WACKER

Interim Report

January through June 2023

Published on July 27, 2023

1st Half Year

Interim Report – January through June 2023

- Group sales for first half of 2023 total €3.50 billion, down 18 percent compared with a year earlier
- EBITDA declines 58 percent year over year to €537 million due to significantly lower prices and reduced volumes
- EBIT falls to €331 million, while net income for the first half of 2023 amounts to €266 million
- Capital expenditures increase 36 percent versus the same period of the prior year to €249 million
- Net cash flow in the reporting period negative at € –49 million due among other factors to the acquisition of ADL BioPharma and overall higher capital expenditures
- Full-year forecast revised: Group sales for 2023 projected at around €6.5–6.8 billion, with EBITDA expected to be between €800 billion and €1.0 billion

Cover – In May, WACKER acquired ADL BioPharma, a contract manufacturing organization for the food, pharmaceuticals and consumer goods industries in León, northern Spain, strengthening its biotechnology business. Acquiring the roughly 300 person-strong company has enabled WACKER to expand its fermentation capacity and create a foundation for growth in the field of sustainably produced dietary ingredients.

WACKER –
at a Glance

€ million	6M 2023	6M 2022	Change in %
Results / Return / Cash Flow			
Sales	**3,496.8**	4,250.4	–17.7
EBITDA	**536.5**	1,269.5	–57.7
EBITDA margin (%)	**15.3**	29.9	–
EBIT	**330.6**	1,078.0	–69.3
EBIT margin (%)	**9.5**	25.4	–
Financial result	**–14.2**	–39.2	–63.8
Income before income taxes	**316.4**	1,038.8	–69.5
Net income for the period	**266.1**	793.5	–66.5
Earings per share (basic/diluted) (€)	**5.28**	15.59	–66.1
Capital expenditures excluding acquisitions	**249.4**	183.5	35.9
Depreciation/amortization	**205.9**	191.5	7.5
Net cash flow	**–49.2**	114.6	n.a.

€ million	June 30, 2023	Dec. 31, 2022	Change in %
Financial Position			
Total assets	**8,712.3**	9,401.4	–7.3
Equity	**4,611.7**	5,030.7	–8.3
Equity ratio (%)	**52.9**	53.5	–
Financing liabilities	**1,525.4**	1,547.0	–1.4
Net financial debt / Net financial assets	**–270.1**	409.2	n.a.
Employees (number at end of period)	**16,358**	15,725	4.0

Dear Shareholders,

The pace of global economic growth has slowed significantly in recent months and WACKER, too, has not been immune to this. Group sales and EBITDA in the first half of the year did not reach their strong prior-year figures.

Yet this headwind did not come as a surprise. We saw the first signs back at the end of 2022. Since then, persistently high energy prices and inflation rates have hampered the economy and demand. Many of our customers have focused on selling off existing stock over the past few months and new orders have been placed at rather short notice.

Numerous market experts had been anticipating stronger demand in the second half of 2023 – an assumption that was also reflected in our forecast. However, WACKER, like so many other chemical companies, has yet to see a recovery.

The majority of our customers in the chemical business continue to see demand stagnate. Despite a weak start to the year, our solar business ended up recording higher volumes, but, at the same time, we are currently observing a rapid fall in prices for polysilicon in China. The earnings trend in our biotech business will be impacted once again this year by high investment spending in further growth. As regards all our divsions, high energy prices and inflation rates continue to slow their performance.

Because of this, WACKER now expects this weak demand to carry on in the second six months of the year. We have lowered our expectations for the full year accordingly. We now anticipate Group sales between €6.5 billion and €6.8 billion and full-year EBITDA between €800 million and €1.0 billion.

Even though we face economic headwinds rather than tailwinds at present, we are upbeat about the future. WACKER is well positioned. We have set ourselves clear goals with Strategy 2030: faster growth, high profitability, and better resilience in times of constant change.

Investment spending in our future growth plays an important role in achieving these goals. We have the necessary financial strength and further increased our investment spending in the first half of 2023, the majority of which was allocated to our chemical divisions. To meet customer needs locally and continue to grow in coming years, we are continuing to expand our capacities around the world. One such example is our Nanjing site in China, which has seen us more than double our capacity for dispersions and dispersible polymer powders, thus meeting the growing demand for high-quality binders, particularly in the fast-growing Chinese construction sector.

We also strengthened our biotech activities: in May we acquired ADL BioPharma, a contract manufacturing organization for the food, pharmaceuticals and consumer goods industries based in León, northern Spain. The acquisition takes us one important step closer to meeting the growth objectives for our life sciences business. We are also investing in our polysilicon business, building a new production line at our Burghausen site for cleaning semiconductor-grade polysilicon. As the only European producer of hyperpure polysilicon, we are proud to be making an important contribution to strengthening Europe’s microelectronics value chain through this project.

The coming months will remain challenging. Persistently high energy prices and inflation rates as well as lagging demand in many sectors coupled with a low price level are impacting the economy and placing great demands on WACKER as well. But we are convinced that our Strategy 2030 puts us in the right position to overcome these challenges too.

Despite strong headwinds, we remain on track and working toward our objectives with spirit, speed and confidence.

Munich, July 27, 2023

The Executive Board of Wacker Chemie AG

WACKER Stock

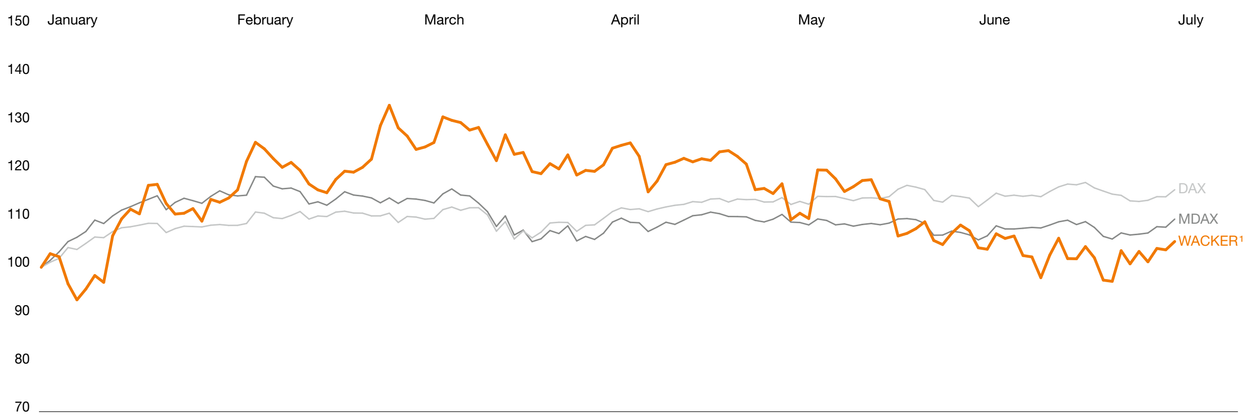
Global equity markets performed well in the first half of 2023 despite a whole host of negative factors. Geopolitical tensions between the USA and China, the war in Ukraine, ongoing high inflation, rising interest rates and concerns about the economy dampened the mood on the markets. Nevertheless, all of the major stock market indices reported gains overall. One reason for this were the catch-up effects following significant share price setbacks over the past 12 months. The year started off well on the stock markets, but the Silicon Valley Bank collapse in March led to turbulence in the US banking sector. Fears of a worldwide banking crisis sent global stock market indices into a tailspin. The markets rallied in the second quarter until growing concerns about interest rates and the economy created headwind.

Overall, Germany's benchmark indices recorded gains in the first half of 2023. Following a setback in March, the DAX quickly regained ground. On June 16, the index closed at a new record level of 16,358 points. The DAX closed the first half of 2023 almost 16 percent higher than at the end of December. The MDAX recovery was more muted following the pullback in March. The index gained around 10 percent overall in the reporting period from January through June.

WACKER's share price started the year at €119.40 (year-end closing price on December 30, 2022). After reaching its reporting-period low of €111.40 on January 5, it gradually recovered in line with the general market trend over the course of the first quarter and peaked at €159.25 in the reporting period on February 23. In the course of the stock market slump in March, WACKER's stock also came under pressure and did not recover in the second quarter under the influence of growing economic concerns. Profit warnings issued by competitors in the chemicals industry dampened investor expectations. WACKER stock closed out the first six months of 2023 at €125.75 on June 30, up around 5 percent on the start of the reporting period and corresponding to a market capitalization of €6.25 billion.

» For more details about WACKER stock, please refer to the 2022 Annual Report (pages 52 to 54) and the Internet (www.wacker.com/investor-relations).

WACKER Share Performance in First Half of 2023 (Indexed to 100)[1]



[1] 100 = €119.40 (closing price on December 30, 2022)

Interim Group Management Report

Overall Economic Situation, Economic Outlook and State of the Industry

Slowdown in Global Economic Growth

The global economy is taking longer to recover than expected. Inflation remains at a high level in many regions. Rising interest rates are also leading to a reluctance to invest and the ongoing Ukraine war continues to impact economic growth. Since the COVID-19 pandemic, demand for goods has also been declining, as can be seen in sectors like consumer electronics. Conversely, the demand for services restricted during the pandemic — transportation being one of them — is growing.

