

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): **June 27, 2022**

CELANESE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction
of incorporation)

001-32410

(Commission File
Number)

98-0420726

(IRS Employer
Identification No.)

222 West Las Colinas Blvd. Suite 900N, Irving, TX 75039
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(972) 443-4000**

N/A

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of Each Class</u>	<u>Trading Symbol(s)</u>	<u>Name of Each Exchange on Which Registered</u>
Common Stock, par value \$0.0001 per share	CE	The New York Stock Exchange
1.125% Senior Notes due 2023	CE /23	The New York Stock Exchange
1.250% Senior Notes due 2025	CE /25	The New York Stock Exchange
2.125% Senior Notes due 2027	CE /27	The New York Stock Exchange
0.625% Senior Notes due 2028	CE /28	The New York Stock Exchange

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 8.01. Other Events.

On February 18, 2022, Celanese Corporation (“Celanese” or the “Company”) filed a Current Report on Form 8-K to report that, on February 17, 2022, the Company had entered into a transaction agreement (the “transaction agreement”) with DuPont de Nemours, Inc. and one of its affiliates (“DuPont”), pursuant to which the Company will acquire from DuPont a majority of its Mobility and Materials businesses (the “M&M Acquisition,” and such businesses being acquired, the “M&M Business”). Subject to market conditions, the Company intends to finance the M&M Acquisition, in part, through the issuance of senior notes. In connection with investor meetings, the Company is providing the information set forth herein.

Combined Financial Statements of the M&M Business and Preliminary Pro Forma Financial Information of the Company relating to the M&M Acquisition

The Company is providing the following financial information:

- (i) The historical audited combined financial statements of the M&M Business and related notes as of and for the fiscal years ended December 31, 2021 and 2020, which are filed as Exhibit 99.1 and incorporated by reference herein.
- (ii) The historical unaudited combined financial statements of the M&M Business and related notes as of March 31, 2022 and for the three months ended March 31, 2022 and 2021, which are filed as Exhibit 99.2 and incorporated by reference herein.
- (iii) The preliminary unaudited pro forma combined financial statements of the Company relating to the M&M Acquisition and related notes as of and for the three months ended March 31, 2022 and for the year ended December 31, 2021, which are filed as Exhibit 99.3 and incorporated by reference herein.

Risk Factors Relating to the M&M Acquisition

The Company is providing additional risk factors relating to the M&M Acquisition to supplement the risk factors described in Item 1A. of the Company’s Annual Report on Form 10-K for the fiscal year ended December 31, 2021. These risk factors, which are filed as Exhibit 99.4 and incorporated herein by reference, should be read in conjunction with the risk factors described in the Company’s Annual Report on Form 10-K.

Item 9.01 Financial Statements and Exhibits.

(d) *The following exhibits are being furnished herewith:*

Exhibit Number	
<u>23.1</u>	<u>Consent of PricewaterhouseCoopers, independent auditors of DuPont's Mobility and Materials Business.</u>
<u>99.1</u>	<u>The historical audited combined financial statements of DuPont’s Mobility and Materials Business and related notes as of and for the fiscal years ended December 31, 2021 and 2020.</u>
<u>99.2</u>	<u>The historical unaudited combined financial statements of DuPont’s Mobility and Materials Business and related notes as of March 31, 2022 and for the three months ended March 31, 2022 and 2021.</u>
<u>99.3</u>	<u>Preliminary unaudited pro forma combined financial statements of Celanese Corporation and related notes as of and for the three months ended March 31, 2022 and for the year ended December 31, 2021.</u>
<u>99.4</u>	<u>Risk Factors.</u>
104	Cover Page Interactive Data File (the cover page XBRL tags are embedded within the inline XBRL document).

Cautionary Language Concerning Forward-Looking Statements.

The information set forth in this Current Report contains certain “forward-looking statements,” which include information concerning the Company’s plans, objectives, goals, strategies, future revenues, cash flow, synergies, performance, capital expenditures and other information that is not historical information. Forward-looking statements can be identified by words such as “outlook,” “forecast,” “estimates,” “expects,” “anticipates,” “projects,” “plans,” “intends,” “believes,” “will,” and variations of such words or similar expressions. Such forward-looking statements include, but are not limited to, statements regarding the Company’s expectations relating to the M&M Acquisition, the anticipated benefits resulting from the M&M Acquisition, which are subject to various significant risks and uncertainties, many of which are outside of the control of the Company, the Company’s ability to obtain regulatory approval for, and satisfy closing conditions to, the transactions described herein, the timing of closing thereof. Such forward-looking statements are based on various assumptions as of the time they are made, and are inherently subject to known and unknown risks and numerous other factors could cause actual results to differ materially from those expressed as forward-looking statements. Other such risk factors include those that are discussed under the heading “Risk Factors” in the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 and other filings made with the Securities and Exchange Commission. Any forward-looking statement speaks only as of the date on which it is made, and the Company undertakes no obligation to update any forward-looking statements to reflect events or circumstances after the date on which it is made or to reflect the occurrence of anticipated or unanticipated events or circumstances.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

CELANESE CORPORATION

By: /s/ Michael R. Sullivan

Name: Michael R. Sullivan

Title: Vice President, Deputy General Counsel and Assistant Secretary

Date: June 27, 2022

CONSENT OF INDEPENDENT AUDITORS

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-236294) and Form S-8 (Nos. 333-122789, 333-128048, 333-158734, 333-158736, 333-166358, 333-180932, 333-193836, and 333-224420) of Celanese Corporation of our report dated June 20, 2022 relating to the financial statements of the Mobility & Materials Businesses of DuPont de Nemours, Inc., which appears in this Current Report on Form 8-K.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
June 27, 2022

Audited Combined Financial Statements of DuPont's Mobility and Materials Business

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Report of Independent Auditors

To the Board of Directors of DuPont de Nemours, Inc.

Opinion

We have audited the accompanying combined financial statements of the Mobility & Materials Businesses (the “Company”) of DuPont de Nemours, Inc., which comprise the combined balance sheets as of December 31, 2021 and 2020, and the related combined statements of operations, of comprehensive income (loss), of changes in net parent investment, and of cash flows for the years then ended, including the related notes (collectively referred to as the “combined financial statements”).

In our opinion, the accompanying combined financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (US GAAS). Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Combined Financial Statements section of our report. We are required to be independent of the Company and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of Management for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of the combined financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of combined financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company’s ability to continue as a going concern for one year after the date the financial statements are available to be issued.

Auditors’ Responsibilities for the Audit of the Combined 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 auditors’ report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with US GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with US GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the combined financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the combined financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Company's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

/s/ PricewaterhouseCoopers LLP
Philadelphia, Pennsylvania
June 20, 2022

MOBILITY & MATERIALS BUSINESSES
COMBINED STATEMENTS OF OPERATIONS

(In millions)

For the years ended December 31,

	2021	2020
Net sales	\$ 3,532	\$ 2,806
Cost of sales	2,489	2,168
Research and development expenses	73	74
Selling, general and administrative expenses	331	287
Amortization of intangibles	131	129
Restructuring and asset related charges, net	5	38
Goodwill impairment charges	—	3,129
Integration and separation costs	54	31
Equity in earnings of nonconsolidated affiliates	9	19
Sundry income, net	15	13
Income (loss) before income taxes	473	(3,018)
Provision for income taxes	48	16
Net income (loss)	425	(3,034)
Net income attributable to noncontrolling interests	17	13
Net income (loss) attributable to Mobility & Materials Businesses	\$ 408	\$ (3,047)

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(In millions)

For the years ended December 31,

	2021	2020
Net income (loss)	\$ 425	\$ (3,034)
Other comprehensive (loss) income, net of tax		
Cumulative translation adjustments	(138)	141
Total other comprehensive (loss) income	(138)	141
Comprehensive income (loss)	287	(2,893)
Comprehensive income attributable to noncontrolling interests, net of tax	17	13
Comprehensive income (loss) attributable to Mobility & Materials Businesses	\$ 270	\$ (2,906)

