Reporting Profile

Reporting Principles

The Half-Year Financial Report of Covestro AG, Leverkusen (Germany), meets the requirements of the German Securities Trading Act (WpHG) and, in accordance with Section 115 (2) through (4) of the WpHG (half-year financial report; power to issue statutory instruments), comprises Condensed Interim Consolidated Financial Statements, an Interim Group Management Report, and a Responsibility Statement by Management. This report covers the period from January 1 to June 30, 2022. The Interim Consolidated Financial Statements have been prepared in accordance with IAS 34 (Interim Financial Reporting) under the International Financial Reporting Standards (IFRSs) of the International Accounting Standards Board (IASB) and their Interpretations, as adopted by the European Union (EU) and applicable as of the reporting date. The Half-Year Financial Report should be read alongside the Annual Report for fiscal 2021 and the additional information about the company contained therein, as well as the Interim Statement as of March 31, 2022.

Forward-Looking Statements

This Report may contain forward-looking statements based on current assumptions and forecasts made by the management of Covestro AG. Various known and unknown risks, uncertainties, and other factors could lead to material differences between the actual results, financial situation, development, or performance of the Covestro Group and the estimates given here. The various factors include those discussed in Covestro AG's public reports, which are available at **www.covestro.com**. Covestro AG assumes no liability whatsoever to update these forward-looking statements or to conform them to future events or developments.

Alternative Performance Measures

Throughout its financial reporting, Covestro uses alternative performance measures (APMs) to assess the business performance of the Group. These are not defined in the IFRSs. These non-IFRS indicators should be considered a supplement to, not a replacement for, the financial performance measures determined in accordance with IFRSs. The alternative performance measures of relevance to the Covestro Group include earnings before interest, taxes, depreciation, and amortization (EBITDA), return on capital employed (ROCE), free operating cash flow (FOCF), and net financial debt. Covestro uses ROCE to determine profitability, while EBITDA is analyzed to assess profitable growth. FOCF is a key factor in the presentation of the liquidity position that indicates the company's ability to generate a cash surplus and finance its activities. Net financial debt gauges the Group's financial condition and financing requirements. The calculation methods for the APMs may vary from those of other companies, thus limiting the extent of the overall comparability. These alternative performance measures should not be viewed in isolation or employed as an alternative to the financial indicators determined in accordance with IFRSs and presented in the consolidated financial statements for purposes of assessing Covestro's net assets, financial position, and results of operations.

Explanations of the definition and calculation of these alternative performance measures can be found in the "Management" section of the Combined Management Report in the 2021 Annual Report

Acronyms and Abbreviations

Acronyms and abbreviations used in this Report are explained in this Report or in the Glossary provided in the Annual Report 2021.

Rounding and Percentage Deviations

As the indicators in this Report are stated in accordance with commercial rounding principles, totals and percentages may not always be exact. If a deviation changes from positive to negative or vice versa, or if it is greater than 1,000%, this is shown by a period.

Inclusive Language

Diversity, equity, and inclusion are important to Covestro. To ensure better readability, we therefore strive to use gender-neutral language and avoid gender-specific terms in this Report. All terms should be taken to apply equally to all genders.

Publication

This Report was published on August 2, 2022. It is available in German and English. The German version is binding.

Covestro Group Key Data

	2nd quarter 2021	2nd quarter 2022	Change	1st half 2021	1st half 2022	Change
	€ million	€ million	%	€ million	€ million	%
Sales	**3,956**	**4,703**	**18.9**	**7,263**	**9,386**	**29.2**
Change in sales						
Volume	29.0%	–2.1%		14.6%	0.5%	
Price	45.9%	14.5%		31.4%	18.3%	
Currency	–5.4%	6.5%		–5.0%	6.1%	
Portfolio	14.0%	0.0%		6.1%	4.3%	
EBITDA[1]	**817**	**547**	**–33.0**	**1,560**	**1,353**	**–13.3**
Changes in EBITDA						
Volume	245.6%	–5.8%		90.8%	–0.5%	
Price	791.2%	70.3%		409.5%	85.3%	
Raw material price	–320.8%	–96.5%		–106.6%	–103.1%	
Currency	–16.0%	4.9%		–11.3%	5.8%	
Other[2]	–146.4%	–5.9%		–70.7%	–0.8%	
EBIT[3]	607	307	–49.4	1,163	896	–23.0
Financial result	(18)	(44)	144.4	(47)	(72)	53.2
Net income[4]	**449**	**199**	**–55.7**	**842**	**615**	**–27.0**
Earnings per share (€)[5]	2.32	1.04	–55.2	4.36	3.20	–26.6
Cash flows from operating activities[6]	553	(272)	.	981	(115)	.
Cash outflows for additions to property, plant, equipment and intangible assets	179	190	6.1	289	330	14.2
Free operating cash flow[7]	**374**	**(462)**	**.**	**692**	**(445)**	**.**

[1] Earnings before interest, taxes, depreciation and amortization (EBITDA): EBIT plus depreciation, amortization, and impairment losses; less impairment loss reversals on intangible assets and property, plant and equipment.
[2] Other changes in EBITDA such as changes in provisions for variable compensation.
[3] Earnings before interest and taxes (EBIT): income after income taxes plus financial result and income taxes.
[4] Net income: income after income taxes attributable to the shareholders of Covestro AG.
[5] Earnings per share: according to IAS 33 (Earnings per Share), net income divided by the weighted average number of outstanding no-par value voting shares of Covestro AG. The calculation was based on 191,070,836 no-par shares for the second quarter of 2022 (previous year: 193,160,544 no-par shares) and on 192,101,348 no-par shares for the first half of 2022 (previous year: 193,160,544 no-par shares).
[6] Cash flows from operating activities according to IAS 7 (Statement of Cash Flows).
[7] Free operating cash flow (FOCF): cash flows from operating activities less cash outflows for additions to property, plant, equipment and intangible assets.