The International Monetary Fund (IMF) believes that these factors have weakened the world economic outlook and its experts predict that global economic growth in 2023 will likely slow to 3.0 percent.[1] The Organisation for Economic Co-operation and Development (OECD) predicts signs of a recovery in its Economic Outlook for 2023 but believes that it is likely to remain fragile. The OECD expects to see the economy grow 2.7 percent this year and 2.9 percent next year in 2024. Both figures are well below the average growth rate in the decade before the COVID-19 pandemic.[2]

WACKER expects global economic output to decline in 2023, based on current economic forecasts.

GDP Trend[1]

%	2022	Outlook for 2023
World	3.5	**3.0**
Advanced economies	2.7	**1.5**
Developing and emerging economies	4.0	**4.0**
Eurozone	3.5	**0.9**
Germany	1.8	**−0.3**
Asia	4.5	**5.3**
China	3.0	**5.2**
India	7.2	**6.1**
USA	2.1	**1.8**

Production in the Chemical Industry Declining

The downward trend in the global chemicals and pharmaceuticals industry that has been ongoing since 2022 against the backdrop of the war in Ukraine and the related increase in raw material and energy prices continued into the first half of 2023. High costs and shrinking demand slowed the pace. Despite falling raw material prices, declining inflation rates and easing supply chains, recovery is impeded by tighter monetary policies, significantly higher financing costs and geopolitical risks. The outlook remains muted. The German Chemical Industry Association (VCI) expects production in the chemical industry to increase slightly by 0.8 percent worldwide for full-year 2023 compared with an increase of 1.5 percent in the previous year.[3]

[1] International Monetary Fund, World Economic Outlook Update, July 2023: Near-Term Resilience, Persistent Challenges, Washington, July 25, 2023
[2] Organisation for Economic Co-operation and Development (OECD), OECD Economic Outlook, Volume 2023 Issue 1: Preliminary Version, Paris, June 7, 2023
[3] VCI (German Chemical Industry Association), The business situation of the global chemical industry in the 1st quarter 2023: Global chemical markets: cooling phase continues. Frankfurt am Main, May 31, 2023

The chemical industry environment in Germany continues to be impacted by persistently weak demand as well as electricity and gas prices that are high, compared to international standards. The first half of 2023 saw production in Germany's chemical/pharmaceutical industry fall sharply. According to the VCI's half-yearly report, it was down 10.5 percent year over year. Excluding pharmaceutical activities, production decreased by 16.5 percent. At an average of 77 percent, capacity in the first six months of the year was not fully utilized. In view of the ongoing weak industrial activity, VCI has revised its forecast for the chemical-pharmaceutical industry in Germany downward. The association now expects full-year production to contract by 8 percent. It is forecasting a reduction of 11 percent for chemical production (excluding pharmaceuticals). With prices continuing to drop overall, chemical-industry sales are slated to decrease by 14 percent.[4]

Selected Key Indicators by Industry

%	Growth in 2022	Growth outlook for 2023
Chemical Industry		
Production, worldwide[3]	1.5	**0.8**
Production, EU[3]	–6.1	**–8.0**
Production, Germany[3, 4]	–11.8	**–11.0**
Photovoltaics		
Newly installed photovoltaic capacity, worldwide[5]	45	**43**

The photovoltaics industry is continuing to see a positive trend in 2023 following growth in 2022. Declining levelized costs for solar power are making photovoltaics more competitive compared with other energy sources. Both the cost effectiveness of photovoltaics and the political goal of keeping global warming below 2°C are instrumental in opening up new markets. Policymakers are increasingly seeing photovoltaics as the key to shaping a more independent energy policy and as a solution to overcome the dependence on Russian gas.

SolarPower Europe, an industry association, expects the photovoltaic industry to grow further in 2023. Lower raw material prices, normalization across supply chains and the increase in production capacities are leading to falling prices, especially in China, which in turn boost demand. The association expects the existing photovoltaic grid to be expanded by around 340 gigawatts of capacity in 2023. As a result, photovoltaic capacity worldwide will be 43 percent higher than in 2022.[5]

On the basis of its own market surveys and external market studies, WACKER expects newly installed global photovoltaic capacity to amount to between 300 and 350 gigawatts this year.

[4] VCI (German Chemical Industry Association), Half-yearly report of the German chemical-pharmaceutical industry, Frankfurt am Main, July 21, 2023
[5] SolarPower Europe, Global Market Outlook For Solar Power 2023–2027, Brussels, June 13, 2023

Group Performance and Earnings

January 1 to June 30, 2023

Sales

€ million	6M 2023	6M 2022	Change in %
WACKER SILICONES	**1,458.9**	1,857.2	–21.4
WACKER POLYMERS	**844.4**	1,070.8	–21.1
WACKER BIOSOLUTIONS	**167.4**	161.1	3.9
WACKER POLYSILICON	**954.0**	1,093.5	–12.8
Corporate functions / Other	**82.7**	79.8	3.6
Consolidation	**–10.6**	–12.0	–11.7
Group sales	3,496.8	4,250.4	–17.7

EBITDA

€ million	6M 2023	6M 2022	Change in %
WACKER SILICONES	**147.7**	555.8	–73.4
WACKER POLYMERS	**146.3**	183.8	–20.4
WACKER BIOSOLUTIONS	**–2.1**	7.7	n.a.
WACKER POLYSILICON	**254.0**	438.3	–42.0
Corporate functions / Other	**–8.3**	82.3	n.a.
Consolidation	**–1.1**	1.6	n.a.
Group EBITDA	536.5	1,269.5	–57.7

EBIT

€ million	6M 2023	6M 2022	Change in %
WACKER SILICONES	**81.2**	499.6	–83.7
WACKER POLYMERS	**121.3**	158.8	–23.6
WACKER BIOSOLUTIONS	**–13.7**	–2.8	>100
WACKER POLYSILICON	**195.7**	378.8	–48.3
Corporate functions / Other	**–52.8**	42.0	n.a.
Consolidation	**–1.1**	1.6	n.a.
Group EBIT	330.6	1,078.0	–69.3

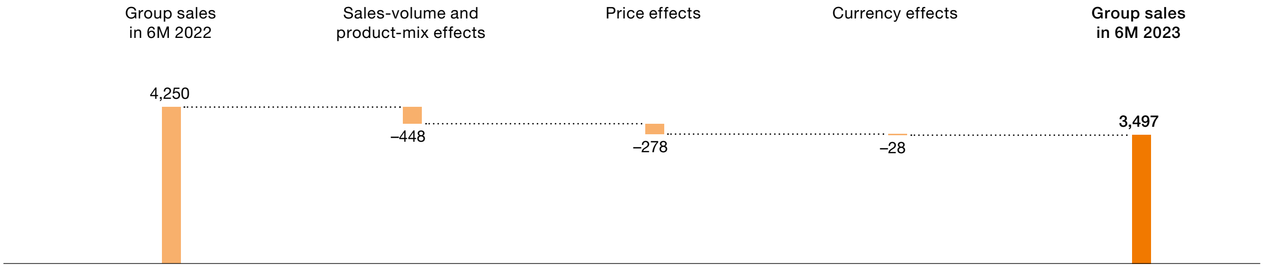
The WACKER Group's sales contracted substantially during the reporting period compared with the same period last year. Sales in the period from January through June 2023 came in at €3,496.8 million, after €4,250.4 million a year earlier. This is a drop of 18 percent.

This decline was chiefly due to reduced volumes. Lower year-over-year prices also reduced sales. Conversely, exchange rate effects only had a minor impact.

Sales across the three business divisions WACKER SILICONES, WACKER POLYMERS and WACKER POLYSILICON were lower than in the first half of 2022. This decline was particularly pronounced in both the WACKER SILICONES and WACKER POLYMERS chemical divisions. Sales here decreased by more than 20 percent. Polysilicon also trended downward, with sales falling by 13 percent year over year due primarily to lower volumes and a maintenance-related plant shutdown. For the WACKER BIOSOLUTIONS business division, sales increased slightly compared with the same period a year ago. This is due to the acquisition of ADL BioPharma S.L.U. based in León, Spain. Biopharmaceutical contract business performed well. In contrast, business generated by fine chemicals and other products in this division's established business experienced, in some cases, weak demand similar to that facing the chemical divisions.

Year-over-Year Sales Comparison

€ million



Sales Decline in All Regions

From January through June 2023, Group sales fell in all regions, mainly due to price effects. The reduction was especially pronounced in Europe, though all other regions also recorded double-digit percentage decreases.

Overall, sales in Asia contracted 16 percent in the reporting period from January through June 2023. Sales declined by 16 percent in the Americas and 20 percent in Europe.

Group Sales by Region

€ million	6M 2023	6M 2022	Change in %	% of Group sales
Europe	**1,246.5**	1,556.9	–19.9	36
The Americas	**545.5**	652.7	–16.4	16
Asia	**1,542.9**	1,830.9	–15.7	44
Other regions	**161.9**	209.9	–22.9	4
Total sales	3,496.8	4,250.4	–17.7	100

EBITDA at €537 Million, with EBITDA Margin of 15 Percent

WACKER generated EBITDA of €536.5 million in the reporting period, down 58 percent year over year (€1,269.5 million). The decline was due to lower prices and volumes. Lower plant utilization rates also reduced EBITDA, as did ongoing high energy prices. The Group's EBITDA margin for the six months from January to June 2023 was 15.3 percent, after 29.9 percent a year earlier.