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

COMBINED BALANCE SHEETS

(In millions)	December 31, 2021	December 31, 2020
Assets		
Current Assets		
Cash and cash equivalents	\$ 80	\$ 70
Accounts and notes receivable, net	509	481
Inventories	690	482
Prepaid expenses and other current assets	57	26
Total current assets	<u>1,336</u>	<u>1,059</u>
Property		
Property, plant and equipment	1,503	1,491
Less: Accumulated depreciation	480	391
Property, plant and equipment, net	<u>1,023</u>	<u>1,100</u>
Other Assets		
Goodwill	2,118	2,169
Other intangible assets	1,851	2,012
Investments and noncurrent receivables	67	68
Deferred income tax assets	22	20
Deferred charges and other assets	45	29
Total Other Assets	<u>4,103</u>	<u>4,298</u>
Total Assets	<u>\$ 6,462</u>	<u>\$ 6,457</u>
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 463	\$ 353
Income taxes payable	84	40
Accrued and other current liabilities	139	128
Total Current Liabilities	<u>686</u>	<u>521</u>
Other Noncurrent Obligations		
Deferred income tax liabilities	443	519
Other noncurrent obligations	63	51
Total Other Noncurrent Obligations	<u>506</u>	<u>570</u>
Total Liabilities	<u>1,192</u>	<u>1,091</u>
Commitments and Contingent Liabilities (Note 12)		
Equity		
Parent company net investment	5,182	5,150
Accumulated other comprehensive (loss) income	(93)	45
Total Mobility & Materials Businesses Equity	<u>5,089</u>	<u>5,195</u>
Noncontrolling interests	181	171
Total Equity	<u>5,270</u>	<u>5,366</u>
Total Liabilities and Equity	<u>\$ 6,462</u>	<u>\$ 6,457</u>

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

COMBINED STATEMENTS OF CASH FLOWS

(In millions)

For the years ended December 31,

	2021	2020
Operating Activities		
Net income (loss)	\$ 425	\$ (3,034)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation of property, plant and equipment	100	110
Amortization of definite-lived intangible assets	131	129
Stock-based compensation	10	6
Credit for deferred income tax	(69)	(55)
Goodwill impairment charges	—	3,129
Restructuring and asset related charges, net	5	38
Equity in earnings of affiliates	(9)	(19)
Changes in assets and liabilities:		
Accounts and notes receivable	(46)	52
Inventories	(225)	255
Accounts payable	115	16
Other assets and liabilities, net	11	53
Cash provided by operating activities	<u>448</u>	<u>680</u>
Investing Activities		
Capital expenditures	(50)	(74)
Cash distributions from equity affiliates	5	13
Cash used for investing activities	<u>(45)</u>	<u>(61)</u>
Financing Activities		
Distributions to noncontrolling interests	(7)	(38)
Net transfers to Parent	(386)	(608)
Cash used for financing activities	<u>(393)</u>	<u>(646)</u>
Increase (decrease) in cash and cash equivalents	<u>10</u>	<u>(27)</u>
Cash and cash equivalents at beginning of period	70	97
Cash and cash equivalents at end of period	<u>\$ 80</u>	<u>\$ 70</u>
Supplemental cash flow information		
Cash paid during the year for:		
Income taxes	\$ 72	\$ 33

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

COMBINED STATEMENTS OF CHANGES IN NET PARENT INVESTMENT

(In millions)	Parent Company Net Investment	Accumulated Other Comprehensive Income (Loss)	Total Mobility & Materials Businesses Equity	Noncontrolling Interests	Total Equity
2020					
Balance at January 1, 2020	\$ 8,799	\$ (96)	\$ 8,703	\$ 196	\$ 8,899
Net (loss) income	(3,047)	—	(3,047)	13	(3,034)
Other comprehensive income	—	141	141	—	141
Distributions to noncontrolling interests	—	—	—	(38)	(38)
Net transfers to Parent	(602)	—	(602)	—	(602)
Balance at December 31, 2020	<u>\$ 5,150</u>	<u>\$ 45</u>	<u>\$ 5,195</u>	<u>\$ 171</u>	<u>\$ 5,366</u>
2021					
Net income	408	—	408	17	425
Other comprehensive loss	—	(138)	(138)	—	(138)
Distributions to noncontrolling interests	—	—	—	(7)	(7)
Net transfers to Parent	(376)	—	(376)	—	(376)
Balance at December 31, 2021	<u>\$ 5,182</u>	<u>\$ (93)</u>	<u>\$ 5,089</u>	<u>\$ 181</u>	<u>\$ 5,270</u>

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

NOTES TO THE COMBINED FINANCIAL STATEMENTS

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NOTE 1 — ORGANIZATION AND DESCRIPTION OF BUSINESS AND BASIS OF PRESENTATION

Organization and Description of Business

The accompanying Combined Financial Statements and notes present the combined results of operations, financial position, and cash flows of a majority of DuPont de Nemours, Inc.'s ("DuPont" or "Parent") historic Mobility & Materials segment, including the Engineering Polymers business and select product lines within the Performance Resins and Advanced Solutions businesses (collectively, the "Mobility & Materials Businesses" or "the Company"). The Mobility & Materials Businesses are a leading provider of high-performance engineering thermoplastics and advanced solutions for the transportation, electronics, industrial and consumer end-markets, offering products with unique, customer-specific characteristics (e.g., high temperature resistance, mechanical strength, weight reduction) for use in the fabrication of components for mechanical, chemical and electrical systems.

Transaction Anticipated in the fourth quarter of 2022

On February 17, 2022, DuPont entered into a Transaction Agreement (the "Transaction Agreement") with Celanese Corporation ("Celanese") to divest the Company. The transaction is expected to close around the end of 2022, subject to customary closing conditions and regulatory approvals.

DowDuPont ("DWDP") Merger of Dow and DuPont completed in August 2017

Effective August 31, 2017, pursuant to the merger of equals transactions contemplated by the Agreement and Plan of Merger, dated as of December 11, 2015, as amended on March 31, 2017 ("DWDP Merger Agreement"), The Dow Chemical Company ("Historical Dow") and E. I. du Pont de Nemours and Company ("Historical EID") each merged with subsidiaries of DowDuPont Inc. ("DowDuPont") and, as a result, Historical Dow and Historical EID became subsidiaries of DowDuPont (the "DWDP Merger"). The DWDP Merger was accounted for as a business combination, using the acquisition method of accounting, with Historical Dow determined to be the accounting acquirer.

DWDP Distributions

DowDuPont completed a series of internal reorganizations and realignment steps in order to separate into three, independent, publicly traded companies, one for each of its agriculture, materials science and specialty products businesses. DowDuPont formed two wholly owned subsidiaries: Dow Inc. ("Dow," formerly known as Dow Holdings Inc.), to serve as a holding company for its materials science business, and Corteva, Inc. ("Corteva"), to serve as a holding company for its agriculture business. On April 1, 2019, DuPont completed the separation of the materials science business through the spin-off of Dow Inc. (the "Dow Distribution"). On June 1, 2019, DuPont completed the separation of the agriculture business through the spin-off of Corteva including the Historical EID, (the "Corteva Distribution" and together with the Dow Distribution, the "DWDP Distributions"). Following the Corteva Distribution, on June 1, 2019, DowDuPont changed its registered name from "DowDuPont Inc." to "DuPont de Nemours, Inc." and holds the specialty products business, which is inclusive of the Company.

Prior to the DWDP Distributions, the Company's business was conducted by Historical EID and its consolidated subsidiaries and affiliates. As a result, in connection with the DWDP Merger, the Company's assets and liabilities were remeasured and recognized at fair value.

Basis of Presentation

Historically, the Company has been managed and operated in the normal course with other businesses of Parent through multiple legal entities that are not dedicated to the Mobility & Materials Businesses. For all periods presented, the Company consisted of several legal entities, previously acquired businesses, as well as businesses with no separate legal status. Separate financial statements of the Company have not historically been prepared. The Combined Financial Statements have been derived from DuPont's accounting records as if the Company's operations had been conducted independently from those of DuPont and were prepared on a stand-alone basis in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP").

The historical results of operations, financial position and cash flows of the Company presented in these Combined Financial Statements may not be indicative of what they would have been had the Company actually been an independent stand-alone entity, nor are they necessarily indicative of the Company's future results of operations, financial position and cash flows.

The significant accounting policies described below, together with the other notes that follow, are an integral part of the Combined Financial Statements.

The Combined Statements of Operations and Comprehensive Income (Loss) reflect allocations of general corporate expenses from Parent including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement and other shared services, and restructuring and DWDP Merger integration and separation activities related to these functions. These allocations were made on the basis of revenue, expenses, headcount or other relevant measures. Management of the Company and Parent consider these allocations to be an overall reasonable reflection of the utilization of services by, or the benefits provided to, the Company, in the aggregate. The allocations may not, however, reflect the expenses the Company would have incurred as a stand-alone company for the periods presented.

