsidiaries (the Group), which comprise the consolidated balance sheets as at 31 December 2021 and the consolidated income statements, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements (pages 1 to 69) give a true and fair view of the consolidated financial position of the Group as at 31 December 2021 and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for opinion

We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the consolidated financial statements" section of our report.

We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the International Code of Ethics for Professional Accountants (including International Independence Standards) of the International Ethics Standards Board for Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview



Overall Group materiality: CHF 32 million

We concluded full scope audit work at 16 reporting units in eight countries. Our audit scope addressed over 69% of the Group's revenue, including discontinued operations.

As key audit matters, the following areas of focus have been identified:

- Management's assumptions and estimates used in the impairment test of goodwill
- Assessment of provisions

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Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the consolidated financial statements as a whole.

Overall Group materiality	CHF 32 million
Benchmarks applied	EBITDA (including discontinued operations) and total assets
Rationale for the materiality benchmarks applied	We chose EBITDA as the benchmark because management assesses its profitability mainly on the basis of this measure of profit and we took the Group's assets into consideration since the chemical industry, being highly capital-intensive, has a more volatile net profit margin than other industries.

We agreed with the Audit Committee that we would report to them misstatements above CHF 1.6 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

From 118 reporting units, we identified 16 reporting units (components) as the largest contributors to the Group's financial statements (amounting to 69% of the Group's revenue including discontinued operations and addressing all geographical areas of the Group's business). These reporting units were subject to a full scope audit by local PwC network firms. We held regular virtual meetings during all phases of the audit to discuss material audit topics with the component auditors of the most significant reporting units. Further audit procedures were performed by the central Group audit team on certain Group functions (addressing, among other topics, taxation, treasury, independent investigations, litigation and information technology) and the Group consolidation. In addition, two PwC network firms performed specific audit procedures related to sales and procurement and to the financial closing cycle at the Group's shared service centres on behalf of PwC Switzerland.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Management's assumptions and estimates used in the impairment test for goodwill

Key audit matter	How our audit addressed the key audit matter
The valuation of goodwill depends on the forecast results of the businesses and the discount rates applied to cash flow forecasts. We consider its valuation to be a key audit matter because of the significant scope for judgement involved in the assumptions on which these forecasts are based. In particular, we focussed on goodwill relating to the Catalysts business unit, which amounts to CHF 636 million,	We evaluated and challenged management's assumptions as presented on pages 20 and 21 (Critical accounting estimates and judgments, 4.1 Estimated impairment of goodwill and property, plant and equipment) in the notes to the consolidated financial statements.

and to the Oil and Mining Services business unit, which amounts to CHF 155 million, as we consider that the risk of impairment is higher for these units than for other business units.

Please refer to Note 4 'Critical accounting estimates and judgments', Note 4.1 'Estimated impairment of goodwill, intangibles, and property, plant and equipment', and Note 6 'Intangible assets' in the notes to the consolidated financial statements.

Management followed a clearly documented process for forecasting future cash flows, which was subject to timely oversight and challenge by the Board of Directors.

We compared the actual results of the year under review with the figures used to make the forecasts in the prior year in order to assess with hindsight whether any of the assumptions underlying the forecasts might have been too optimistic. In some cases, actual performance was found to be lower than forecast. Management analysed the underlying drivers, considered actual revenue growth rates and operating margins against those in the business plans prepared in the year under review and included the actual rates and margins in the new business plans.

We discussed with the business unit leaders management's assumptions regarding revenue, long-term growth rates and profit margins. We involved PwC's own valuation specialists to assess the model and the weighted average cost of capital (WACC) used. The WACC was assessed on the basis of comparable industry peers and data available from external sources. In addition, we assessed for reasonableness the expectations of movements in working capital and of investments in property, plant and equipment.

We found the assumptions to be balanced and reasonable.

We reperformed thorough sensitivity analyses on the key assumptions to ascertain the extent of change in those assumptions that either individually or collectively would be required for the goodwill to be impaired. We discussed the results of our audit work as well as the headroom of the sensitivity analyses with management, the Audit Committee and the Board of Directors.

On the basis of the procedures performed and the evidence obtained, we identified no significant issues with respect to the process applied by management and the Board of Directors in the impairment test of goodwill.

Assessment of provisions

Key audit matter

The recognition and the measurement of provisions require critical accounting estimates and judgements by management concerning if and when future cash outflows will take place based on historical experience and future expectations.

Furthermore, as described in Note 1.03 'Restatement', Clariant launched an independent investigation conducted by a third party that focused on the recognition and measurement of certain provisions and accruals. This led to a re-statement of the opening balance sheet as at 1 January 2020 and the consolidated financial statements for the period ended 31 December 2020.

How our audit addressed the key audit matter

We obtained an understanding of management's process to assess provisions and management's internal controls over the completeness, recognition, measurement and disclosure of provisions.

We tested management's assumptions based on supporting documents, including third-party assessments, and management's calculations to assess the completeness, recognition and measurement of provisions.

We held discussions with management and the Group's Audit Committee to corroborate assumptions used in management's estimates.

We consider the performance of procedures relating to provisions to be a key audit matter principally on the grounds that a high degree of auditor judgement was necessary to evaluate the audit evidence obtained related to Clariant's independent investigation; significant audit effort was necessary to evaluate the audit evidence relating to the provisions; and the audit effort involved the use of professionals with specialised skills and knowledge to assist in performing these procedures and evaluating the audit evidence obtained from these procedures.

Please refer to Note 21 'Movements in Provisions', Note 1.03 'Restatements', Note 4.5 'Provisions and Contingencies' and Note 35 'Commitments and Contingencies' in the notes to the consolidated financial statements.

We involved our own forensic specialists and assessed the work of Clariant's external counsel with the objective of being able to rely on their work relating to provisions, the restatement of the 2020 consolidated financial statements and the disclosure of the note on contingencies.