Reconciliation of EBITDA to EBIT

€ million	6M 2023	6M 2022	Change in %
EBITDA	536.5	1,269.5	–57.7
Depreciation, amortization and (reversals of) impairments of fixed assets	–205.9	–191.5	7.5
EBIT	330.6	1,078.0	–69.3

EBIT Down Year over Year

Group EBIT (earnings before interest and taxes) declined markedly in the reporting period, amounting to €330.6 million (6M 2022: €1,078.0 million). The EBIT margin for January through June 2023 was 9.5 percent (6M 2022: 25.4 percent). The decrease was primarily due to the above-mentioned factors.

Depreciation and amortization came to €205.9 million in the reporting period, after €191.5 million a year earlier. That was an increase of 8 percent year over year.

The cost-of-sales ratio was 81 percent in the reporting period, up 12 percentage points compared with the same period last year. The increase is primarily due to lower selling prices and reduced plant utilization rates. The persistently high energy and raw material prices also had a negative impact. The cost of goods sold benefited from the cost-saving measures implemented under the ongoing efficiency programs of the Group and the business divisions.

Reconciliation of EBIT to Net Income for the Period

€ million	6M 2023	6M 2022	Change in %
EBIT	330.6	1,078.0	–69.3
Financial result	–14.2	–39.2	–63.8
Income before income taxes	316.4	1,038.8	–69.5
Income taxes	–50.3	–245.3	–79.5
Net income for the period	266.1	793.5	–66.5
Of which			
Attributable to Wacker Chemie AG shareholders	262.4	774.4	–66.1
Attributable to non-controlling interests	3.7	19.1	–80.6
Earings per share in € (basic/diluted)	5.28	15.59	–66.1
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

Result from Investments

The result from investments in joint ventures and associates amounted to €33.6 million in the reporting period, after €59.8 million a year earlier. It was driven by the profits posted by Siltronic AG, in which WACKER holds a 30.8 percent stake. Siltronic distributed a dividend of €27.8 million to Wacker Chemie AG in the second quarter.

Financial and Net Interest Result

The WACKER Group's financial result amounted to €–14.2 million in the reporting period compared with €–39.2 million in the same period last year. WACKER posted interest income of €22.2 million, versus €2.4 million a year earlier. The higher interest rate level year over year led to higher returns on our fixed-term deposits. Interest expenses were €18.9 million, versus €13.2 million last year.

The other financial result amounted to €–17.5 million in the reporting period, after €–28.4 million a year earlier. In addition to the interest-rate effects of provisions for pensions and other provisions, it also includes the costs of derivative financial instruments used to hedge Group loans and the exchange-rate effects of investing and borrowing in foreign currency.

Income Taxes

In the first six months of 2023, tax expense was €50.3 million, versus €245.3 million a year earlier. The tax rate for the reporting period was 15.9 percent, after 23.6 percent a year earlier. The low tax rate is due to tax-free income and deferred taxes recognized for temporary differences.

Net Income for the Period

Due to the effects mentioned above, net income for the reporting period amounted to €266.1 million, compared with €793.5 million in the same period last year.

Earnings per Share

In the reporting period from January through June 2023, earnings per share came in at €5.28, after €15.59 a year earlier.

Division Performance

WACKER SILICONES

€ million	6M 2023	6M 2022	Change in %
External sales	**1,458.8**	1,857.1	–21.4
Internal sales	**0.1**	0.1	–
Total sales	**1,458.9**	1,857.2	–21.4
EBIT	**81.2**	499.6	–83.7
EBIT margin (%)	**5.6**	26.9	–
Depreciation/amortization	**66.5**	56.2	18.3
EBITDA	**147.7**	555.8	–73.4
EBITDA margin (%)	**10.1**	29.9	–
Capital expenditures	**89.3**	81.4	9.7
R&D expenses	**36.5**	34.0	7.4

As of	June 30, 2023	Dec. 31, 2022	Change in %
Employees (number)	**6,133**	6,019	1.9

Sales at WACKER SILICONES totaled €1,458.9 million in the first half of 2023, down 21 percent from a year earlier (€1,857.2 million). The main factors slowing sales were lower prices and reduced volumes for specialties. Large customer inventories and ongoing caution when ordering also left their mark here. Changes in exchange rates had only a marginal impact on sales performance. Virtually all application areas saw sales decrease substantially year over year. The reduction was especially pronounced, for example, with silicones for consumer applications. Business relating to specialized silicone products for the automotive industry and energy sector proved comparatively stable.

At €147.7 million, WACKER SILICONES' EBITDA in the reporting period from January through June 2023 fell 73 percent from €555.8 million a year earlier. In addition to lower prices - especially for standard products - the earnings trend was impacted by significantly reduced plant utilization rates year over year. Persistently high energy and raw material prices also had a negative effect on EBITDA. The EBITDA margin was 10.1 percent in the first half of the year, after 29.9 percent a year earlier.

Capital expenditures at WACKER SILICONES rose considerably year over year, totaling €89.3 million in the reporting period, after €81.4 million a year earlier. Investment projects included expanding production capacity for silicone specialty products at the Nünchritz site. Funds were also allocated to production capacity for organofunctional silanes at the Jining site of SICO Performance Material (Shandong) Co., Ltd. in China.

WACKER POLYMERS

€ million	6M 2023	6M 2022	Change in %
External sales	**833.9**	1,058.9	–21.2
Internal sales	**10.5**	11.9	–11.8
Total sales	844.4	1,070.8	–21.1
EBIT	121.3	158.8	–23.6
EBIT margin (%)	**14.4**	14.8	–
Depreciation/amortization	**25.0**	25.0	–
EBITDA	146.3	183.8	–20.4
EBITDA margin (%)	**17.3**	17.2	–
Capital expenditures	**27.0**	43.4	–37.8
R&D expenses	**17.7**	17.0	4.1

As of	June 30, 2023	Dec. 31, 2022	Change in %
Employees (number)	**1,613**	1,603	0.6

Sales at WACKER POLYMERS totaled €844.4 million in the reporting period, 21 percent lower than a year earlier (€1,070.8 million). This decline was prompted primarily by lower prices and reduced volumes. Construction sector demand in particular was much lower in the period under review. By contrast, exchange rate effects only had a minor impact. WACKER POLYMERS' plant utilization rates averaged over 80 percent from January through June compared with 90 percent for the same period last year.

The division's EBITDA totaled €146.3 million in the reporting period, after €183.8 million a year earlier, a drop of 20 percent. In addition to dwindling prices, lower plant utilization rates also reduced EBITDA. By contrast, lower raw material costs helped earnings. The EBITDA margin was 17.3 percent in the reporting period, after 17.2 percent a year earlier.

From January through June 2023, WACKER POLYMERS' capital expenditures totaled €27.0 million, versus €43.4 million a year earlier. These went, for example, toward construction of a new spray dryer for dispersions at the Nanjing site in China. Capacity expansion in Nanjing, which also included construction of a new dispersion reactor, was successfully concluded in May 2023. Production capacity at the site has more than doubled as a result.

WACKER BIOSOLUTIONS

€ million	6M 2023	6M 2022	Change in %
External sales	**167.4**	161.1	3.9
Internal sales	**–**	–	–
Total sales	**167.4**	161.1	3.9
EBIT	**–13.7**	–2.8	>100
EBIT margin (%)	**–8.2**	–1.7	–
Depreciation/amortization	**11.6**	10.5	10.5
EBITDA	**–2.1**	7.7	n.a.
EBITDA margin (%)	**–1.3**	4.8	–
Capital expenditures	**50.2**	21.1	>100
R&D expenses	**2.6**	2.9	–10.3

As of	June 30, 2023	Dec. 31, 2022	Change in %
Employees (number)	**1,191**	835	42.6

WACKER BIOSOLUTIONS reported total sales of €167.4 million in the reporting period, up slightly on the prior year (€161.1 million). ADL BioPharma S.L.U. based in León, Spain, which was acquired at the start of May, contributed around €8.0 million to sales. Biopharmaceutical contract business performed well overall. In contrast, sales performance was affected by lower volumes in business generated by fine chemicals and other products in this division's established business, as well as by prices, which in some cases were lower. In some instances, the division experienced weak demand similar to that facing the chemical divisions. Changes in exchange rates only had a marginal impact on sales.

EBITDA at WACKER BIOSOLUTIONS amounted to €–2.1 million in the first six months of 2023, down €9.8 million versus a year earlier (€7.7 million). The upfront costs involved in establishing the mRNA Competence Center in Halle in particular held back EBITDA. The EBITDA margin was –1.3 percent in the first half of the year, after 4.8 percent a year earlier.

WACKER BIOSOLUTIONS' capital expenditures came to €50.2 million in the reporting period, versus €21.1 million a year earlier. Investment projects included expansion of the Amsterdam and Halle sites. Early May saw WACKER strengthen its biotechnology business by acquiring ADL BioPharma S.L.U., a contract manufacturing organization for the food, pharmaceuticals and consumer goods industries that is based in León, Spain. The company's workforce of around 300 were taken on in the acquisition.