The Combined Balance Sheets include Parent assets and liabilities that are specifically identifiable or otherwise attributable to the Company, including subsidiaries and affiliates in which Parent has a controlling financial interest or is the primary beneficiary.

Parent uses a centralized approach to cash management and financing of its operations and Parent funds the Company's operating and investing activities as needed. Cash transfers to and from the cash management accounts of Parent are reflected in the Combined Statements of Cash Flows as "Net transfers to Parent."

Transactions between the Company and Parent's other businesses are reflected in the Combined Financial Statements and disclosed as related party transactions when material. Related party transactions with Parent are included in Note 4.

The Combined Financial Statements include the accounts of the Company and subsidiaries in which a controlling interest is maintained. For those combined subsidiaries in which the Company's ownership is less than 100 percent, the outside stockholders' interests are shown as noncontrolling interests.

All significant intracompany accounts and transactions within the Company have been eliminated in the preparation of the accompanying Combined Financial Statements. All significant intercompany transactions with Parent are deemed to have been paid in the periods the costs were incurred.

The Company's operations are included in the consolidated U.S. federal, and certain state, local and foreign income tax returns filed by Parent, where applicable. Income tax expense and other income tax related information contained in these Combined Financial Statements are presented on a separate return basis as if the Company filed its own tax returns. The tax results as presented in the Combined Financial Statements may not be reflective of the results that the Company would generate in the future. In jurisdictions where the Company has been included in the tax returns filed by Parent, any income taxes payable resulting from the related income tax provision have been reflected in the balance sheet within "Parent company net investment."

NOTE 2 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates in Financial Statement Preparation

The preparation of financial statements in accordance with U.S. GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The Company's Combined Financial Statements include amounts that are based on management's best estimates and judgments. Actual results could differ from those estimates.

Cash and Cash Equivalents

Cash equivalents represent investments with maturities of three months or less from time of purchase. They are carried at cost plus accrued interest, which approximates fair value.

Accounts and Notes Receivable and Allowance for Doubtful Accounts

Accounts and notes receivables are recognized net of an allowance for doubtful accounts. The allowance for doubtful accounts reflects the best estimate of losses inherent in the Company's accounts and notes receivable portfolio, which is determined by assessing expected credit losses on the basis of historical experience, specific allowances for known troubled accounts, and other available evidence. Accounts and notes receivable are written off when management determines that they are uncollectible.

Fair Value Measurements

Under the accounting guidance for fair value measurements and disclosures, a fair value hierarchy was established that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The Company uses the following valuation techniques to measure fair value for its assets and liabilities:

Level 1 — Quoted market prices in active markets for identical assets or liabilities;

Level 2 — Significant other observable inputs (e.g., quoted prices for similar items in active markets, quoted prices for identical or similar items in markets that are not active, inputs other than quoted prices that are observable such as interest rate and yield curves, and market-corroborated inputs);

Level 3 — Unobservable inputs for the asset or liability, which are valued based on management's estimates of assumptions that market participants would use in pricing the asset or liability.

Foreign Currency Translation

The Company's worldwide operations utilize the U.S. dollar ("USD") or local currency as the functional currency, where applicable. The Company identifies its separate and distinct foreign entities and groups the foreign entities into two categories: 1) extension of the parent or foreign subsidiaries operating in a hyper-inflationary environment (USD functional currency) and 2) self-contained (local functional currency). If a foreign entity does not align with either category, factors are evaluated, and a judgment is made to determine the functional currency.

For foreign entities where the USD is the functional currency, all foreign currency-denominated asset and liability amounts are re-measured into USD at end-of-period exchange rates, except for inventories, prepaid expenses, property, plant and equipment, goodwill and other intangible assets, which are re-measured at historical rates. Foreign currency income and expenses are re-measured at average exchange rates in effect during the year, except for expenses related to balance sheet amounts re-measured at historical exchange rates. Exchange gains and losses arising from re-measurement of foreign currency-denominated monetary assets and liabilities are included in income in the period in which they occur.

For foreign entities where the local currency is the functional currency, assets and liabilities denominated in local currencies are translated into USD at end-of-period exchange rates and the resultant translation adjustments are reported, net of their related tax effects, as a component of accumulated other comprehensive income (loss) in equity. Assets and liabilities denominated in other than the local currency are re-measured into the local currency prior to translation into USD and the resultant exchange gains or losses are included in income in the period in which they occur. Income and expenses are translated into USD at average exchange rates in effect during the period.

The Company changes the functional currency of its separate and distinct foreign entities only when significant changes in economic facts and circumstances indicate clearly that the functional currency has changed. In the ordinary course of business, Parent enters into contractual arrangements (derivatives) to reduce the exposure of Parent and its consolidated subsidiaries, including the Company, taken as a whole to foreign currency, interest rate and commodity price risks. Since these activities are conducted by Parent based on total exposures for Parent and its subsidiaries, the Combined Financial Statements do not reflect the impact of such activities.

Inventories

The Company's inventories are valued at the lower of cost or net realizable value. Elements of cost in inventories include raw materials, direct labor and manufacturing overhead. Supplies are valued at cost or net realizable value, whichever is lower; cost is generally determined by the weighted average cost method. The Company's inventories are generally accounted for under the weighted average cost method. The Company establishes allowances for obsolescence of inventory based upon quality considerations and assumptions about future demand and market conditions.

In periods of abnormally low production, certain fixed costs normally absorbed into inventory are recorded directly to cost of sales in the period incurred.

Property, Plant and Equipment

Property, plant and equipment are carried at cost less accumulated depreciation. Depreciation is based on the estimated service lives of depreciable assets and is calculated using the straight-line method. Fully depreciated assets are retained in property and accumulated depreciation accounts until they are removed from service. When assets are surrendered, retired, sold, or otherwise disposed of, their gross carrying values and related accumulated depreciation are removed from the Combined Balance Sheets and included in determining the gain or loss on such disposals.

Goodwill and Other Intangible Assets

The Company records goodwill when the purchase price of a business acquisition exceeds the estimated fair value of net identified tangible and intangible assets acquired. Goodwill is tested for impairment at the reporting unit level annually during the fourth quarter, or more frequently when events or changes in circumstances indicate that the fair value of a reporting unit has more likely than not declined below its carrying value.

When testing goodwill for impairment, the Company has the option to first perform qualitative testing to determine whether it is more likely than not that the fair value of a reporting unit is less than its carrying value. If the Company chooses not to complete a qualitative assessment for a given reporting unit or if the initial assessment indicates that it is more likely than not that the carrying value of a reporting unit exceeds its estimated fair value, additional quantitative testing is required. If the carrying value of a reporting unit exceeds its fair value, an impairment loss is recognized in the amount by which the carrying value of the reporting unit exceeds its fair value, limited to the amount of goodwill at the reporting unit. The Company determines fair values for each of the reporting units using a combination of the income approach and/or market approach. Under the income approach, fair value is determined based on the present value of estimated future cash flows, discounted at an appropriate risk-adjusted rate. Under the market approach, the Company selects peer sets based on close competitors and reviews the EBIT/EBITDA multiples to determine the fair value. When applicable, third party purchase offers may be utilized to measure fair value. The Company applies a weighting to the market approach and income approach to determine the fair value. See Note 11 for further information on goodwill.

Indefinite-lived intangible assets are tested for impairment at least annually; however, these tests are performed more frequently when events or changes in circumstances indicate that the asset may be impaired. When testing indefinite-lived intangible assets for impairment, the Company has the option to first perform qualitative testing to determine whether it is more likely than not that the fair value of indefinite-lived intangible assets is less than carrying value. If the Company chooses not to complete a qualitative assessment for indefinite-lived intangible assets or if the initial assessment indicates that it is more likely than not that the carrying value of indefinite-lived intangible assets exceeds the fair value, additional quantitative testing is required. Impairment exists when carrying value exceeds fair value. The Company's fair value methodology is primarily based on discounted cash flow techniques.

Definite-lived intangible assets are amortized over their estimated useful lives, generally on a straight-line basis for periods ranging from one to 19 years. The Company continually evaluates the reasonableness of the useful lives of these assets. Once these assets are fully amortized, they are removed from the Combined Balance Sheets.