We tested whether the accounting treatment and disclosure of provisions, the 2020 restatement and the note on contingencies comply with the requirements of IFRS.

On the basis of the procedures performed and the evidence obtained, we identified no significant issues with respect to the process applied by management and the Board of Directors in the accounting treatment of provisions.

Other information in the integrated report

The Board of Directors is responsible for the other information in the integrated report. The other information comprises all information included in the integrated report, but does not include the consolidated financial statements, the stand-alone financial statements and the compensation report of Clariant AG and our auditor's reports thereon.

Our opinion on the consolidated financial statements does not cover the other information in the integrated report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information in the integrated report and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the consolidated financial statements

The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the website of EXPERTsuisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

During our audit, performed in accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we noted that an internal control system that has been designed in accordance with the instructions of the Board of Directors for the preparation of the consolidated financial statements is adequately documented, but has not been fully implemented in all material respects for the area of provisions, which is a critical process to the group.

In our opinion, except for the matter described in the preceding paragraph, an internal control system exists which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

PricewaterhouseCoopers AG



Rolf Johner
Audit expert
Auditor in charge



Michael Scheibli
Audit expert

Basel, 18 May 2022



Review of trends

FIVE-YEAR GROUP OVERVIEW 2017-2021

		2021 ²	2020 ²	2020 ²	2019 ²	2018 ³	2018	2017
			Restated					
Segment sales	CHF m	4 413	3 883	3 883	4 434	4 445	6 682	6 429
Change relative to preceding year								
in Swiss francs	%	14	-12	-12	—	—	4	9
in local currency	%	15	-5	-5	3	—	5	9
Group sales¹	CHF m	4 372	3 860	3 860	4 399	4 404	6 623	6 377
Change relative to preceding year								
in Swiss francs	%	13.3	-12.3	-12.3	—	—	4	9
in local currency	%	15	-5	-5	3	—	5	9
Adjusted operating income	CHF m	493	354	350	444	480	693	673
Change relative to preceding year	%	39	-20	-21	-7	-29	3	8
as a % of sales		11.3	9.2	9.1	10.1	10.9	10.5	10.6
Operating income	CHF m	440	317	298	165	348	546	496
Change relative to preceding year	%	39	92	81	-53	-30	10	-3
as a % of sales		10.1	8.2	7.7	3.8	7.9	8.2	7.8
EBITDA	CHF m	708	597	578	461	607	871	813
Change relative to preceding year	%	19	30	25	-24	-25	7	4
as a % of sales		16.2	15.5	15.0	10.5	13.8	13.2	12.7
Adjusted EBITDA	CHF m	760	623	619	740	739	1 018	974
Change relative to preceding year	%	22	-16	-16	—	-24	5	10
as a % of sales		17.4	16.1	16.0	16.8	16.8	15.4	15.3
Net income	CHF m	373	825	799	38	356	356	302
Change relative to preceding year	%	-55	2 071	2 003	-89	18	18	15
as a % of sales		8.5	21.4	20.7	0.9	8.1	5.4	4.7
Investment in property, plant, and equipment	CHF m	362	288	288	273	237	237	248
Change relative to preceding year	%	26	5	5	15	-4	-4	-16
as a % of sales		8	7	7	6	5	4	4
Personnel costs⁴	CHF m	1 066	1 264	1 273	1 431	1 457	1 457	1 460
Change relative to preceding year	%	-16	-12	-11	-2	—	—	6
as a % of sales		24	-33	33	33	33	22	23
Employees at year-end	number	13 374	13 235	13 235	17 223	17 901	17 901	18 135
Change relative to preceding year	%	1	-23	-23	-4	-1	-1	4

¹ Including trading

² Continuing operations

³ Restated for discontinued operations – see note 1.04

⁴ Including discontinued operations



Financial statements of Clariant Ltd, Muttenz

Balance sheets of Clariant Ltd

BALANCE SHEETS OF CLARIANT LTD

at 31 December 2021 and 2020

	Notes	31.12.2021 in CHF	in %	31.12.2020 in CHF	in %
Assets					
Current assets					
Cash and cash equivalents	3	110 241 664		352 170 332	
Short-term deposits	3	–		256 120 000	
Other short-term receivables	4	25 553 296		32 266 139	
Accrued income and prepaid expenses		1 656 405		2 998 856	
Total current assets		137 451 365	3.2	643 555 327	12.9
Noncurrent assets					
Loans to Group companies		2 516 588 306		2 528 737 770	
Other financial assets		364 800		502 240	
Shareholdings in Group companies	5	1 668 704 484		1 822 537 204	
Intangible assets		3 321 761		5 468 935	
Total noncurrent assets		4 188 979 351	96.8	4 357 246 149	87.1
Total assets		4 326 430 716	100.0	5 000 801 476	100.0
Liabilities and Equity					
Liabilities					
Current liabilities					
Other current non-interest-bearing liabilities	6	40 277 742		182 953 864	
Other current interest-bearing liabilities	7	638 157 043		620 205 551	
Current provisions		178 355 974		188 982 974	
Accrued expenses		4 607 288		5 864 408	
Total current liabilities		861 398 047	19.9	998 006 797	20.0
Noncurrent liabilities					
Noncurrent interest-bearing liabilities to third parties	12	967 393 436		1 417 038 097	
Total noncurrent interest-bearing liabilities	12	967 393 436	22.4	1 417 038 097	28.3
Total liabilities		1 828 791 483		2 415 044 894	
Equity					
Share capital					
Reserves from capital contribution ¹	9, 11	1 304 491 391		1 308 215 414	
<i>thereof from capital contribution reserves (other)</i>		<i>1 304 491 391</i>		<i>1 308 215 414</i>	
Reserves from retained earnings ²	9, 11	-1 264 297 991		-1 264 297 991	
Other statutory reserves	11	223 724 023		220 000 000	
Total statutory capital reserves	11	263 917 423		263 917 423	
Voluntary retained earnings	11	1 137 181 196		865 920 811	
Total reserves	9, 11	1 401 098 619		1 129 838 234	
Profit for the financial year		150 758 264		271 260 385	
Treasury shares	10, 11	-50 035 247		-43 517 073	
Total equity		2 497 639 233	57.7	2 585 756 582	51.7
Total equity and liabilities		4 326 430 716	100.0	5 000 801 476	100.0

¹ In 2012, the Swiss Federal Tax Administration confirmed qualifying capital contribution reserves of approximately CHF 1.7 billion (as at 31 December 2021 due to distributions still amounting to approximately CHF 40 million). For further information, see also note 9 to the financial statements of Clariant Ltd.