WACKER POLYSILICON

€ million	6M 2023	6M 2022	Change in %
External sales	954.0	1,093.5	–12.8
Internal sales	–	–	–
Total sales	954.0	1,093.5	–12.8
EBIT	195.7	378.8	–48.3
EBIT margin (%)	20.5	34.6	–
Depreciation/amortization	58.3	59.5	–2.0
EBITDA	254.0	438.3	–42.0
EBITDA margin (%)	26.6	40.1	–
Capital expenditures	54.6	22.8	>100
R&D expenses	15.4	12.9	19.4

As of	June 30, 2023	Dec. 31, 2022	Change in %
Employees (number)	2,288	2,283	0.2

In the first half of 2023, WACKER POLYSILICON posted total sales of €954.0 million, down 13 percent from €1,093.5 million a year earlier. This decrease was predominantly due to lower solar-grade polysilicon volumes and was further driven by muted customer demand based on the volatile polysilicon prices in the first quarter and a maintenance-related scheduled shutdown at the beginning of the year. The second quarter saw higher demand, but lower prices for solar-grade polysilicon. In the case of semiconductor-grade polysilicon, volumes continued to increase year over year. Prices for semiconductor-grade polysilicon also rose year over year, while the share of semiconductor-grade polysilicon in total sales volumes grew further.

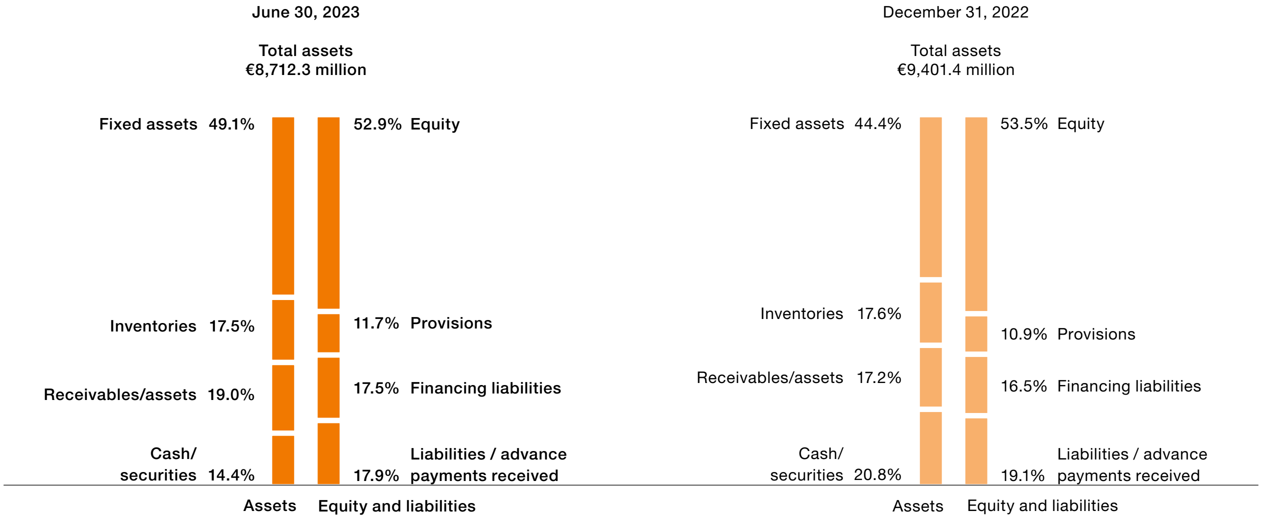
At €254.0 million, WACKER POLYSILICON's reporting-period EBITDA was down 42 percent on the previous year (€438.3 million). This decline was primarily due to lower volumes. The persistently high energy costs and high costs for silicon metal also held back earnings. By contrast, production-efficiency measures had a positive effect on EBITDA. The EBITDA margin from January through June 2023 was 26.6 percent, compared with 40.1 percent a year earlier.

WACKER POLYSILICON's capital expenditures came to €54.6 million in the reporting period, versus €22.8 million a year earlier. Funds primarily went toward expanding production capacity for semiconductor-grade polysilicon.

Net Assets and Financial Position

June 30, 2023

Asset and Capital Structure



WACKER's total assets amounted to €8.71 billion as of June 30, 2023, after €9.40 billion as of December 31, 2022. Liquidity decreased primarily due to the acquisition of ADL BioPharma S.L.U. based in León, Spain, and Wacker Chemie AG's dividend payment as well as variable compensation paid in the second quarter of 2023.

Fixed Assets Increase

Relative to the end of last year, fixed assets (including equity-accounted investments) increased to €4.28 billion (Dec. 31, 2022: €4.18 billion), due to higher capital expenditures. Depreciation and amortization of €205.9 million – versus €191.5 million a year earlier – reduced fixed assets. Capital expenditures pushed fixed assets up €249.4 million. Intangible assets grew due to the goodwill stemming from the acquisition of ADL BioPharma S.L.U. based in León, Spain. The final purchase price allocation is still pending.

Working Capital Stable

Working capital decreased 1 percent to €1.68 billion (Dec. 31, 2022: €1.69 billion). Trade receivables rose by 1 percent, while inventories contracted by 8 percent. Trade payables decreased by 13 percent. These developments are primarily due to the lower business volume compared with the previous year.

Change in Working Capital

€ million	June 30, 2023	Dec. 31, 2022	Change in %
Trade receivables	924.0	916.2	0.9
Inventories	1,526.6	1,655.8	–7.8
Trade payables	–774.2	–885.6	–12.6
Working capital	1,676.4	1,686.4	–0.6

Liquidity Declines Due to Cash Outflows for the Dividend and Variable Compensation

As of June 30, 2023, WACKER recognized liquid assets (current and noncurrent securities, cash and cash equivalents) of €1.26 billion (Dec. 31, 2022: €1.96 billion), down by 36 percent. Liquidity saw a significant reduction primarily due to Wacker Chemie AG's dividend payment of €596.1 million, the acquisition of ADL BioPharma S.L.U. based in León, Spain, and the variable compensation paid in the second quarter of 2023.

Pension Provisions at Same Level

Pension provisions remained largely unchanged as of the reporting date, amounting to €768.0 million (Dec. 31, 2022: €768.9 million). The discount rates applied were 3.64 percent in Germany (Dec. 31, 2022: 3.71 percent) and 4.95 percent in the USA (Dec. 31, 2022: 4.98 percent).

Equity Ratio at 53 Percent

Group equity decreased compared with year-end 2022 and amounted to €4.61 billion as of June 30, 2023 (Dec. 31, 2022: €5.03 billion). The corresponding equity ratio was 52.9 percent (Dec. 31, 2022: 53.5 percent). This was mainly due to the addition of net income for the period of €266.1 million and payment of the Wacker Chemie AG dividend in the amount of €596.1 million. Exchange-rate effects lowered equity by €107.6 million.

Gross Cash Flow

Cash flow from operating activities (gross cash flow) totaled €351.8 million from January through June 2023 (compared with €456.2 million a year earlier). This was mainly the result of net income before depreciation and amortization of €472.0 million, versus €985.0 million a year earlier. In contrast with the same period last year, negative changes to working capital did not have a major effect on gross cash flow, coming in at €4.3 million versus €554.3 million in the same period last year. Variable compensation paid reduced gross cash flow.

Cash Flow from Long-Term Investing Activities

From January through June 2023, cash flow from long-term investing activities amounted to €–401.0 million, up from the year-earlier figure of €–341.6 million. It mainly comprised ongoing capital expenditures for the chemical divisions and cash outflows for the acquisition of a 100-percent stake in ADL BioPharma S.L.U. based in León, Spain.

Net Cash Flow

Due to the effects described above, net cash flow in the first six months of 2023 amounted to €–49.2 million, compared with €114.6 million a year earlier.

Net Cash Flow

€ million	6M 2023	6M 2022	Change in %
Cash flow from operating activities (gross cash flow)	351.8	456.2	–22.9
Cash flow from long-term investing activities before securities	–401.0	–341.6	17.4
Net cash flow	–49.2	114.6	n.a.

Cash Flow from Financing Activities

Cash flow from financing activities totaled €–639.0 million in the reporting period versus €–433.1 million a year earlier. It mainly comprised the dividend of €596.1 million paid by Wacker Chemie AG.