Impairment and Disposals of Long-Lived Assets

The Company evaluates the carrying value of long-lived assets to be held and used when events or changes in circumstances indicate that the carrying value may not be recoverable. The carrying value of a long-lived asset group is considered for impairment when the total projected undiscounted cash flows from the assets are separately identifiable and are less than its carrying value. In that event, a loss would be recognized based on the amount by which the carrying value exceeds the fair value of the long-lived asset group. The Company's fair value methodology is an estimate of fair market value which is made based on prices of similar assets or other valuation methodologies including present value techniques. Long-lived assets to be disposed of by sale, if material, are classified as held for sale and reported at the lower of carrying amount or fair value less cost to sell, and depreciation is ceased. Long-lived assets to be disposed of other than by sale are classified as held and used until they are disposed of. Depreciation is recognized over the remaining useful life of the assets.

Leases

The Company determines whether an arrangement is a lease at the inception of the arrangement based on the terms and conditions in the contract. A contract contains a lease if there is an identified asset and the Company has the right to control the asset. Operating lease right-of-use ("ROU") assets are included in "Deferred charges and other assets" on the Combined Balance Sheets. Operating lease liabilities are included in "Accrued and other current liabilities" and "Other noncurrent obligations" on the Combined Balance Sheets.

ROU assets represent the Company's right to use an underlying asset for the lease term and lease liabilities represent the Company's obligation to make lease payments arising from the lease. Operating lease ROU assets and liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide the lessor's implicit rate, the Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments. Lease terms include options to extend the lease when it is reasonably certain those options will be exercised. Leases with an initial term of 12 months or less are not recorded on the balance sheet, and lease expense is recognized on a straight-line basis over the lease term.

The Company has lease agreements with lease and non-lease components, which are accounted for as a single lease component for all asset classes. Additionally, for certain equipment leases, the portfolio approach is applied to account for the operating lease ROU assets and lease liabilities. In the Combined Statements of Operations, lease expense for operating lease payments is recognized on a straight-line basis over the lease term. See Note 13 for additional information regarding the Company's leases.

Short-Term Borrowings and Long-Term Debt

Parent's current and long-term debt, and related interest expense, has not been recognized within the Company's Combined Financial Statements, because they are not specifically identifiable to the Company.

Revenue Recognition

The Company recognizes revenue when its customer obtains control of promised goods, in an amount that reflects the consideration which the Company expects to receive in exchange for those goods. To determine revenue recognition for the arrangements that the Company determines are within the scope of *Revenue from Contracts with Customers* (Topic 606), the Company performs the following five steps: (1) identify the contract(s) with a customer, (2) identify the performance obligations in the contract, (3) determine the transaction price, (4) allocate the transaction price to the performance obligations in the contract, and (5) recognize revenue when (or as) the entity satisfies a performance obligation. See Note 3 for additional information on revenue recognition.

Cost of Sales

Cost of sales primarily includes the cost of manufacture and delivery, ingredients or raw materials, direct salaries, wages and benefits and overhead, non-capitalizable costs associated with capital projects and other operational expenses. No amortization of intangibles is included within costs of goods sold.

Research and Development

Research and development costs are expensed as incurred. Research and development expense includes costs (primarily consisting of employee costs, materials, contract services, research agreements, and other external spend) relating to the discovery and development of new products and enhancement of existing products.

Selling, General and Administrative Expenses

Selling, general and administrative expenses primarily include selling and marketing expenses, commissions, functional costs, and business management expenses.

Integration and Separation Costs

Integration and separation costs primarily have consisted of financial advisory, information technology, legal, accounting, consulting, and other professional advisory fees associated with the preparation and execution of activities related to strategic initiatives.

Litigation

Accruals for legal matters are recorded when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. Legal costs, such as outside counsel fees and expenses, are charged to expense in the period incurred.

Restructuring and Asset Related Charges

Charges for restructuring programs generally include targeted actions involving employee severance and related benefit costs, contract termination charges, and asset related charges, which include impairments or accelerated depreciation and amortization of long-lived assets associated with such actions. Employee severance and related benefit costs are provided to employees under Parent's ongoing benefit arrangements. These charges are accrued during the period when management commits to a plan of termination and it becomes probable that employees will be entitled to benefits at amounts that can be reasonably estimated. Contract termination charges primarily reflect costs to terminate a contract before the end of its term or costs that will continue to be incurred under the contract for its remaining term without economic benefit to the Company. Asset related charges reflect impairments to long-lived assets and indefinite-lived intangible assets no longer deemed recoverable and depreciation and amortization of long-lived assets, which is accelerated over their remaining economic lives.

Income Taxes

The Company accounts for income taxes using the asset and liability method. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences of temporary differences between the carrying amounts and tax bases of assets and liabilities using enacted tax rates. The effect of a change in tax rates on deferred tax assets or liabilities is recognized in income in the period that includes the enactment date.

The Company recognizes the financial statement effects of an uncertain income tax position when it is more likely than not, based on the technical merits, that the position will be sustained upon examination. The Company accrues for other tax contingencies when it is probable that a liability to a taxing authority has been incurred and the amount of the contingency can be reasonably estimated. The current portion of uncertain income tax positions is included in "Income taxes payable" and the long-term portion is included in "Other noncurrent obligations" in the Combined Balance Sheets.

Parent Company Net Investment

The Company's equity on the Combined Balance Sheets represents Parent's net investment in the Company and is presented as "Parent company net investment" in lieu of stockholders' equity. The Combined Statements of Changes in Net Parent Investment include net cash transfers and other property transfers between Parent and the Company, as well as intercompany receivables and payables between the Company and other Parent affiliates that were settled on a current basis. Additionally, Parent company net investment includes assets and liabilities that have historically been held at the Parent level but are specifically identifiable or otherwise attributable to the Company, and other assets and liabilities recorded by Parent, whose related income and expenses have been pushed down to the Company. All transactions reflected in "Parent company net investment" in the accompanying Combined Balance Sheets have been considered cash receipts and payments within financing activities in the Combined Statements of Cash Flows.

Earnings per share data has not been presented in the accompanying Combined Financial Statements because the Company does not operate as a separate legal entity with its own capital structure.

NOTE 3 — REVENUE

Revenue Recognition

Products

Substantially all of the Company's revenue is derived from product sales. Product sales consist of sales of the Company's products to supply manufacturers and distributors. The Company considers purchase orders, which in some cases are governed by master supply agreements, to be a contract with a customer. Contracts with customers are considered to be short-term when the time between order confirmation and satisfaction of the performance obligations is equal to or less than one year.

Revenue from product sales is recognized when the customer obtains control of the Company's product, which occurs at a point in time, usually upon shipment, with payment terms typically in the range of 30 to 60 days after invoicing depending on business and geographic region. The Company elected the practical expedient to not adjust the amount of consideration for the effects of a significant financing component for all instances in which the period between payment and transfer of the goods will be one year or less. When the Company performs shipping and handling activities after the transfer of control to the customer (e.g., when control transfers prior to shipment), these are considered fulfillment activities, and accordingly, the costs are accrued when the related revenue is recognized. Taxes collected from customers relating to product sales and remitted to governmental authorities are excluded from revenues. The Company elected to use the practical expedient to expense cash and non-cash sales incentives as the amortization period for the costs to obtain the contract would have been one year or less.

The transaction price includes estimates for reductions in revenue from customer rebates and rights of return on product sales. These amounts are estimated based upon the most likely amount of consideration to which the customer will be entitled. All estimates are based on historical experience, anticipated performance, and the Company's best judgment at the time to the extent it is probable, that a significant reversal of revenue recognized will not occur. All estimates for variable consideration are reassessed periodically.

For contracts with multiple performance obligations, the Company allocates the transaction price to each performance obligation based on the relative standalone selling price. The standalone selling price is the observable price which depicts the price as if sold to a similar customer in similar circumstances.

Disaggregation of Revenue

The Company disaggregates its revenue from contracts with customers by major product line and geographic region, as it believes it best depicts the nature, amount, timing and uncertainty of its revenue and cash flows. Refer to Note 17 for the breakout of net sales by geographic region.

Net Sales by Major Product Line

(In millions)

For the years ended December 31,

	2021	2020
Advanced Solutions	\$ 660	\$ 493
Engineering Polymers	2,276	1,856
Performance Resins	596	457
Total	<u>\$ 3,532</u>	<u>\$ 2,806</u>

NOTE 4 — RELATED PARTY TRANSACTIONS

Historically, the Company has been managed and operated in the normal course with other businesses of Parent. Accordingly, certain shared costs have been allocated to the Company and reflected as expenses in the stand-alone Combined Financial Statements. Management of Parent and the Company considers the allocation methodologies used to be reasonable and appropriate reflections of the historical expenses attributable to the Company for purposes of the stand-alone financial statements. The expenses reflected in the Combined Financial Statements may not be indicative of expenses that would be incurred by the Company in the future. All related party transactions approximate prices at cost.