² This amount corresponds to capital contribution reserves formerly offset with losses. For further information, see also note 9 to the financial statements of Clariant Ltd.



Financial statements of Clariant Ltd, Muttenz

Income statements of Clariant Ltd

INCOME STATEMENTS OF CLARIANT LTD

for the years ended 31 December 2021 and 2020

	Notes	2021 in CHF	2020 in CHF
Income from shareholdings in Group companies		277 791 735	106 883 944
Income from interest on loans to Group companies		45 778 600	55 575 323
Other financial income		6 652 529	7 123 835
Reversal of devaluations on shareholdings and other income related to Group companies	5	151 000 000	–
Income from disposals of shareholdings and other income	5	13 251 894	655 064 606
Total income		494 474 758	824 647 708
Expenses			
Financial expenses		36 728 407	42 089 305
Administrative expenses		66 177 750	63 789 124
Devaluations of shareholdings and other expenses related to Group companies	5	200 483 225	282 569 184
Exchange rate differences net		29 171 607	60 458 451
Other expenses		8 015 505	102 480 556
Taxes		3 140 000	2 000 703
Total expenses		343 716 494	553 387 323
Profit for the financial year		150 758 264	271 260 385



Notes to the financial statements of Clariant Ltd

1. ACCOUNTING POLICIES

Introduction. The statutory financial statements of Clariant Ltd comply with the regulations on financial accounting of the Swiss Code of Obligations.

Revenue recognition. Interest income is recognized on a time proportion basis, taking into account the principal outstanding and the effective rate over the period to maturity, when it is determined that such income will accrue to the company. Dividends are recognized when the right to receive payment is established.

Exchange rate differences. Balance sheet items denominated in foreign currencies are converted at year-end exchange rates. Realized exchange gains and losses as well as unrealized exchange losses are recorded in the income statement.

Intangible assets. Patents are capitalized at cost and amortized on a straight-line basis to the income statement over their estimated useful lives with a maximum of 20 years. Capital increase costs are directly charged to the income statement.

The Board of Directors approved the stand-alone financial statements of Clariant Ltd for issue on 17 May 2022. They will be subject to approval by the Annual General Meeting of Shareholders scheduled for 24 June 2022.

2. BASIS OF PREPARATION

The statutory financial statements of Clariant Ltd have been prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations).

Clariant Ltd has no employees, except the members of the Board of Directors of the Clariant Group.

3. CASH AND CASH EQUIVALENTS AND SHORT-TERM DEPOSITS

Cash and cash equivalents amount to CHF 110 241 664 at the end of 2021, compared to CHF 352 170 332 at the end of 2020, and comprise cash in hand denominated mainly in US dollar, Swiss francs, Japanese yen, and, to a lesser extent, other currencies.

Short-term deposits amounted to CHF 0 at the end of 2021, compared to CHF 256 120 000 at the end of 2020, and include short-term deposits with an original maturity between 90 and 365 days.

4. OTHER SHORT-TERM RECEIVABLES

Other short-term receivables amounted to CHF 25 553 296 at the end of 2021, compared to CHF 32 266 139 at the end of 2020. They comprise third-party receivables for CHF 661 715 (compared to CHF 374 292 at the end of 2020) and intragroup receivables for CHF 24 891 581 (compared with CHF 31 891 847 at the end of 2020).

5. SHAREHOLDINGS IN GROUP COMPANIES

Shareholdings in Group companies are reviewed on a yearly basis to assess their cash-generating capabilities by applying either a mixed calculation method based on the equity value and the net result or, alternatively, the discounted cash flow model. In that review, the investments are classified and grouped in terms of sales and business areas.

The following shareholdings in Group companies were valued using the discounted cash flow method: Clariant S.A. (Brazil), Clariant Finance (Luxembourg) S.A. and Clariant (Japan) KK.

At the end of 2021, shareholdings in Group companies amount to CHF 1668704484, compared to CHF 1822537204 at the end of 2020. After this review, the following was recorded in the income statement: A reversal of devaluation of CHF 151 000 000 (2020: CHF 0) in »Reversal of devaluations on shareholdings and other income related to Group companies« and a devaluation of CHF 200 483 225 (2020: CHF 282569184) in »Devaluations of shareholdings and other expenses related to Group companies«.

In the year 2021, no hidden reserves were reversed (2020: CHF 0).

On 1 July 2020, Clariant Ltd sold its subsidiary Clariant Plastics & Coatings Ltd and that company's subsidiaries to the US-based group Avient, as part of Clariant's transactions to sell the Masterbatches business. Total consideration for the sale of the company amounted to CHF 736 million and resulted in a book gain of CHF 582 million. Additionally, loans extended to Masterbatches companies in the amount of CHF 430 million were transferred to the buyer at nominal value.



The table below shows the shareholdings directly held by Clariant Ltd.