Financing Liabilities at Same Level

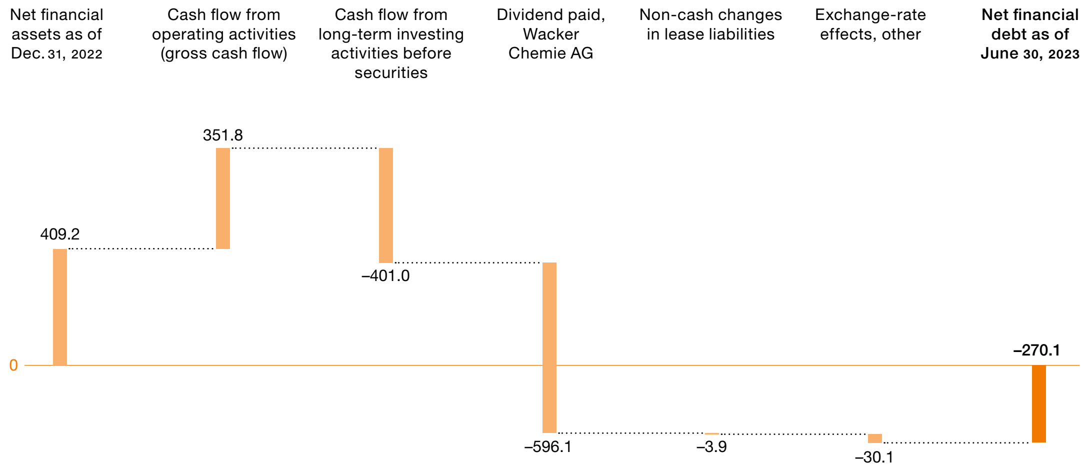
Noncurrent and current financing liabilities remained unchanged as of June 30, 2023, and amounted to €1.53 billion (Dec. 31, 2022: €1.55 billion). In the first half of 2023, WACKER took out a new long-term fixed-interest loan in the amount of €300 million. The company repaid around €330 million in financial liabilities. Changes in exchange rates impacted financing liabilities in the amount of €11.4 million.

Net Financial Debt of €270 million

Net financial assets – the balance of noncurrent and current financing liabilities and liquid assets – declined markedly. As of June 30, 2023, WACKER recognized net financial debt of €270.1 million (Dec. 31, 2022: net financial assets of €409.2 million). This was due to the cash outflows in connection with the Wacker Chemie AG dividend, higher investments and the variable compensation paid.

Net Financial Debt / Net Financial Assets

€ million



Opportunities and Risks

Assessments of Opportunities and Risks Remain Unchanged

The key risk areas that might adversely affect our business situation, net assets, financial position and earnings in 2023 were explained in detail in our 2022 Annual Report, as were the main opportunities for our business and the nature of our risk management system.

» See 2022 Annual Report, pages 96 to 110

The statements and assessments made there did not change materially in the reporting period.

The risks from dampened economic growth forecasts, potential interest rate hikes by the central banks, high energy prices, the war in Ukraine and its consequences, and from rising inflation in many countries remain a cause of considerable uncertainty in markets. Contrary to the expectations of many economic experts until recently, we do not currently see demand picking up in our business in the second half of the year. At the moment, it is not possible to accurately estimate what repercussions these risks could have for the economy and for WACKER during the remainder of this year.

However, we have not identified any further significant risks or opportunities that go beyond what we described in the 2022 Annual Report. We can never rule out that there may be other business-related risks and opportunities of which we are currently unaware or currently consider to be insignificant. But we do not expect risks to occur which, either in isolation or in combination with other risks, might endanger the continued existence of WACKER as a going concern.

Outlook Update

Full-Year Forecast Revised

We detailed our projections for the Group's performance this year in the Outlook section of our 2022 Annual Report.

» See 2022 Annual Report, pages 111 to 116

Against the backdrop of ongoing weak customer demand in many industries, continuing inventory reduction measures by customers and the lower year-over-year prices for many of our products, we revised our forecast for the current year on July 18, 2023.

As already announced, we now expect several key financial performance indicators for 2023 to be lower than previously projected. Numerous market experts had been anticipating stronger demand in the second half of the year – an assumption that was also reflected in our previous guidance. However, a recovery is yet to be seen.

We now expect Group sales for 2023 to come in between €6.5 billion and €6.8 billion (previous guidance: between €7.0 billion and €7.5 billion). Full-year EBITDA is now expected to be between €800 million and €1.0 billion (previous guidance: between €1.1 billion and €1.4 billion). We continue to expect the EBITDA margin to be substantially lower than last year. ROCE is now projected to be below the cost of capital (previous guidance: above the cost of capital, albeit considerably lower than a year ago). Forecasts are also unchanged for capital expenditures, net cash flow, net financial debt and depreciation/amortization.

Statement of Income

January 1 to June 30, 2023

€ million	6M 2023	6M 2022	Change in %
Sales	3,496.8	4,250.4	–17.7
Cost of goods sold	–2,841.9	–2,936.6	–3.2
Gross profit from sales	654.9	1,313.8	–50.2
Selling expenses	–172.4	–160.3	7.5
Research and development expenses	–90.7	–84.9	6.8
General administrative expenses	–92.4	–85.3	8.3
Other operating income	53.9	85.3	–36.8
Other operating expenses	–56.6	–51.1	10.8
Operating result	296.7	1,017.5	–70.8
Result from investments in joint ventures and associates	33.6	59.8	–43.8
Other investment income	0.3	0.7	–57.1
EBIT (earnings before interest and taxes)	330.6	1,078.0	–69.3
Interest income	22.2	2.4	>100
Interest expenses	–18.9	–13.2	43.2
Other financial result	–17.5	–28.4	–38.4
Financial result	–14.2	–39.2	–63.8
Income before income taxes	316.4	1,038.8	–69.5
Income taxes	–50.3	–245.3	–79.5
Net income for the period	266.1	793.5	–66.5
Of which			
Attributable to Wacker Chemie AG shareholders	262.4	774.4	–66.1
Attributable to non-controlling interests	3.7	19.1	–80.6
Earnings per common share (basic/diluted) (€)	5.28	15.59	–66.1
Average number of shares outstanding (weighted)	49,677,983	49,677,983	–

Statement of Comprehensive Income

January 1 to June 30, 2023

€ million	6M 2023	6M 2022
Net income for the period	266.1	793.5
Items not subsequently reclassified to the statement of income		
Remeasurement of defined benefit plans	7.7	936.7
Of which income tax effects	–2.9	–340.8
Sum of items not reclassified to the statement of income	7.7	936.7
Of which result from investments accounted for using the equity method	–0.4	94.1
Items subsequently reclassified to the statement of income		
Difference from foreign currency translation adjustment	–107.6	136.3
Of which recognized in profit or loss	–	–
Changes in fair value of securities (FVOCI)	1.7	–7.5
Of which income tax effects	–0.7	3.0
Of which recognized in profit or loss	–	–
Changes in fair value of derivative financial instruments (cash flow hedge)	12.0	0.2
Of which income tax effects	–5.1	–0.1
Of which recognized in profit or loss	–2.7	9.2
Sum of items reclassified to the statement of income	–93.9	129.0
Of which result from investments accounted for using the equity method	–21.8	20.8
Income and expenses recognized in equity	–86.2	1,065.7
Of which		
Attributable to Wacker Chemie AG shareholders	–79.1	1,065.0
Attributable to non-controlling interests	–7.1	0.7
Total income and expenses reported	179.9	1,859.2
Of which		
Attributable to Wacker Chemie AG shareholders	183.3	1,839.4
Attributable to non-controlling interests	–3.4	19.8

Statement of Financial Position

As of June 30, 2023

€ million	June 30, 2023	Dec. 31, 2022	Change in %
ASSETS			
Intangible assets	306.8	213.0	44.0
Property, plant and equipment	2,777.7	2,717.9	2.2
Right-of-use assets	224.2	243.2	–7.8
Investment property	1.5	1.5	–
Investments in joint ventures and associates accounted for using the equity method	968.2	999.5	–3.1
Securities	114.7	184.4	–37.8
Other financial assets	75.4	42.1	79.1
Other receivables and assets	70.2	66.9	4.9
Deferred tax assets	264.9	272.9	–2.9
Noncurrent assets	4,803.6	4,741.4	1.3
Inventories	1,526.6	1,655.8	–7.8
Trade receivables	924.0	916.2	0.9
Other financial assets	33.4	54.2	–38.4
Other receivables and assets	221.2	215.4	2.7
Income tax receivables	62.9	46.6	35.0
Securities and fixed-term deposits	329.1	877.1	–62.5
Cash and cash equivalents	811.5	894.7	–9.3
Current assets	3,908.7	4,660.0	–16.1
Total assets	8,712.3	9,401.4	–7.3

€ million	June 30, 2023	Dec. 31, 2022	Change in %
EQUITY AND LIABILITIES			
Subscribed capital of Wacker Chemie AG	**260.8**	260.8	–
Capital reserves of Wacker Chemie AG	**158.1**	158.9	–0.5
Treasury shares	**–45.1**	–45.1	–
Retained earnings	**3,953.4**	4,287.1	–7.8
Other equity items	**123.0**	202.1	–39.1
Equity attributable to Wacker Chemie AG shareholders	**4,450.2**	4,863.8	–8.5
Non-controlling interests	**161.5**	166.9	–3.2
Equity	**4,611.7**	5,030.7	–8.3
Provisions for pensions	**768.0**	768.9	–0.1
Other provisions	**211.8**	212.6	–0.4
Financing liabilities	**1,088.7**	1,085.6	0.3
Other financial liabilities	**21.2**	24.9	–14.9
Income tax liabilities	**96.9**	90.2	7.4
Contract liabilities	**227.1**	224.4	1.2
Other liabilities	**1.3**	1.2	8.3
Deferred tax liabilities	**29.1**	35.6	–18.3
Noncurrent liabilities	**2,444.1**	2,443.4	0.0
Other provisions	**36.6**	39.5	–7.3
Financing liabilities	**436.7**	461.4	–5.4
Trade payables	**774.2**	885.6	–12.6
Other financial liabilities	**30.8**	41.5	–25.8
Income tax liabilities	**68.7**	92.2	–25.5
Contract liabilities	**103.9**	91.8	13.2
Other liabilities	**205.6**	315.3	–34.8
Current liabilities	**1,656.5**	1,927.3	–14.1
Liabilities	**4,100.6**	4,370.7	–6.2
Total equity and liabilities	**8,712.3**	9,401.4	–7.3