Corporate Expense Allocations

The Company's Combined Statements of Operations include general corporate expenses of Parent for services provided by Parent for certain support functions that are provided on a centralized basis. These costs were first attributed to the Company if specifically identifiable to its businesses. If not specifically identifiable to the Company's businesses, these costs have been allocated by using relevant allocation methods, primarily based on sales metrics, consistently for all periods presented.

Corporate expense allocations were recorded in the Combined Statements of Operations within the following captions:

(In millions)

For the years ended December 31,

	2021	2020
Selling and administrative expenses	\$ 153	\$ 140
Research and development expenses	27	29
Cost of sales	11	12
Integration and separation costs ⁽¹⁾	54	31
Restructuring and asset related charges, net	—	3
Total	<u>\$ 245</u>	<u>\$ 215</u>

(1) Integration and separation costs primarily have consisted of financial advisory, information technology, legal, accounting, consulting, and other professional advisory fees associated with the preparation and execution of activities related to strategic initiatives.

Parent Company Equity

Net transfers to Parent are included within Parent company net investment on the Combined Statements of Changes in Net Parent Investment. The components of the net transfers to Parent are as follows:

(In millions)

For the years ended December 31,	2021	2020
Cash pooling and general financing activities	\$ (83)	\$ (371)
Less: Corporate cost allocations	245	215
Less: Provision for income taxes	48	16
Total net transfers to Parent per Combined Statements of Changes in Net Parent Investment	(376)	(602)
Stock-based compensation	(10)	(6)
Net transfers to Parent per Combined Statements of Cash Flows	<u>\$ (386)</u>	<u>\$ (608)</u>

NOTE 5 — SUPPLEMENTARY INFORMATION

Sundry Income, net

(In millions)

For the years ended December 31,	2021	2020
Foreign exchange gains, net	\$ 5	\$ 5
Non-operating pension credit ⁽¹⁾	14	8
Miscellaneous expense, net	(4)	—
Sundry income, net	<u>\$ 15</u>	<u>\$ 13</u>

(1) See Note 14 for more information on the Company's participation in Parent pension plans under the Multiemployer approach.

Accounts Payable

(In millions)	December 31, 2021	December 31, 2020
Accounts payable, trade	\$ 395	\$ 295
Other ⁽¹⁾	68	58
Total accounts payable	<u>\$ 463</u>	<u>\$ 353</u>

(1) Primarily consists of accrued discounts and rebates, VAT and miscellaneous accounts payable items.

Accrued and Other Current Liabilities

(In millions)	December 31, 2021	December 31, 2020
Accumulated losses for companies accounted for using equity method ("nonconsolidated affiliates")	\$ 66	\$ 70
Accrued compensation and other employee related costs	39	20
Current operating lease liabilities ⁽¹⁾	8	8
Other ⁽²⁾	26	30
Accrued and other current liabilities	<u>\$ 139</u>	<u>\$ 128</u>

(1) See Note 13 for required lease disclosures.

(2) No other component of "Accrued and other current liabilities," other than those disclosed in the table above, was more than five percent of total current liabilities at December 31, 2021 and 2020, respectively.

NOTE 6 — INCOME TAXES

During the periods presented in the Combined Financial Statements, the Company did not file separate tax returns in the U.S. federal, certain state and local, and certain foreign tax jurisdictions, as the Company was included in the tax grouping of Parent and its affiliate entities within the respective jurisdictions. Provision for income taxes included in these Combined Financial Statements have been calculated using the separate return basis, as if the Company filed separate tax returns. The Company's Provision for income taxes as presented in the Combined Financial Statements may not be indicative of the income taxes that the Company will generate in the future.

Geographic Allocation of Income (Loss) and Provision for Income Taxes

(In millions)

For the years ended December 31,

	2021	2020
Income (Loss) before income taxes		
Domestic	\$ 13	\$ (1,539)
Foreign	460	(1,479)
Income (Loss) before income taxes	\$ 473	\$ (3,018)
Current tax expense		
Federal	\$ 14	\$ 16
State and local	5	1
Foreign ⁽¹⁾	98	54
Total current tax expense	\$ 117	\$ 71
Deferred tax benefit		
Federal ⁽¹⁾	\$ (30)	\$ (34)
State and local	(6)	(5)
Foreign ⁽¹⁾	(33)	(16)
Total deferred tax benefit	\$ (69)	\$ (55)
Provision for income taxes	48	16
Net income (loss)	\$ 425	\$ (3,034)

Pre-tax loss for the year ended December 31, 2020 includes non-deductible, non-cash goodwill impairment charges of \$3,129 million impacting the businesses held by the Company. Of these amounts, \$1,469 million related to the U.S and the remaining \$1,660 million related to foreign operations. See Note 11 for additional information.

Reconciliation to U.S. Statutory Rate

	2021	2020
Statutory U.S. federal income tax rate	21.0%	21.0%
Foreign income taxed at rates other than the statutory U.S. federal income tax rate	0.4	(0.1)
U.S. tax effect of foreign earnings and dividends ⁽¹⁾	(4.2)	0.3
Unrecognized tax benefits	(0.4)	—
Tax goodwill basis step-up ⁽²⁾	(6.3)	—
State and local income taxes	(0.2)	0.1
Change in valuation allowance	(0.3)	—
Goodwill impairments	—	(21.8)
Other, net	0.1	—
Effective tax rate	10.1%	(0.5)%

(1) Includes a tax benefit of \$15 million and \$5 million related to the foreign derived intangible income deduction for the years ended December 31, 2021 and 2020, respectively.

(2) Reflects the impact of a step-up in tax basis in goodwill for the Company's European regional headquarters legal entity.

**Deferred Tax Balances at December 31,
(In millions)**

	2021	2020
Deferred tax assets:		
Tax loss and credit carryforwards ⁽¹⁾	\$ 22	\$ 28
Lease liability	8	5
Unrealized exchange gains, net	1	1
Other accruals and reserves	15	10
Other, net	48	21
Gross deferred tax assets	\$ 94	\$ 65
Valuation allowances ⁽¹⁾	(11)	(10)
Total deferred tax assets	\$ 83	\$ 55
Deferred tax liabilities:		
Inventory	\$ (5)	\$ 1
Investments	(4)	(11)
Operating lease asset	(8)	(5)
Property	(86)	(104)
Intangibles	(401)	(435)
Total deferred tax liabilities	\$ (504)	\$ (554)
Total net deferred tax liability	\$ (421)	\$ (499)

(1) Primarily related to recorded tax benefits and the non-realizability of branch tax credit carryforwards in the United States.

Included in the 2021 and 2020 deferred tax asset and liability amounts above is \$204 million and \$221 million, respectively, of a net deferred tax liability related to certain of the Parent's businesses associated with the Parent's historical Mobility and Materials segment conducted by a legal entity which is a partnership for U.S. federal income tax purposes.

**Operating Loss and Tax Credit Carryforwards at December 31,
(In millions)**

	Deferred Tax Asset	
	2021	2020
Operating loss carryforwards		
Expire within 5 years	\$ 2	\$ —
Expire after 5 years or indefinite expiration	13	19
Total operating loss carryforwards	\$ 15	\$ 19
Tax credit carryforwards		
Expire within 5 years	\$ —	\$ —
Expire after 5 years or indefinite expiration	7	9
Total tax credit carryforwards	\$ 7	\$ 9
Total Operating Loss and Tax Credit Carryforwards	\$ 22	\$ 28

Total Gross Unrecognized Tax Benefits

(In millions)

For the years ended December 31,

	2021	2020
Total unrecognized tax benefits at January 1,	\$ 9	\$ 9
Decreases related to positions taken on items from prior years	(2)	—
Increases related to positions taken on items from prior years	—	—
Increases related to positions taken in the current year	1	1
Settlement of uncertain tax positions with tax authorities	—	(1)
Decreases due to expiration of statutes of limitations	—	—
Exchange loss (gain)	—	—
Total unrecognized tax benefits at December 31,	\$ 8	\$ 9
Total unrecognized tax benefits that, if recognized, would impact the effective tax rate	\$ 8	\$ 9
Total amount of interest and penalties recognized in “Provision for income taxes”	\$ (1)	\$ —
Total accrual for interest and penalties associated with unrecognized tax benefits	\$ 2	\$ 3

The Company files tax returns in the various national, state and local income taxing jurisdictions in which it operates, either as a separate taxpayer or as a member of Parent’s consolidated income tax return. These tax returns are subject to examination and possible challenge by the tax authorities. Positions challenged by the tax authorities may be settled or appealed by the Company. As a result, there is an uncertainty in income taxes recognized in the Company’s financial statements in accordance with accounting for income taxes and accounting for uncertainty in income taxes. The ultimate resolution of such uncertainties is not expected to have a material impact on the Company’s results of operations.