Country	Company name		Capital interest (%)		Voting rights (%)	
			2021	2021	2020	2020
Brazil	Clariant S.A.	São Paulo	46.32%	46.32%	46.32%	46.32%
Canada	Clariant (Canada) Inc.	Toronto	100.00%	100.00%	100.00%	100.00%
China	Clariant (China) Ltd.	Hong Kong	100.00%	100.00%	100.00%	100.00%
Colombia	Clariant (Colombia) S.A.	Cota (Cundinamarca)	5.13%	5.13%	5.13%	5.13%
Ecuador	Clariant (Ecuador) S.A.	Quito	0.03%	0.03%	0.03%	0.03%
France	Clariant Services (France)	Choisy-le-Roi	43.00%	43.00%	43.00%	43.00%
Germany	Clariant Verwaltungsgesellschaft mbH	Frankfurt a.M.	100.00%	100.00%	100.00%	100.00%
Great Britain	Clariant Services UK Ltd	Yeadon, Leeds	100.00%	100.00%	100.00%	100.00%
Guatemala	Clariant Specialties (Guatemala) S.A.	Guatemala City	0.00%	0.00%	10.00%	10.00%
Japan	Clariant (Japan) K.K.	Tokyo	70.48%	70.48%	70.48%	70.48%
	Clariant Catalysts (Japan) K.K.	Tokyo	61.45%	61.45%	61.45%	61.45%
Korea	Clariant (Korea) Ltd.	Pohang, Gyeongbuk	17.50%	17.50%	17.50%	17.50%
Luxembourg	Clariant Finance (Luxembourg) S.A.	Luxembourg	100.00%	100.00%	100.00%	100.00%
Morocco	Clariant (Maroc) S.A.	Casablanca	0.05%	0.05%	0.05%	0.05%
Mexico	Clariant (Mexico) S.A. de C.V.	Ecatepec de Morelos	99.99%	99.99%	99.99%	99.99%
Norway	Clariant Oil Services Scandinavia AS	Bergen	100.00%	100.00%	100.00%	100.00%
Peru	Clariant (Perú) S.A.	Lima	0.23%	0.23%	0.23%	0.23%
Singapore	Clariant South East Asia Pte. Ltd.	Singapore	100.00%	100.00%	100.00%	100.00%
South Africa	Clariant Southern Africa (Pty) Ltd.	Chloorkop, Gauteng	100.00%	100.00%	100.00%	100.00%
Spain	Clariant Ibérica Servicios S.L.	El Prat de Llobregat	0.00%	0.00%	85.03%	85.03%
	Clariant Ibérica Produccion S.A.	El Prat de Llobregat	100.00%	100.00%	100.00%	100.00%
Sweden	Clariant Production Sweden AB	Mölnådal	100.00%	100.00%	100.00%	100.00%
Switzerland	Clariant Reinsurance AG	Muttenz	100.00%	100.00%	100.00%	100.00%
	Clariant International AG	Muttenz	100.00%	100.00%	100.00%	100.00%
	Clariant Oil Services AG	Muttenz	80.00%	80.00%	80.00%	80.00%
	Clariant Chemical Consulting AG	Muttenz	100.00%	100.00%	100.00%	100.00%
	Clariant Prime AG	Muttenz	100.00%	100.00%	100.00%	100.00%
	Clariant Pro AG	Muttenz	100.00%	100.00%	100.00%	100.00%
	Colorants International AG	Muttenz	100.00%	100.00%	100.00%	100.00%
Thailand	Clariant (Thailand) Ltd.	Bangkok	100.00%	100.00%	100.00%	100.00%
Turkey	Clariant (Türkiye) A.S.	Gebze	100.00%	100.00%	100.00%	100.00%
UAE	Clariant (Gulf) FZE	Dubai	100.00%	100.00%	100.00%	100.00%
USA	Clariant Corporation	Charlotte	100.00%	100.00%	100.00%	100.00%

For further details on shareholdings indirectly held by Clariant Ltd, see note 37, Important Subsidiaries of this report.



6. OTHER CURRENT NON-INTEREST-BEARING LIABILITIES

Other current non-interest-bearing liabilities amount to CHF 40 277 742 at the end of 2021, compared to CHF 182 953 864 at the end of 2020. They comprise third party liabilities of CHF 17 317 634 (compared to CHF 12 266 501 at the end of 2020) and intragroup liabilities of CHF 22 960 108 (compared to CHF 170 687 363 at the end of 2020).

Liabilities to other Group companies comprise shareholder costs payable to Clariant International Ltd. and to Colorants International Ltd.

7. OTHER CURRENT INTEREST-BEARING LIABILITIES

Other current interest-bearing liabilities amount to CHF 638 157 043 at the end of 2021 (2020: CHF 620 205 551). They comprise third-party liabilities of CHF 322 115 893 (2020: CHF 329 130 020) and intragroup liabilities of CHF 316 041 150 (2020: CHF 291 075 531).

On 5 August 2021, certificates of indebtedness issued in 2016 in the amount of EUR 55 million (CHF 60 million) and USD 277 million (CHF 250 million) reached maturity and were repaid.

On 23 August 2021, two certificates of indebtedness issued in 2020 were repaid early (CHF 37 million, original maturity 2022; CHF 25 million, original maturity 2025).

On 22 November 2021, the certificate of indebtedness issued in 2020 with a notional amount of EUR 83 million (CHF 87 million) was repaid early (original maturity 2025).

On 17 April 2020, the certificates of indebtedness issued in 2015 in the amount of EUR 150 million (CHF 162 million) reached maturity and were repaid.

On 26 October 2020, the certificates of indebtedness issued in 2015 in the amount of EUR 212 million (CHF 229 million) reached maturity and were repaid.

A bond issued in 2012 with a nominal value of CHF 175 million and two certificates of indebtedness issued in 2020 with a nominal value of EUR 115 million (CHF 118 million) will mature in 2022 and were therefore reclassified to current interest-bearing liabilities.

Since 16 December 2016, Clariant Ltd had an agreement for a CHF 445 million five-year multicurrency revolving credit facility (RCF) with two one-year extension options. The RCF is structured as a club deal with ten key relationship banks with equal stakes and contains an accordion option for an increase up to CHF 600 million. The RCF is structured as a »backstop« facility for rating purposes to maintain Clariant's liquidity headroom. It contains customary covenants such as negative pledge, cross default, ownership change, and restriction on disposals, mergers, and subsidiary debt. The Group is required to maintain one financial covenant (debt leverage) that is tested at the end of each financial half year. The RCF has been extended until 16 December 2023.