Statement of Cash Flows

January 1 to June 30, 2023

€ million	6M 2023	6M 2022	Change in %
Net income for the period	266.1	793.6	–66.5
Depreciation/amortization of fixed assets	205.9	191.5	7.5
Result from disposal of fixed assets	1.1	2.0	–45.0
Other non-cash expenses and income	19.9	16.7	19.2
Result from equity accounting	–33.6	–59.8	–43.8
Net interest income	–3.3	10.8	n.a.
Interest paid	–24.3	–15.5	56.8
Interest received	23.2	3.0	>100
Income tax expense	50.3	245.3	–79.5
Taxes paid	–87.3	–157.3	–44.5
Dividends received	42.7	27.7	54.2
Change in inventories	93.6	–344.0	n.a.
Change in trade receivables	–15.7	–338.7	–95.4
Change in trade liabilities	–82.2	128.4	n.a.
Change in non-financial assets	–12.3	–78.8	–84.4
Change in financial assets	22.1	7.0	>100
Change in provisions	3.1	16.4	–81.1
Change in non-financial liabilities	–118.3	–28.7	>100
Change in financial liabilities	–12.0	–6.8	76.5
Change in contract liabilities	12.8	43.4	–70.5
Cash flow from operating activities (gross cash flow)	351.8	456.2	–22.9
Cash payments and receipts for investments	–270.0	–212.8	26.9
Cash payments for loans to equity companies	–21.2	–	n.a.
Proceeds from the disposal of fixed assets	0.6	1.2	–50.0
Cash payments for acquisitions	–110.4	–130.0	–15.1
Cash flow from long-term investing activities before securities	–401.0	–341.6	17.4
Cash payments and receipts for the acquisition/disposal of securities and fixed-term deposits	621.5	236.5	>100
Cash flow from investing activities	220.5	–105.1	n.a.
Dividends paid	–598.1	–406.6	47.1
Change in financial liabilities	–22.1	–10.2	>100
Lease liabilities repaid	–18.8	–16.3	15.3
Cash flow from financing activities	–639.0	–433.1	47.5
Change due to exchange-rate fluctuations	–16.5	14.4	n.a.
Change in cash and cash equivalents	–83.2	–67.7	22.9
At the beginning of the period	894.7	926.6	–3.4
At the end of the period	811.5	858.9	–5.5

Statement of Changes in Equity

January 1 to June 30, 2023

€ million	Subscribed capital	Capital reserves	Treasury shares	Retained earnings	Other equity items	Total	Non-controlling interests	Total
Jan. 1, 2022	260.8	157.4	–45.1	3,433.5	–788.1	3,018.5	81.9	3,100.4
Net income for the period	–	–	–	774.4	–	774.4	19.1	793.5
Income and expenses recognized in equity	–	–	–	–	1,065.0	1,065.0	0.7	1,065.7
Total comprehensive income	–	–	–	774.4	1,065.0	1,839.4	19.8	1,859.2
Dividends paid	–	–	–	–397.4	–	–397.4	–9.2	–406.6
Addition	–	–	–	–	–	–	37.6	37.6
June 30, 2022	260.8	157.4	–45.1	3,810.5	276.9	4,460.5	130.1	4,590.6
Jan. 1, 2023	**260.8**	**158.9**	**–45.1**	**4,287.1**	**202.1**	**4,863.8**	**166.9**	**5,030.7**
Net income for the period	**–**	**–**	**–**	**262.4**	**–**	**262.4**	**3.7**	**266.1**
Income and expenses recognized in equity	**–**	**–**	**–**	**–**	**–79.1**	**–79.1**	**–7.1**	**–86.2**
Total comprehensive income	**–**	**–**	**–**	**262.4**	**–79.1**	**183.3**	**–3.4**	**179.9**
Dividends paid	**–**	**–**	**–**	**–596.1**	**–**	**–596.1**	**–2.0**	**–598.1**
Other*	**–**	**–0.8**	**–**	**–**	**–**	**–0.8**	**–**	**–0.8**
June 30, 2023	**260.8**	**158.1**	**–45.1**	**3,953.4**	**123.0**	**4,450.2**	**161.5**	**4,611.7**

* Share-based payments

Reconciliation of Other Equity Items

January 1 to June 30, 2023

€ million	Changes in fair value of securities – FVOCI	Impairments of securities – FVOCI	Difference from foreign currency translation adjustment	Changes in fair value of derivative financial instruments (cash flow hedge)	Remeasurement of defined benefit plans	Effects of net investments in foreign operations	Total
Attributable to Wacker Chemie AG shareholders							
Jan. 1, 2022	–1.2	0.1	188.2	–4.9	–966.6	–3.7	–788.1
Changes recognized in equity	–7.5	–	–	–9.0	936.7	–	920.2
Reclassification to the statement of income	–	–	–	9.2	–	–	9.2
Changes in exchange rates	–	–	135.6	–	–	–	135.6
June 30, 2022	–8.7	0.1	323.8	–4.7	–29.9	–3.7	276.9
Jan. 1, 2023	**–9.9**	**0.1**	**258.9**	**21.2**	**–64.5**	**–3.7**	**202.1**
Changes recognized in equity	**1.7**	**–**	**–**	**14.7**	**7.7**	**–**	**24.1**
Reclassification to the statement of income	**–**	**–**	**–**	**–2.7**	**–**	**–**	**–2.7**
Changes in exchange rates	**–**	**–**	**–100.5**	**–**	**–**	**–**	**–100.5**
June 30, 2023	**–8.2**	**0.1**	**158.4**	**33.2**	**–56.8**	**–3.7**	**123.0**
Attributable to non-controlling interests							
Jan. 1, 2022	–	–	–5.3	–	–	–	–5.3
Changes in exchange rates	–	–	0.7	–	–	–	0.7
June 30, 2022	–	–	–4.6	–	–	–	–4.6
Jan. 1, 2023	**–**	**–**	**–14.9**	**–**	**–**	**–**	**–14.9**
Changes in exchange rates	**–**	**–**	**–7.1**	**–**	**–**	**–**	**–7.1**
June 30, 2023	**–**	**–**	**–22.0**	**–**	**–**	**–**	**–22.0**

Notes to the Consolidated Financial Statements

January 1 to June 30, 2023

Accounting and Valuation Methods

The consolidated interim financial statements of Wacker Chemie AG as of June 30, 2023, have been prepared in accordance with the provisions of International Accounting Standard (IAS) 34 and presented in condensed form on the basis of the International Financial Reporting Standards (IFRS) – as issued by the International Accounting Standards Board, London, endorsed by the European Union and applicable on the closing date – and on the basis of the interpretations of the IFRS Interpretations Committee. The accounting and valuation methods applicable in 2022 have been supplemented by the new accounting standards to be applied for the first time in 2023. There were no material changes to WACKER's accounting and valuation methods in 2023 as a result of the new standards. Apart from that, the accounting and valuation methods remained unchanged.

The preparation of the interim financial statements necessitates assumptions and estimates affecting the amounts and the reporting of the recognized assets and liabilities, income and expenses, and contingent liabilities. All assumptions and estimates are based on projections that were valid on the reporting date. The actual values may differ from these assumptions and estimates if the economic conditions referred to do not develop in line with the expectations as of the reporting date. Taxes are calculated in the same manner as at year-end, namely by determining the tax expenses as of the interim reporting date. The option pursuant to IAS 34 of making an estimate is not exercised.

As of each reporting date, the net defined benefit obligation must be reassessed and the discount factor newly determined. Net pension provisions were determined as of June 30, 2023, using discount factors of 3.64 percent in Germany and 4.95 percent in the USA (June 30, 2022: 3.30 percent in Germany and 4.46 percent in the USA). As of December 31, 2022, the discount factors were 3.71 percent in Germany and 4.98 percent in the USA.

The interim report is an information tool that builds on the consolidated financial statements at year-end. The accounting, valuation and consolidation methods used and the exercising of options contained in the IFRS accounting standards are explained in detail in the Notes.

The Group's parent company, Wacker Chemie AG, is a listed stock corporation under the laws of the Federal Republic of Germany and has its headquarters in Munich (entered in Munich's commercial register under HRB 159705). Its registered office is at Hanns-Seidel-Platz 4, 81737 Munich, Germany.

Seasonal Influences

Sales of polymer and silicone products to the construction industry are subject to seasonal fluctuations over the year. Volumes are higher in the summer months than in the winter, when the construction industry slows down. Overseas sales can mitigate this effect. Sales, particularly for the WACKER POLYMERS segment, are usually lower in Q1 and Q4 than in Q2 and Q3.