Tax years that remain subject to examination for the Company’s major tax jurisdictions are shown below:

Tax Years Subject to Examination by Major Tax Jurisdiction at December 31, 2021

Jurisdiction	Earliest Open Year
Brazil	2017
Canada	2015
China	2011
Germany	2015
Japan	2013
The Netherlands	2017
Switzerland	2015
United States:	
Federal income tax ⁽¹⁾	2012
State and local income tax	2011

(1) The U.S. Federal income tax jurisdiction is open back to 2012 with respect to EID pursuant to the DWDP Tax Matters Agreement.

Undistributed earnings of Parent’s foreign subsidiaries that are generated by the Company’s business that are deemed to be permanently invested amounted to \$1,173 million at December 31, 2021. In addition to the U.S. federal tax imposed by the Tax Cuts and Jobs Act (the “Act”) on all accumulated unrepatriated earnings through December 31, 2017, the Act introduced additional U.S. federal tax on foreign earnings, effective as of January 1, 2018. The undistributed foreign earnings at December 31, 2021 may still be subject to certain taxes upon repatriation, primarily where foreign withholding taxes apply. It is not practicable to calculate the unrecognized deferred tax liability on undistributed foreign earnings due to the complexity of the hypothetical calculation.

NOTE 7 — ACCOUNTS AND NOTES RECEIVABLE, NET

(In millions)	December 31, 2021	December 31, 2020
Accounts receivable, trade ⁽¹⁾	\$ 388	\$ 379
Notes receivable, trade	31	29
Other ⁽²⁾	90	73
Total Accounts and Notes receivable, net	<u>\$ 509</u>	<u>\$ 481</u>

- (1) Accounts receivable — trade is net of allowances of \$1 million at December 31, 2021 and \$2 million at December 31, 2020. Allowances are equal to the estimated uncollectible amounts and current expected credit losses. That estimate is based on historical collection experience, current economic and market conditions, and review of the current status of customers' accounts.
- (2) Other includes receivables in relation to value added tax, advances and deposits and general sales tax and other taxes. One individual group, miscellaneous accounts receivables, which is primarily composed of billings for services in support of joint venture operations and shared sites, represented more than ten percent of total receivables at December 31, 2021, in the amount of \$56 million. No other individual group represents more than ten percent of total receivables for the periods presented.

Accounts and notes receivable are carried at amounts that approximate fair value.

NOTE 8 — INVENTORIES

(In millions)	December 31, 2021	December 31, 2020
Finished goods	\$ 446	\$ 318
Work in process	74	30
Raw materials	130	96
Supplies	40	38
Total inventories	<u>\$ 690</u>	<u>\$ 482</u>

NOTE 9 — PROPERTY, PLANT, AND EQUIPMENT

(In millions)	Estimated Useful Lives (Years)	December 31, 2021	December 31, 2020
Land and land improvements	1 – 25	\$ 166	\$ 177
Buildings	1 – 50	264	241
Machinery, equipment, and other	1 – 25	1,004	975
Construction in progress		69	98
Total Property, Plant and Equipment		<u>\$ 1,503</u>	<u>\$ 1,491</u>
Total Accumulated Depreciation		<u>\$ (480)</u>	<u>\$ (391)</u>
Total Property, Plant and Equipment, net		<u>\$ 1,023</u>	<u>\$ 1,100</u>

(In millions)	2021	2020
For the years ended December 31,		
Depreciation expense	\$ 100	\$ 110

NOTE 10 — NONCONSOLIDATED AFFILIATES

The Company's investments in nonconsolidated affiliates are recorded in "Investments and noncurrent receivables" and "Accrued and other current liabilities" in the Combined Balance Sheets.

The Company's net investment in and dividends received from nonconsolidated affiliates are shown in the following tables:

**Investments in Nonconsolidated Affiliates as of December 31,
(In millions)**

	2021	2020
Investments and noncurrent receivables	\$ 66	\$ 66
Accrued and other current liabilities	(66)	(70)
Net investment in nonconsolidated affiliates	\$ —	\$ (4)

Dividends Received from Nonconsolidated Affiliates

(In millions)

For the years ended December 31,

	2021	2020
Dividends from nonconsolidated affiliates	\$ 5	\$ 13

Sales to nonconsolidated affiliates were \$75 million, and \$49 million for the years ended December 31, 2021 and 2020, respectively. Purchases from nonconsolidated affiliates were \$49 million and \$42 million for the years ended December 31, 2021 and 2020, respectively. Related party receivables and payables were not material as of December 31, 2021 and 2020, respectively. The Company had an ownership interest in 6 nonconsolidated affiliates, with ownership interest (direct and indirect) ranging from 49.9 percent to 50 percent at December 31, 2021 as shown in the table below:

Nonconsolidated affiliate	Total ownership percentage
Toray Co., Ltd.	50.0%
DuBay Polymer GmbH	50.0%
DuP Teijin Films U.K.	50.0%
DuP Teijin Films S.A.	50.0%
Teijin DuPont Films, Inc.	49.9%
Teijin-DuPont Films, L.P.	49.9%

NOTE 11 — GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes changes in the carrying amount of goodwill for the years ended December 31, 2021 and 2020.

(In millions)	Goodwill
Balance at December 31, 2019	\$ 5,247
Impairments	(3,129)
Currency Translation Adjustment	51
Balance at December 31, 2020	\$ 2,169
Impairments	—
Currency Translation Adjustment	(51)
Balance at December 31, 2021	\$ 2,118

The Company tests goodwill for impairment annually during the fourth quarter, or more frequently when events or changes in circumstances indicate that the fair value of a reporting unit is below its carrying value. As a result of the related acquisition method of accounting in connection with the DWDP Merger, Historical EID's assets and liabilities were measured at fair value resulting in increases to the Company's goodwill and other intangible assets. The fair value valuation increased the risk that any declines in financial projections, including changes to key assumptions, could have a material, negative impact on the fair value of the Company's reporting units and assets, and therefore could result in an impairment.

Where the Company performed quantitative analyses, as described further below, the Company used a combination of discounted cash flow models (a form of the income approach) utilizing Level 3 unobservable inputs and the market approach. The Company's significant assumptions in these analyses include, but are not limited to, future cash flow projections, the weighted average cost of capital, the terminal growth rate, and the tax rate. The Company's estimates of future cash flows are based on current regulatory and economic climates, recent operating results, and planned business strategies. These estimates could be negatively affected by changes in federal, state, or local regulations or economic downturns. Future cash flow estimates are, by their nature, subjective and actual results may differ materially from the Company's estimates. If the Company's ongoing estimates of future cash flows are not met, the Company may have to record additional impairment charges in future periods. The Company also uses the Guideline Public Company Method, a form of the market approach (utilizing Level 3 unobservable inputs), which is derived from metrics of publicly traded companies or historically completed transactions of comparable businesses. The selection of comparable businesses is based on the markets in which the reporting units operate giving consideration to risk profiles, size, geography, and diversity of products and services. When applicable, third party purchase offers may be utilized to measure fair value. The Company applies a weighting to the market approach and income approach to determine the fair value. As such, the Company believes the current assumptions and estimates utilized are both reasonable and appropriate.

2021 Annual Goodwill Impairment Testing

In the fourth quarter of 2021, the Company performed qualitative testing on its reporting units and determined that no further impairments existed. The qualitative evaluation is an assessment of factors, including reporting unit or asset specific operating results and cost factors, as well as industry, market and macroeconomic conditions, to determine whether it is more likely than not (more than 50%) that the fair value of a reporting unit or asset is less than the respective carrying amount, including goodwill. The results of these qualitative assessments indicated that it is not more likely than not that the fair values of the reporting units were less than their carrying values.