The intragroup liabilities comprise the cash pool accounts and current accounts between Group companies.

8. SHARE CAPITAL

Capital issued	31.12.2021	31.12.2020
Number of registered shares each with a par value of CHF 3.00 (2020: CHF 3.70)	331 939 199	331 939 199
In CHF	995 817 597	1 228 175 036
Conditional capital	31.12.2021	31.12.2020
Number of registered shares each with a par value of CHF 3.00 (2020: CHF 3.70)	3 811 886	3 811 886
In CHF	11 435 658	14 103 978

9. RESERVES

General reserves must be at least 20 % of the share capital of Clariant Ltd, as this is the minimum amount required by the Swiss Code of Obligations.

As of 2011, if certain conditions are met, qualifying capital contributions made to Clariant Ltd by its shareholders since 1997 can be distributed without being subject to Swiss withholding tax. Qualifying

capital contribution reserves of approximately CHF 1.7 billion are confirmed by the Swiss Federal Tax Administration (SFTA).

The SFTA is of the opinion that capital contribution reserves that were formerly offset with losses of CHF 1.26 billion will not qualify as capital contribution reserves anymore (even if compensated with newly generated retained earnings). The Swiss Administrative Court confirmed the SFTA's view in a particular case (decision of 4 June 2015,



A-6072/2013), while the Swiss Supreme Court (as the highest Swiss court level) has up to now not dealt with this question. Clariant Ltd does not unconditionally share the above mentioned opinion. This is

why potential capital contribution reserves are also documented as capital contribution reserves in the balance sheet.

10. TREASURY SHARES

	2021	2020
Holdings at 1 January	2 385 509	2 586 765
Shares purchased at fair market value	657 207	34 000
Shares purchased on exercise of put options	200 000	–
Shares transferred to employees and Board of Directors	-420 004	-235 256
Holdings on 31 December	2 822 712	2 385 509

Each registered share has a par value of CHF 3.00 (2020: CHF 3.70)

In 2021 and 2020 no shares were sold.

The average price of shares bought in 2021 was CHF 19.03. In 2020, the average price of shares bought was CHF 17.02.

The profit or loss from the sale of own shares is recorded in the income statement as “other finance income” or “other expenses”.

11. RECONCILIATION OF EQUITY

in CHF	Share capital	Statutory capital reserves		Other statutory reserves	Voluntary re-tained earnings	Treasury shares	Net income	Total
		from capital contribution ¹	from retained earnings ²					
Balance 31 December 2020	1 228 175 036	1 308 215 414	-1 264 297 991	220 000 000	865 920 811	-43 517 073	271 260 385	2 585 756 582
Reduction of nominal value	-232 357 439					1 936 199		-230 421 240
Reclassification of profit carryforward to voluntary retained earnings					271 260 385		-271 260 385	–
Reclassification from voluntary retained earnings to statutory reserves		-3 724 023		3 724 023				–
Reclassification								–
Distribution								–
Changes in treasury shares						-8 454 373		-8 454 373
Profit for the financial year							150 758 264	150 758 264
Balance 31 December 2021	995 817 597	1 304 491 391	-1 264 297 991	223 724 023	1 137 181 196	-50 035 247	150 758 264	2 497 639 233

¹ In 2012, the Swiss Federal Tax Administration confirmed qualifying capital contribution reserves of approximately CHF 1.7 billion (as per 31 December 2020 due to distributions still amounting to approximately CHF 40 million). For further information, see also note 9 to the financial statements of Clariant Ltd.

² This amount corresponds to capital contribution reserves formerly offset with losses. For further information, see also note 9 to the financial statements of Clariant Ltd.



12. FINANCIAL LIABILITIES

in CHF	Interest rate	Term	Amount 31.12.2021	Amount 31.12.2020
Noncurrent interest bearing liabilities to third parties				
Certificate of indebtedness	0.779	2016-2021	—	60 128 700
Certificate of indebtedness	3m LIBOR +1.5	2016-2021	—	161 498 080
Certificate of indebtedness	2.618	2016-2021	—	107 503 240
Straight bond	3.500	2012-2022	175 000 000	175 000 000
Certificate of indebtedness	mixed	2020-2022	121 690 600	123 706 945
Certificate of indebtedness	3m LIBOR +1.5	2020-2022	—	37 500 000
Certificate of indebtedness	mixed	2015-2023	154 923 000	162 061 500
Certificate of indebtedness	6m EURIBOR +1.1	2016-2023	14 084 200	14 084 200
Certificate of indebtedness	1.137	2016-2023	28 710 100	28 710 100
Certificate of indebtedness	1.501	2016-2023	80 651 550	80 651 550
Straight bond	2.125	2014-2024	160 000 000	160 000 000
Certificate of indebtedness	1.194	2018-2024	103 868 000	103 868 000
Certificate of indebtedness	1.548	2018-2025	115 722 500	115 722 500
Certificate of indebtedness	6m EURIBOR + 0.95	2018-2025	60 401 500	60 401 500
Certificate of indebtedness	3m EURIBOR + 1.9	2020-2025	—	89 674 030
Certificate of indebtedness	6m EURIBOR + 1.8	2020-2025	—	25 000 000
Certificate of indebtedness	2.010	2016-2026	15 910 850	15 910 850
Straight bond	1.125	2019-2026	200 000 000	200 000 000
Certificate of indebtedness	2.087	2018-2028	19 193 000	19 193 000
Total straight bonds and certificates of indebtedness			1 250 155 300	1 740 614 195
Other noncurrent interest-bearing liabilities to banks and other financial institutions			13 928 736	5 553 922
Other current interest-bearing liabilities to banks and other financial institutions			25 425 293	—
Other current interest-bearing liabilities to Group Companies			316 041 150	291 075 531
Total interest bearing liabilities			1 605 550 479	2 037 243 648
Less: Other current interest-bearing liabilities			-638 157 043	-620 205 551
Total noncurrent interest-bearing liabilities to third parties			967 393 436	1 417 038 097
Total noncurrent interest-bearing liabilities			967 393 436	1 417 038 097
Breakdown by maturity				
one to five years			948 200 436	1 181 934 247
more than five years			19 193 000	235 103 850
Total noncurrent interest-bearing liabilities			967 393 436	1 417 038 097

On 23 August 2021, two certificates of indebtedness issued in 2020 were repaid early (CHF 37 million original maturity 2022; CHF 25 million original maturity 2025).