Revenue from Contracts with Customers

At WACKER, the sales revenue per segment corresponds to the Group's different product categories. The differences between chemical products, and also between market and customer groups, are evident in the segments. The particular region to which WACKER supplies its products also has a major impact on revenue. WACKER recognizes the majority of its sales at specific delivery dates. In the case of customer-specific orders at WACKER BIOSOLUTIONS, sales are recognized over time. The following table shows the disaggregation of revenue in accordance with IFRS 15:

Disaggregation of Revenue in Accordance with IFRS 15: January 1 to June 30, 2023

€ million	WACKER SILICONES		WACKER POLYMERS		WACKER BIOSOLUTIONS		WACKER POLYSILICON		Other/ consolidation		Total	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
Revenue by region												
Europe	**641.6**	842.5	**381.2**	485.4	**72.6**	71.4	**79.3**	90.1	**71.8**	67.5	**1,246.5**	1,556.9
The Americas	**254.4**	318.1	**229.0**	262.4	**50.4**	54.4	**11.7**	17.7	**–**	0.1	**545.5**	652.7
Asia	**462.0**	576.8	**177.4**	242.3	**40.3**	26.1	**863.0**	985.7	**0.2**	–	**1,542.9**	1,830.9
Other regions	**100.9**	119.8	**56.8**	80.7	**4.1**	9.2	**–**	–	**0.1**	0.2	**161.9**	209.9
Total	1,458.9	1,857.2	844.4	1,070.8	167.4	161.1	954.0	1,093.5	72.1	67.8	3,496.8	4,250.4
Of which outside the scope of IFRS 15	**0.5**	–	**–**	–	**–**	–	**–**	–	**2.9**	1.6	**3.4**	1.6
Time of revenue recognition												
Point in time	**1,458.9**	1,857.2	**844.4**	1,070.8	**140.1**	134.4	**954.0**	1,093.5	**72.1**	67.8	**3,469.5**	4,223.7
Over time	**–**	–	**–**	–	**27.3**	26.7	**–**	–	**–**	–	**27.3**	26.7
Total	1,458.9	1,857.2	844.4	1,070.8	167.4	161.1	954.0	1,093.5	72.1	67.8	3,496.8	4,250.4

Other Financial Obligations

For information on disclosures of other financial obligations, please refer to the Notes to the Consolidated Financial Statements in the 2022 Annual Report. During the reporting period, there were no material changes to the information provided in the 2022 Annual Report.

Changes in the Scope of Consolidation

As of June 30, 2023, the scope of consolidation comprised 52 companies (including Wacker Chemie AG) and a special fund, which is included in the consolidated financial statements as a structured entity and to which Wacker Chemie AG has contributed assets (contractual trust arrangement). The interim financial statements comprised 47 fully consolidated companies. One company is not included in the consolidated financial statements for reasons of materiality since it has no major influence on the net assets, financial position or earnings. The scope of consolidation changed compared with December 31, 2022, as follows:

Wacker Chemicals Finance B.V., Zaanstad, Netherlands, acquired 100 percent of the shares in ADL BioPharma S.L.U based in León, Spain, in a share deal on May 5, 2023. WACKER first purchased fermentation plants in the northern Spanish city of León back in 2016, and it now owns the entire site. Acquisition of the roughly 300 person-strong company expands WACKER's fermentation capacities by approximately 2,000 cubic meters (gross volume) and adds additional capacities for recovery and purification processes. WACKER will continue to pursue and develop existing customer relationships maintained by ADL BioPharma in its capacity as a contract manufacturer organization (CMO) for fermentation-based products for the food, pharmaceutical and consumer goods industries. The purchase price of the acquisition totaling €151.7 million was made up of a consideration transferred to the seller in the amount of €113.3 million, a contingent consideration in the amount of €1.1 million and other transactions as part of the acquisition in the amount of €37.3 million. The consideration transferred of €113.3 million was settled in cash at the time of acquisition. The other transactions involve the repayment of external loans, and bonus payments to the company's employees. Payout of the contingent consideration in the amount of €1.1 million is due within a year of acquisition once a specific customer contract has been concluded.

WACKER acquired assets already recognized in the amount of €65.2 million and liabilities of €55.6 million. Cash and cash equivalents accounted for €2.9 million of the acquired assets. The temporary difference of €104.8 million between the transferred and contingent consideration and net assets of €9.6 million are reported as intangible assets. It primarily comprises customer relationships and technology in intangible assets, along with the revaluation of property, plant and equipment and goodwill. Synergy effects from WACKER's existing biotech business primarily constitute the existing goodwill. No purchase price allocation has yet been performed due to the short space of time since the acquisition date. The transaction costs have been expensed and amount to around €2 million. Since being acquired, the company has recorded sales of €7.6 million and recognized EBITDA of €–0.3 million. If the acquisition had taken place at the start of the year, sales would have amounted to €21.5 million and EBITDA to €6.8 million.

Reconciliation of Segment Results

€ million	6M 2023	6M 2022	Change in %
EBIT of reporting segments	384.5	1,034.4	–62.8
Corporate functions / Other	–52.8	42.0	n.a.
Consolidation	–1.1	1.6	n.a.
Group EBIT	330.6	1,078.0	–69.3
Financial result	–14.2	–39.2	–63.8
Income before income taxes	316.4	1,038.8	–69.5
Income taxes	–50.3	–245.3	–79.5
Net income for the period	266.1	793.5	–66.5

Segment Reporting

Please refer to the Business Divisions section of the WACKER Group's quarterly announcement for the required information on segments.

Information on Fair Value

The fair value of a financial instrument is the price that would be achieved in the sale of an asset, or paid to transfer a liability, in an orderly transaction between market participants at the measurement date. The following table shows the carrying amounts and fair values of the Group's financial assets and liabilities.

WACKER measured equity instruments not held for trading in the amount of €13.0 million (versus €12.7 million a year earlier) at fair value pursuant to IFRS 9 and allocated these to Level 3 of the fair value hierarchy. The equity instruments concerned are small, regional investments in non-profit companies that operate infrastructure facilities.

Derivatives that do not qualify for hedge accounting that were allocated to Level 3 of the fair value hierarchy include a physical Power Purchase Agreement (physical PPA).

For further details, see the information on financial instruments in the consolidated financial statements for the end of 2022. The assessments made in this regard have not changed.

The special fund that is consolidated as a structured entity primarily contains exchange-traded fixed-interest securities that were allocated to the "held-to-collect and for sale" category. Fair value adjustments are recognized in other comprehensive income. Securities that do not meet the SPPI criteria are measured at fair value and changes in the market value recognized through profit or loss.

Carrying Amounts and Fair Values of Financial Instruments (IFRS 7)

€ million	June 30, 2023		Dec. 31, 2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Trade receivables	924.0	924.0	916.2	916.2
Other financial assets	108.8	108.8	96.3	96.3
Loans and sundry other financial assets (measured at amortized cost)	46.3	46.3	47.7	47.7
Investments in equity instruments (FVPL)	13.0	13.0	12.7	12.7
Derivatives that do not qualify for hedge accounting (FVPL)	8.9	8.9	9.8	9.8
Derivatives that qualify for hedge accounting[1]	40.6	40.6	26.1	26.1
Securities and fixed-term deposits	443.8	443.8	1,060.2	1,061.5
Securities and fixed-term deposits (measured at amortized cost)	170.3	170.3	589.8	591.1
Securities (FVPL)	92.6	92.6	290.8	290.8
Securities (FVOCI)	180.9	180.9	179.6	179.6
Cash and cash equivalents (measured at amortized cost)	811.5	811.5	894.7	894.7
Total financial assets	2,288.1	2,288.1	2,967.4	2,968.7
Financing liabilities	1,495.0	1,525.4	1,518.8	1,547.0
Financing liabilities (measured at amortized cost)	1,248.8	1,279.2	1,255.0	1,283.2
Financing liabilities (measured at fair value)	2.7	2.7	2.7	2.7
Liabilities from lease obligations	243.5	243.5	261.1	261.1
Trade payables (measured at amortized cost)	774.2	774.2	885.6	885.6
Other financial liabilities	52.0	52.0	66.4	66.4
Financial liabilities (measured at amortized cost)	35.6	35.6	43.9	43.9
Derivatives that do not qualify for hedge accounting (FVPL)	16.3	16.3	18.7	18.7
Derivatives that qualify for hedge accounting[1]	0.1	0.1	3.8	3.8
Total financial liabilities	2,321.2	2,351.6	2,470.8	2,499.0

[1] Derivatives that qualify for hedge accounting are not covered by IFRS 9, but are reported as such to reconcile the figures to the total shown in the statement of financial position.

The financial assets and liabilities measured at fair value in the financial statements were allocated to one of three categories in accordance with the fair value hierarchy described in IFRS 13. Allocation to these categories reveals which of the fair values reported were settled through market transactions and the extent to which the measurement was based on models in the absence of observable market transactions. Please refer to the Financial Instruments section of the Notes to the Consolidated Financial Statements in the 2022 Annual Report for a definition of the fair value hierarchy and the allocation of financial assets and liabilities to the categories in this hierarchy.