2020 Annual Goodwill Impairment Testing

In the fourth quarter of 2020, the Company performed qualitative testing on the Mobility & Materials Businesses that were part of Parent's historical Transportation & Industrial reporting unit (the "M&M T&I reporting unit"). The qualitative evaluation is an assessment of factors, including reporting unit or asset specific operating results and cost factors, as well as industry, market and macroeconomic conditions, to determine whether it is more likely than not (more than 50%) that the fair value of a reporting unit or asset is less than the respective carrying amount, including goodwill. For the Microcircuit Materials ("MCM") reporting unit, the Company performed quantitative testing in order to determine if the fair value of the reporting unit exceeded the respective carrying amount of the reporting unit, including goodwill. Based on the qualitative analysis performed, the Company concluded that the carrying amount of the M&M T&I reporting unit did not exceed the fair value of the M&M T&I reporting unit and, as such, no impairment charge was needed for the year ended December 31, 2020. Based on the quantitative analysis performed, the Company concluded that the carrying amount of the MCM reporting unit exceeded the fair value resulting in a pre-tax, non-cash goodwill impairment charge of \$85 million, reflected in "Goodwill impairment charges" in the Combined Statements of Operations for the year ended December 31, 2020.

Second Quarter 2020 Goodwill Impairment Testing

In the second quarter of 2020, near-term demand weakness in global automotive production resulting from the COVID-19 pandemic, along with revised views of recovery based on third party market information, served as a triggering event requiring the Company to perform an impairment analysis of the goodwill associated with the M&M T&I reporting unit. Based on the analysis performed, during the second quarter of 2020, the Company concluded that the carrying amount of the M&M T&I reporting unit exceeded the fair value resulting in a pre-tax, non-cash goodwill impairment charge of \$3,044 million, reflected in "Goodwill impairment charges" in the Combined Statements of Operations for the year ended December 31, 2020.

COVID-19 and supply chain disruptions continue to impact the broader global economy and has caused volatility in financial markets. If there is a lack of recovery, the time period to recovery is longer than expected or further global softening is experienced in certain markets, the Company may be required to perform additional impairment assessments for its goodwill, other intangibles, and long-lived assets, the results of which could result in material impairment charges.

Other Intangible Assets

The gross carrying amounts and accumulated amortization of other intangible assets by major class are as follows:

(In millions)	December 31, 2021			December 31, 2020		
	Gross Carrying Amount	Accumulated Amort	Net	Gross Carrying Amount	Accumulated Amort	Net
Intangible assets with finite lives:						
Developed technology	\$ 585	\$ (186)	\$ 399	\$ 586	\$ (143)	\$ 443
Customer-related	1,635	(371)	1,264	1,674	(293)	1,381
Other	9	(1)	8	9	(1)	8
Total other intangible assets with finite lives	\$ 2,229	\$ (558)	\$ 1,671	\$ 2,269	\$ (437)	\$ 1,832
Intangible assets with indefinite lives:						
Trademarks/tradenames	180	—	180	180	—	180
Total other intangible assets with indefinite lives	180	—	180	180	—	180
Total	\$ 2,409	\$ (558)	\$ 1,851	\$ 2,449	\$ (437)	\$ 2,012

In the second quarter of 2020, the Company performed quantitative testing on indefinite-lived intangible assets attributable to the Company, for which the Company determined that the fair value of certain tradenames had declined related to the factors described above. The Company performed an analysis of the fair value using the relief from royalty method (a form of the income approach) using Level 3 inputs within the fair value hierarchy. The key assumptions used in the calculation included projected revenue, royalty rates and discount rates. These key assumptions involve management judgment and estimates relating to future operating performance and economic conditions that may differ from actual cash flows. As a result of the testing, the Company recorded a pre-tax, non-cash indefinite-lived intangible asset impairment charge of \$24 million (\$18 million, net of tax), which is reflected in “Restructuring and asset related charges, net,” in the Combined Statements of Operations for the year ended December 31, 2020. The remaining net book value of the tradenames attributable to the Company at December 31, 2020 was approximately \$180 million, which represents fair value.

In the fourth quarter of 2021 and 2020, the Company performed qualitative testing on its indefinite-lived intangible assets attributable to the Company. The qualitative evaluation is an assessment of factors, including asset specific operating results and cost factors, as well as industry, market and macroeconomic conditions, to determine whether it is more likely than not (more than 50%) that the fair value of the asset is less than the respective carrying amount. Based on the qualitative analyses performed, the Company concluded that the carrying amount of the indefinite-lived intangible assets did not exceed their fair value, and as such, no impairment charge was needed in the fourth quarter of 2021 and 2020, respectively.

The aggregate pre-tax amortization expense for definite-lived intangible assets was \$131 million and \$129 million, for the years ended December 31, 2021, and 2020, respectively. Estimated amortization expense was \$134 million for each of the next five fiscal years.

NOTE 12 — COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

The Company is involved in numerous claims and lawsuits, principally in the United States, including various product liability (involving the Company's current or former products), intellectual property, employment related, and commercial matters. Certain of these matters may purport to be class actions and seek damages in very large amounts. Liabilities related to matters that are not directly attributable to the Company business and for which the Company is not the legal obligor are not recognized within the Company's Combined Financial Statements for any of the periods presented.

As of December 31, 2021, the Company had recorded liabilities of approximately \$3 million related to the foregoing. Because such matters are subject to inherent uncertainties, and unfavorable rulings or developments could occur, there can be no certainty that the Company will not ultimately incur charges in excess of presently recorded liabilities. Although considerable uncertainty exists, management does not believe it is reasonably possible that the ultimate disposition of these matters will have a material adverse effect on the Company's results of operations, combined financial position or liquidity. However, the ultimate liabilities could be material to results of operations in the period recognized.

NOTE 13 — LEASES

The Company has operating leases for real estate, railcars, fleet, and certain machinery and equipment that have remaining lease terms of approximately one year to 35 years. For purposes of calculating operating lease liabilities, lease terms may be deemed to include options to extend the lease when it is reasonably certain that the Company will exercise that option. Some leasing arrangements require variable payments that are dependent on usage, output, or may vary for other reasons, such as insurance and tax payments. The variable lease payments are not presented as part of the initial ROU asset or lease liability.

Certain of the Company's leases include residual value guarantees. These residual value guarantees are based on a percentage of the lessor's asset acquisition price and the amount of such guarantee declines over the course of the lease term. The portion of residual value guarantees that are probable of payment is included in the related lease liability in the Combined Balance Sheets. The Company's lease agreements do not contain any material restrictive covenants.

The components of lease cost for operating leases were as follows:

(In millions)			
For the years ended December 31,		2021	2020
Operating lease cost		\$ 9	\$ 10
Short-term lease cost		1	—
Total lease cost		<u>\$ 10</u>	<u>\$ 10</u>

Supplemental cash flow information related to leases was as follows:

(In millions)			
For the years ended December 31,		2021	2020
Cash paid for amounts included in the measurement of lease liabilities:			
Operating cash flows from operating leases		\$ 9	\$ 10

New operating lease assets and liabilities entered into during the year ended December 31, 2021 and 2020 were \$20 million and \$2 million, respectively. Supplemental balance sheet information related to leases was as follows:

(In millions)	December 31, 2021	December 31, 2020
Operating Leases		
Operating lease right-of-use assets ⁽¹⁾	\$ 44	\$ 27
Current operating lease liabilities ⁽²⁾	8	8
Noncurrent operating lease liabilities ⁽³⁾	36	19
Total operating lease liabilities	<u>\$ 44</u>	<u>\$ 27</u>

(1) Included in "Deferred charges and other assets" in the Combined Balance Sheets.

(2) Included in "Accrued and other current liabilities" in the Combined Balance Sheets.

(3) Included in "Other noncurrent obligations" in the Combined Balance Sheets.

Operating lease ROU assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. As most of the Company's leases do not provide the lessor's implicit rate, the Company uses its incremental borrowing rate at the commencement date in determining the present value of lease payments.

Lease Term and Discount Rate	December 31, 2021	December 31, 2020
Weighted-average remaining lease term (years)	12.16	8.01
Discount rate	2.42%	3.16%

Maturities of lease liabilities were as follows:

Maturity of Lease Liabilities at December 31, 2021

(In millions)	Operating Leases
2022	\$ 9
2023	7
2024	6
2025	5
2026	4
2027 and thereafter	23
Total lease payments	\$ 54
Less: Interest	10
Present value of lease liabilities	\$ 44

NOTE 14 — PENSION PLANS

The Company employees participate, as eligible, in Parent's sponsored pension plans, including defined benefit plans and defined contribution plans. Where permitted by applicable law, Parent reserves the right to amend, modify, or discontinue the plans at any time.