On 22 November 2021, the certificate of indebtedness issued in 2020 with a notional amount of EUR 83 million was repaid early (original maturity 2025).

On 22 May 2020, Clariant issued five certificates of indebtedness with the total amount of EUR 197.5 million and CHF 62.5 million. These certificates have terms of 2 years, expiring on 23 May 2022 (EUR 114.5

million and CHF 37.5 million), and 5 years, expiring on 22 May 2025 (EUR 83 million and CHF 25 million). While a tranche of CHF 62.5 million has a variable interest of 3 months CHF LIBOR plus spread that ranges between 1.50% and 1.80%, and a tranche in the amount of EUR 110.5 million with a variable interest rate of 6 months EURIBOR plus spread that ranges between 1.45% and 1.90%, the fixed interest rate is 1.45% for a tranche in the amount of EUR 87 million.



13. CONTINGENT LIABILITIES

in CHF m	Outstanding liabilities 31.12.2021	Outstanding liabilities 31.12.2020
Outstanding liabilities as guarantees in favor of Group companies	702	458

Clariant Ltd belongs to the Swiss value-added tax (VAT) group of Clariant and thus carries joint liability to the Swiss federal tax authority for value-added tax of the Swiss entities of that group.

A Clariant subsidiary in the United States has been named along with many other defendants in lawsuits involving per- and polyfluoroalkyl substances (PFAS). Clariant is monitoring the development of these cases, which relate to a line of business divested in 2013, and is defending all litigation matters related to PFAS. The initial trial on one of the PFAS litigation matters may occur no earlier than early 2023. As of this point in time, Clariant cannot assess if these litigation matters will have a material impact on Clariant’s financial results.

After an internal complaint concerning misstatements relating to provision bookings, Clariant engaged external counsel to investigate the matter. The investigation found that the 2020 financial statements required restatement and the quarterly reporting of key financial data for 2020 and 2021 required correction, as announced by the Com-

pany on 27 April 2022. Clariant has made the required restatement and correction and is confident that the matter has been resolved. Nevertheless, uncertainties around the existence, timing and amount of possible financial obligations of the Company may exist. It cannot be ruled out that this matter could result in Clariant becoming subject to formal investigations, proceedings or claims, and any fine or other sanction imposed or other possible financial obligations arising in connection with the restatement or correction or the underlying behavior could adversely affect the Company.

An antitrust investigation initiated by the European Commission in 2017 against Clariant and some of its competitors was closed and settled with a payment of CHF 156 million in December 2020. A provision of CHF 50 million was reversed at the same time.



14. SHAREHOLDINGS OF MEMBERS OF THE BOARD OF DIRECTORS AND THE EXECUTIVE COMMITTEE

1. Board of Directors

SHARES HELD

Name	Number of shares granted ¹	Value of shares granted	Number of shares granted ²	Value of shares granted ²	Number of privately held shares	Number of privately held shares
	for 2021	for 2021	for 2020	for 2020	for 2021	for 2020
Günter von Au	15 790	300 000	5 118	100 000	73 981	68 863
Abdullah Mohammed Alissa	6 316	120 000	6 142	120 000	12 667	6 525
Nader Alwehibi	5 263	100 000	3 839	75 000	3 839	—
Calum MacLean	5 263	100 000	5 118	100 000	11 643	6 525
Thilo Mannhardt	5 263	100 000	3 839	75 000	3 839	—
Geoffery Merszei	5 263	100 000	5 118	100 000	11 643	6 525
Eveline Saupper	5 263	100 000	5 118	100 000	29 506	24 388
Peter Steiner	5 263	100 000	5 118	100 000	27 006	18 388
Claudia Suessmuth Dyckerhoff	5 263	100 000	5 118	100 000	24 606	19 488
Susanne Wamsler	5 263	100 000	5 118	100 000	1 190 298	1 185 180 ⁵
Konstantin Winterstein	5 263	100 000	5 118	100 000	6 092 021	6 086 903
Hariolf Kottmann	—	—	15 354	300 000	n.a.	449 573 ⁴
Dr. Khaled Homza A. Nahas	—	—	—	30 000 ⁵	n.a.	n.a.
Carlo G. Soave	—	—	—	25 000 ⁵	n.a.	n.a.
Total	69 473	1 320 000	70 118	1 425 000	7 481 049	7 872 358

¹ Final number of shares for the mandate year will be defined prior to grant in 2022. Underlying assumption here is a share price of CHF 19.00.

² Correction needed due to adjustments of final share price at grant: Underlying assumption was CHF 18.00; Final allocation of shares with CHF 19.54; therefore, the numbers of shares differ from the overview in the Integrated Report 2020.

³ Thereof 240271 held by »The Honoré T. Wamsler Trust«.

⁴ Additionally 542 shares in vesting on 31 December 2021 resulting from previous years' participation in LTI plans as CEO.

⁵ Pro rata cash payment for 2020 instead of shares.

No options were granted to members of the Board of Directors for the years 2021 and 2020, nor did any member of the Board of Directors hold any options in those years.

For detailed information regarding emoluments of the Board of Directors and the Executive Committee, please refer to the Compensation Report.