The following table shows the fair-value-hierarchy classification of financial assets and liabilities:

Fair Value Hierarchy

€ million	June 30, 2023				Dec. 31, 2022			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value								
Fair value through profit or loss								
Derivatives that do not qualify for hedge accounting (FVPL)	–	8.9	–	8.9	–	9.8	–	9.8
Securities – trading (FVPL)	92.6	–	–	92.6	290.8	–	–	290.8
Investments in equity instruments – trading (FVPL)	–	–	13.0	13.0	–	–	12.7	12.7
Fair value through other comprehensive income								
Derivatives that qualify for hedge accounting	–	40.6	–	40.6	–	26.1	–	26.1
Securities (FVOCI)	180.9	–	–	180.9	179.6	–	–	179.6
Total	273.5	49.5	13.0	336.0	470.4	35.9	12.7	519.0
Financial assets (measured at amortized cost)								
Loans – held-to-collect	–	21.2	–	21.2	–	–	–	–
Securities and fixed-term deposits – held-to-collect	170.3	–	–	170.3	589.8	–	–	589.8
Total	170.3	21.2	–	191.5	589.8	–	–	589.8
Financial liabilities (measured at fair value)								
Fair value through profit or loss								
Derivatives that do not qualify for hedge accounting (FVPL)	–	4.5	11.8	16.3	–	9.6	9.1	18.7
Financing liabilities (FVPL)	–	–	2.7	2.7	–	–	2.7	2.7
Fair value through other comprehensive income								
Derivatives that qualify for hedge accounting	–	0.1	–	0.1	–	3.8	–	3.8
Total	–	4.6	14.5	19.1	–	13.4	11.8	25.2
Financial liabilities (measured at amortized cost)								
Financing liabilities	–	1,248.8	–	1,248.8	–	1,255.0	–	1,255.0
Total	–	1,248.8	–	1,248.8	–	1,255.0	–	1,255.0

The market value determined in Level 1 is based on quoted, unadjusted prices in active markets for these assets and liabilities or identical ones. The financial instruments allocated to Level 2 are measured using methods based on parameters that are either directly or indirectly derived from observable market parameters. These include hedging and non-hedging derivative financial instruments, loans and financial liabilities.

In Level 3, the market value is determined on the basis of parameters for which no observable prices are available. This level includes WACKER investments not held for trading as well as earn-out liabilities from corporate acquisitions and over-the-counter derivatives from contracts involving the procurement of energy and raw materials that are not covered by the own-use provision; The earn-out liabilities are measured at fair value and recognized under financial liabilities. At the respective reporting date of each quarter, WACKER reviews whether its financial instruments are still allocated to the appropriate levels of the fair value hierarchy. As was the case in the consolidated financial statements for 2022, no reclassifications were carried out between the levels of the fair value hierarchy in the first six months of 2023.

In the period under review, no non-recurring fair value measurements were carried out.

Related Party Disclosures

IAS 24 stipulates that a person or entity which controls, or is controlled by, Wacker Chemie AG must be disclosed unless the party in question is already included in Wacker Chemie AG's consolidated financial statements as a consolidated company. If a shareholder has more than half of the voting rights in Wacker Chemie AG or, by virtue of provisions in the Articles of Association or contractual arrangements, has the possibility of controlling the financial and business policy of the WACKER Group's Executive Board, that shareholder is deemed to have control.

In the current reporting year, the WACKER Group is affected by the disclosure obligations under IAS 24 with respect to the business relations with Wacker Chemie AG's major shareholders and its Executive Board and Supervisory Board members. The principles of IAS 24 also apply to all transactions with non-consolidated subsidiaries, associates and joint ventures, since Wacker Chemie AG exercises significant influence over them.

The WACKER Group is controlled by its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, which holds over 50 percent of the voting shares in Wacker Chemie AG.

The provision of services between Wacker Chemie AG and its majority shareholder, Dr. Alexander Wacker Familiengesellschaft mbH, as well as with the shareholders of Dr. Alexander Wacker Familiengesellschaft mbH and their close family members, is of subordinate importance. It concerns the renting of office space and the exchange of services, and is of a limited extent. These transactions are conducted at arm's length.

Wacker Chemie AG's pension fund (Pensionskasse der Wacker Chemie VVaG) is also considered a related party pursuant to IAS 24. Provision of services takes place between the two entities in connection with the company pension plan. WACKER makes payments to plan assets to cover pension obligations. Wacker Chemie AG also rented the headquarters building and the land on which it stands from a subsidiary of its pension fund Pensionskasse der Wacker Chemie VVaG. The pension fund sold the headquarters of Wacker Chemie AG effective October 1, 2022. An obligation to the pension fund in the amount of €9.4 million for not performing remedial work was entered into as of September 30, 2022, in connection with the upcoming transfer and was paid in the first quarter of 2023. As of June 30, there were liabilities totaling €0.9 million compared with €9.9 million as of Dec. 31, 2022. In 2021, WACKER concluded a lease agreement for a new headquarters building. In August 2022, the pension fund acquired this building and entered into the lease agreement. There have been no payments to date in connection with the new lease agreement.

Further, WACKER Group companies have not conducted any material transactions with members of Wacker Chemie AG's Executive or Supervisory Boards or with any other key management personnel or with companies of whose executive or supervisory bodies these persons are members. The same applies to close family members of the aforementioned persons.

Business with joint ventures and associates, the pension fund, and non-consolidated subsidiaries is conducted under conditions that are customary between outside third parties (arm's length transactions). Contractually agreed transfer-price formulas have been defined for joint-venture and associated-company product shipments.

Transactions with joint ventures and associates relate to such supplies and services that arise in the normal course of business (for example in connection with sales revenue, license revenue and administrative expense allocations). Joint ventures and associates submitted invoices for material purchases and commissions. Any guarantees or other securities are reported under other financial obligations.

In addition, there was a loan to an associate company totaling €21.2 million (€0.0 million in the prior year).

The table below shows the volume of supply and service activities with the above-mentioned related parties.

Related Party Disclosures

€ million	6M 2023		June 30, 2023		6M 2022		Dec. 31, 2022	
	Income	Expenses	Receivables	Liabilities	Income	Expenses	Receivables	Liabilities
Associates	**113.2**	**87.1**	**21.2**	**37.8**	99.6	104.6	20.9	40.0
Joint ventures	**0.9**	**0.6**	**0.5**	**0.1**	2.0	0.7	0.8	0.3

Exchange Rates

	Exchange rate as of		Average exchange rate	
	June 30, 2023	Dec. 31, 2022	6M 2023	6M 2022
USD	**1.09**	1.07	**1.08**	1.09
CNY	**7.88**	7.41	**7.49**	7.08

Major Events During the Period

Events during the reporting period that are considered significant in terms of their impact, nature or frequency are described in the interim group management report.

Events after the Reporting Date

No major events subject to reporting requirements occurred between the closing date (June 30, 2023) and the date of authorization of the half-yearly financial statements (July 26, 2023).

There were no material or fundamental changes in the WACKER Group's overall economic and business environment.

The Group's legal and organizational structure remained unchanged.

Munich, July 26, 2023

Wacker Chemie AG

Christian Hartel **Christian Kirsten**

Tobias Ohler **Angela Wörl**

Responsibility Statement

We assure to the best of our knowledge that, in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the Group's earnings, net assets and financial position, and the Group's interim management report provides both a fair review of the development and performance of the Group's business and of its situation as well as a description of the principal opportunities and risks associated with the Group's expected development for the remaining months of the fiscal year.

Munich, July 26, 2023

The Executive Board of Wacker Chemie AG

Christian Hartel **Christian Kirsten**

Tobias Ohler **Angela Wörl**

Review Report

To Wacker Chemie AG, Munich

We have reviewed the condensed interim consolidated financial statements of Wacker Chemie AG – comprising the consolidated statement of financial position, the consolidated statement of income, the consolidated statement of comprehensive income, the consolidated statement of cash flows, the statement of changes in equity and selected explanatory notes – together with the interim group management report of Wacker Chemie AG, for the period from January 1 through June 30, 2023, that are part of the semi-annual financial report according to § 115 WpHG ["Wertpapierhandelsgesetz": "German Securities Trading Act"]. The preparation of the condensed interim consolidated financial statements in accordance with International Accounting Standard IAS 34 "Interim Financial Reporting" as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports, is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Munich, July 26, 2023

KPMG AG

Wirtschaftsprüfungsgesellschaft

Huber-Straßer	**Prof. Dr. Grottel**
Wirtschaftsprüferin **[German Public Auditor]**	**Wirtschaftsprüfer** **[German Public Auditor]**

2023 Financial Calendar

OCTOBER
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Interim Report on the 3rd Quarter of 2023

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This Interim Report contains forward-looking statements based on assumptions and estimates of WACKER's Executive Board. Although we assume the expectations in these forward-looking statements are realistic, we cannot guarantee they will prove to be correct. The assumptions may harbor risks and uncertainties that may cause the actual figures to differ considerably from the forward-looking statements. Factors that may cause such discrepancies include, among other things, changes in the economic and business environment, variations in exchange and interest rates, the introduction of competing products, lack of acceptance for new products or services, and changes in corporate strategy. WACKER does not plan to update its forward-looking statements, nor does it assume the obligation to do so.

Due to rounding, numbers presented throughout this and other reports may not add up precisely to the totals provided, and percentages may not precisely reflect the absolute figures.

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