2. Executive Committee

SHARES HELD

Name	Number of shares granted for 2021 ¹	Value of shares granted for 2021	Number of shares granted for 2020	Value of shares granted for 2020	Number of shares within vesting period 31.12.2021	Number of shares within vesting period 31.12.2020	Number of privately held shares 31.12.2021	Number of privately held shares 31.12.2020
Conrad Keijzer ²	109 971	1 500 004	–	–	109 971	–	–	–
Hans Bohnen	51 320	700 005	58 276	750 012	156 737	112 381	131 013	124 049
Bernd Hoegemann	51 320	700 005	58 276	750 012	125 058	79 299	65 056	59 495
Stephan Lynen	51 320	700 005	58 276	750 012	123 801	78 799	95 913	89 595
Total	263 931	3 600 019	174 828	2 250 036	515 567	270 479	291 982	273 139

¹ Performance Share Units represent contingency rights that will be converted into shares depending on the performance achievement after the 3-year vesting period.

² No grant in 2020; only became CEO in 2021.

No options were granted to members of the Executive Committee for the years 2021 and 2020, nor did any member of the Executive Committee hold any options in those years.

For detailed information regarding emoluments of the Board of Directors and the Executive Committee, please refer to the Compensation Report.



15. VOTING AND LEGAL REGISTRATION LIMITATIONS

In accordance with Article 5 of the Articles of Incorporation, no limitations exist with regard to registration of shares which are acquired in one's own name and on one's own account. Special rules exist for nominees.

In accordance with Article 13 of the Articles of Incorporation, each share has the right to one vote.

16. SIGNIFICANT SHAREHOLDINGS OF 3% OR MORE OF TOTAL SHARE CAPITAL

Based on the notifications received by Clariant and published by SIX Exchange Regulation, as at 31 December 2021, the following shareholders held more than 3% of voting rights in Clariant Ltd:

Shareholders	Voting rights
SABIC International Holdings B.V., Sittard, The Netherlands, controlled by the Public Investment Fund of Saudi Arabia (PIF), Riyadh, Kingdom of Saudi Arabia	32.35% ¹
BlackRock Inc., New York, United States	3.80%
Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Strasslach-Dingharting, Germany, and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82057 Icking, Germany ²	3.49%
PSquared Master SICAV Ltd, on behalf of its subfund Valetta, Malta Leveraged Event Fund LP, Grand Cayman, Cayman Islands, controlled by Patrick Schmitz-Morkramer, Zurich, Switzerland, and Patrick Bierbaum, Zurich, Switzerland	3.035%

¹ SABIC acquired 24.99 % of the shares of Clariant Ltd on 17 September 2018, and increased its participation by 6.51 % to 31.5 % on 9 September 2020. SABIC has not changed its participation of 31.5 % since then. The difference between this figure (i.e., 31.5 %) and the above-mentioned 32.35 % corresponds to the amount of treasury shares held by Clariant Ltd as of 31 December 2021, which have to be aggregated to the shares held by SABIC solely for regulatory disclosure purposes due to the Governance Agreement entered into by SABIC and Clariant on 17 September 2018.

² According to a disclosure notification published on 18 December 2018, a group consisting of Konstantin Winterstein, 80333 Munich, Germany, and Elisabeth Prinzessin zu Sayn-Wittgenstein, 80333 Munich, Germany, was formed.

Disclosure notifications during the financial year 2021 reported to the Stock Exchange Disclosure Office pursuant to Art. 120 of the Financial Markets Infrastructure Act (FMIA) as well as further information in relation to disclosure notifications can be found on the SIX Swiss Exchange reporting platform: www.six-exchange-regulation.com/en/home/publications/significant-shareholders.html

On 31 December 2020, the following shareholders held a participation of 3% or more of the total share capital: SABIC International Holdings B.V., Sittard, The Netherlands, controlled by the Public Investment Fund of Saudi Arabia (PIF), Riyadh, Kingdom of Saudi Arabia: 32.22%; APG Asset Management N.V., Amsterdam, Netherlands: 5.01%; BlackRock Inc., New York, United States: 3.8%; Blue Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany), and Maple Beteiligungsgesellschaft mbH, Am Holzmaierfeld, 82064 Grossdingharting (Germany): 3.49%.

At 31 December 2021, Clariant AG itself held 2822712 shares in treasury, corresponding to 0.85% of the share capital.

17. EVENTS SUBSEQUENT TO THE BALANCE SHEET DATE

On 3 January 2022 Clariant sold the business unit Pigments to US-based SK Capital Partners and the German-based Heubach group. The total consideration of the sale net of cash transferred amounted to CHF 614 million, a 20 % stake in the combined group newly created from the former Clariant and Heubach pigment activities, plus an earn-out of CHF 50 million in case certain numbers of operating profit (EBITDA) were achieved in 2021.

On 17 May 2022, Clariant announced that the Board of Directors recommends to the shareholders of the Company a regular distribution by way of capital reduction of CHF 0.40 per share.

All holders of Certificates of Indebtedness (Col) in a total amount of EUR 544 million and the banks extending a Revolving Credit Facility (RCF) in the amount of CHF 445 million are entitled to be presented the audited consolidated financial statement of the Clariant Group by 30 April and 31 March, respectively, of the following year. In the case of a delay Col holders can extraordinarily terminate their investment and require an early repayment. RCF banks, subject to a majority vote of all RCF banks are entitled to a cancellation of their commitment and, as the case may be, a repayment of any funds drawn under the RCF. Due to the investigation on Clariant' financial reporting (see Note 1.03 of consolidated financial statements) and the ensuing delay of the publication of the Annual Report the original deadlines could not be kept by Clariant. This led to negotiations with the holders of these financial instruments to extend the deadline for the presentation of the audited Financial Report 2021 until 30 June 2022. As of 17 May 2022 all 10 banks extending the RCF have consented to extend the deadline for the presentation of the audited Financial Report 2021, including the restatement for 2020 until 30 June 2022. Of the 101 holders of Cols as of 17 May 2022 three holders announced not to consent to an extension of the deadline for the presentation of the audited Financial Report 2021, and thereof one demanded an early payment of EUR 13 million which was repaid on 28 April 2022.

On 5 August 2021 Clariant obtained a bridging loan from Commerzbank in Germany in the amount of EUR 250 million at 0%. The loan was incurred by Clariant Produkte GmbH and availed to Clariant Ltd in the form of an intragroup loan. On 3 January 2022 Clariant Ltd paid back this intragroup loan to Clariant Produkte GmbH who in turn repaid the loan to Commerzbank.



Appropriation of available earnings

The Board of Directors proposes to appropriate the profit of 2021 of Clariant Ltd in the amount of CHF 150 758 264 as follows.

Annual result	in CHF
Carried forward from previous year	—
Profit for the year 2021	150 758 264
Total available earnings	150 758 264
Appropriation	
Voluntary retained earnings as at 31 December 2021	1 137 181 196
Transfer to voluntary retained earnings	150 758 264
Voluntary retained earnings as at 1 January 2022	1 287 939 460
Balance to be carried forward	—

PROPOSED DISTRIBUTION THROUGH CAPITAL REDUCTION BY WAY OF A PAR VALUE REDUCTION

The Board of Directors proposes (in place of an ordinary dividend) a distribution through capital reduction by way of a par value reduction of CHF 0.40 per registered share, as a result of a reduction of the par value from CHF 3.00 to CHF 2.60 per registered share. The proposed payout would reduce the share capital by CHF 132 775 679.60.

The proposed payout of the par value reduction of CHF 0.40 is subject to approval by the ordinary General Meeting of shareholders and subject to the fulfillment of the necessary requirements and the entry of the share capital reduction in the Commercial Register of the Canton of Baselland.

If approved by the Annual General Meeting, the payment will be made as soon as practicable, following the expiry of the two-month period pursuant to Article 733 Swiss Code of Obligations and the subsequent registration of the share capital reduction in the Commercial Register.



Report of the statutory auditor to the General Meeting of Clariant Ltd

Muttenz

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Clariant Ltd, which comprise the balance sheets as at 31 December 2021, income statements and notes to the financial statements for the year then ended, including a summary of significant accounting policies.

In our opinion, the financial statements (pages 76 to 86) as at 31 December 2021 comply with Swiss law and the company's articles of incorporation.

Basis for opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the "Auditor's responsibilities for the audit of the financial statements" section of our report.

We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our audit approach

Overview

Overall materiality: CHF 17 million



We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the financial statements as a whole, taking into account the structure of the entity, the accounting processes and controls, and the industry in which the entity operates.

As a key audit matter, the following area of focus has been identified:

- Valuation of shareholdings in and loans to Group companies

Materiality

The scope of our audit was influenced by our application of materiality. Our audit opinion aims to provide reasonable assurance that the financial statements are free from material misstatement. Misstatements may arise due to fraud or

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error. They are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate, on the financial statements as a whole.

Overall materiality	CHF 17 million
Benchmark applied	Total assets
Rationale for the materiality benchmark applied	We chose total assets as the benchmark because, in our view, it is the most relevant measure for the activities of Clariant Ltd as a holding company.

We agreed with the Audit Committee that we would report to them misstatements above CHF 0.8 million identified during our audit as well as any misstatements below that amount which, in our view, warranted reporting for qualitative reasons.

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we considered where subjective judgements were made; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

Report on key audit matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Valuation of shareholdings in and loans to Group companies

Key audit matter	How our audit addressed the key audit matter
<p>We consider the valuation of shareholdings in and loans to Group companies to be a key audit matter owing to the significant scope for judgement involved with respect to the assumptions and the discount rates applied for the valuations of the shareholdings as well as to the significance of these shareholdings and loans on the balance sheet.</p> <p>Please refer to pages 78 to 79 (Shareholdings in Group companies, Note 5) in the notes to the financial statements.</p>	<p>We evaluated and challenged management’s assumptions and the discount rates applied for the valuations of the shareholdings.</p> <p>We assessed management’s process in grouping together certain shareholdings and the application of generally accepted valuation methods to calculate their value.</p> <p>We tested the calculation method and we compared the input figures used with the Group’s accounting records. We also compared the actual results of the year under review with the figures included in the forecasts made in the prior year in order to assess with hindsight whether any of the assumptions underlying the forecasts might have been too optimistic. We assessed the assumptions relating to the forecasts and found them to be consistent with actual developments and reasonable.</p> <p>We involved PwC valuation specialists to assess the discount rates by comparison with market information.</p>





We also tested the valuations of the loans to Group companies based on these companies' financial positions.

On the basis of work performed, we consider the approach, assumptions and discount rates used by management to support the carrying value of the shareholdings in and loans to Group companies to be reasonable.

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located at the website of EXPERT-suisse: <http://expertsuisse.ch/en/audit-report-for-public-companies>. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

PricewaterhouseCoopers AG

Rolf Johner
Audit expert
Auditor in charge

Michael Scheibli
Audit expert

Basel, 18 May 2022





Forward-looking statements

Forward-looking statements contained herein are qualified in their entirety, as there are certain factors that could cause results to differ materially from those anticipated. Investors are cautioned that all forward-looking statements involve risks and uncertainty. In addition to the factors discussed above, among the factors that could cause actual results to differ materially are the following: the timing and strength of new product offerings; pricing strategies of competitors; the company's ability to continue to receive adequate products from its vendors on acceptable terms, or at all, and to continue to obtain sufficient financing to meet its liquidity needs; and changes in the political, social, and regulatory framework in which the company operates or in economic or technological trends or conditions, including currency fluctuations, inflation, and consumer confidence, on a global, regional, or national basis.



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