Multiemployer Plans

Defined Benefit Pension Plans

Parent offers both funded and unfunded noncontributory defined benefit pension plans in certain non-US jurisdictions that are shared among its businesses, including the Company, and the participation of its employees and retirees in these plans is reflected as though the Company participated in a multiemployer plan with Parent. The Company's proportionate share of the expense (credit) associated with the multiemployer plan is reflected in the Combined Financial Statements, while any assets and liabilities associated with the multiemployer plans are retained by Parent and recorded on Parent's balance sheet.

The benefits under these plans are based primarily on years of service and employees' pay near retirement.

Parent's funding policy is consistent with the funding requirements of federal laws and regulations. Pension coverage for employees of Parent's non-U.S. combined subsidiaries is provided, to the extent deemed appropriate, through separate plans. Obligations under such plans are funded by depositing funds with trustees, covered by insurance contracts, or remain unfunded.

The Company participates in Parent's non-U.S. plans as though they are participants in a multiemployer plan of Parent. Under the multiemployer approach, the amount recognized as expense (credit) represents an allocation of net periodic pension cost (income), which includes service cost and non-operating pension costs (credits). The following table presents the expense (income) allocated to the Combined Financial Statements, which was based on the headcount of participants in the plans. These figures do not represent cash payments to Parent, or Parent's plans.

(In millions)

For the years ended December 31,

Plan Name	2021	2020
Non-U.S. Plans (credit) expense	\$ (3)	\$ 4

Defined Contribution Plans

The Company, through its participation in Parent's sponsored defined contribution plans, offers defined contribution benefits to its employees. The most significant is the U.S. Retirement Savings Plan ("the Plan"), which covers all U.S. full-service employees. This Plan includes a non-leveraged Employee Stock Ownership Plan ("ESOP"). Employees are not required to participate in the ESOP and those who do are free to diversify out of the ESOP. The purpose of the Plan is to provide retirement savings benefits for employees and to provide employees an opportunity to become stockholders of Parent. The Plan is a tax qualified contributory profit sharing plan, with cash or deferred arrangement and any eligible employee of Parent, including the Company's employees, may participate. Currently, Parent contributes 100 percent of the first six percent of the employee's contribution election and also contributes three percent of each eligible employee's eligible compensation regardless of the employee's contribution. Parent's matching contributions vest immediately upon contribution. The three percent nonmatching employer contribution vests after employees complete three years of service. Parent's contributions to the Plan on behalf of the Company represent an allocation of the total contributions made based on the headcount of the Company's participants in the plan. Parent made the following contributions on behalf of the Company:

(In millions)

For the years ended December 31,

Contributions	2021	2020
	\$ 13	\$ 11

NOTE 15 — STOCK-BASED COMPENSATION

Effective with the DWDP Merger, on August 31, 2017, DowDuPont assumed all Historical Dow and Historical EID equity incentive compensation awards outstanding immediately prior to the DWDP Merger. The Historical EID and Historical Dow stock-based compensation plans were assumed by DowDuPont and remained in place with the ability to grant and issue DowDuPont common stock until the DWDP Distributions.

Immediately following the Corteva spin-off, Parent adopted the DuPont Omnibus Incentive Plan ("DuPont OIP") which provides for equity-based and cash incentive awards to certain employees, directors, independent contractors and consultants. Upon adoption of the DuPont OIP, the Historical EID and Historical Dow plans were rolled into the DuPont OIP as separate subplans and no longer grant new awards. All previously granted equity awards under these subplans have the same terms and conditions that were applicable to the awards under Historical Dow and Historical EID plans immediately prior to the DWDP Distributions. Under the DuPont OIP, a maximum of 1 million shares of common stock are available for award as of December 31, 2021.

During the second quarter of 2020, the stockholders of Parent approved the DuPont 2020 Equity and Incentive Plan (the "2020 EIP"), which allows Parent to grant options, share appreciation rights, restricted shares, RSUs, share bonuses, other share-based awards, cash awards, each as defined in the 2020 EIP, or any combination of the foregoing. The 2020 EIP limits the number of shares that may be subject to awards payable in shares of DuPont common stock to 18 million. The approval of the 2020 EIP had no effect on Parent's ability to make future grants under the DuPont OIP in accordance with its terms, and awards that are outstanding under the DuPont OIP remain outstanding in accordance with their terms.

Parent grants stock-based compensation awards that vest over a specified period or upon employees meeting certain performance and/or retirement eligibility criteria. The fair value of equity instruments issued to employees is measured on the grant date. The fair value of liability instruments issued to employees is measured at the end of each quarter. The fair value of equity and liability instruments is expensed over the vesting period or, in the case of retirement, from the grant date to the date on which retirement eligibility provisions have been met and additional service is no longer required. The Company estimates expected forfeitures.

The total stock-based compensation cost included within the Combined Statements of Operations was \$10 million and \$6 million for the years ended December 31, 2021, and 2020, respectively. The income tax benefits related to stock-based compensation arrangements were \$2 million, and \$1 million for the years ended December 31, 2021, and 2020, respectively.

Total unrecognized pretax compensation cost related to RSUs and PSUs of \$11 million at December 31, 2021, is expected to be recognized over a weighted average period of 2.06 years. The total fair value of RSUs and PSUs vested in the year ended December 31, 2021 was \$6 million. The weighted average grant-date fair value of RSUs and PSUs granted during 2021 was \$73.96. The maximum contractual term of equity share options was 3.00 years at December 31, 2021.

NOTE 16 — ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the activity related to each component of accumulated other comprehensive income (loss):

Accumulated Other Comprehensive Income (Loss)

(In millions) For the years ended December 31,	Cumulative Translation Adj	Total
2020		
Balance at January 1, 2020	\$ (96)	\$ (96)
Other comprehensive income before reclassifications	141	141
Net other comprehensive income	\$ 141	\$ 141
Balance at December 31, 2020	<u>\$ 45</u>	<u>\$ 45</u>
2021		
Other comprehensive loss before reclassifications	(138)	(138)
Net other comprehensive loss	\$ (138)	\$ (138)
Balance at December 31, 2021	<u>\$ (93)</u>	<u>\$ (93)</u>

NOTE 17 — GEOGRAPHIC INFORMATION

Sales are attributed to geographic regions based on customer location; long-lived assets are attributed to geographic regions based on asset location.

Net Trade Revenue by Geographic Region

(In millions) For the years ended December 31,	2021	2020
United States	\$ 563	\$ 493
Canada	40	40
EMEA ⁽¹⁾	888	675
Asia Pacific ⁽²⁾	1,857	1,438
Latin America	184	160
Total	<u>\$ 3,532</u>	<u>\$ 2,806</u>

(1) Europe, Middle East and Africa.

(2) Net sales attributed to China/Hong Kong for the years ended December 31, 2021, and 2020 were \$1,013 million and \$798 million, respectively.

Long-lived Assets by Geographic Region

(In millions)	December 31,	
	2021	2020
United States	\$ 418	\$ 430
Canada	26	24
EMEA ⁽¹⁾⁽²⁾	270	304
Asia Pacific ⁽³⁾	304	337
Latin America	5	5
Total	<u>\$ 1,023</u>	<u>\$ 1,100</u>

(1) Europe, Middle East and Africa.

(2) Long-lived Assets attributed to Germany as of December 31, 2021 and 2020 were \$145 million and \$161 million, respectively.

(3) Long-lived Assets attributed to China as of December 31, 2021 and 2020 were \$112 million and \$119 million, respectively.

NOTE 18 — SUBSEQUENT EVENTS

Other than those described in the notes to the Combined Financial Statements, no events have occurred after December 31, 2021, but before June 20, 2022, the date the financial statements were available to be issued, that require consideration as adjustments to, or disclosures in, the Combined Financial Statements.

UNAUDITED COMBINED FINANCIAL STATEMENTS OF DUPONT'S MOBILITY AND MATERIALS BUSINESS

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MOBILITY & MATERIALS BUSINESSES

COMBINED STATEMENTS OF OPERATIONS (UNAUDITED)

(In millions)

For the three months ended March 31,

	2022	2021
Net sales	\$ 889	\$ 826
Cost of sales	682	576
Research and development expenses	18	19
Selling, general and administrative expenses	84	81
Amortization of intangibles	33	33
Integration and separation costs	96	1
Equity in (losses) earnings of nonconsolidated affiliates	(1)	3
Sundry income (expense), net	7	(2)
(Loss) Income before income taxes	(18)	117
Benefit from income taxes	(4)	(9)
Net (loss) income	(14)	126
Net income attributable to noncontrolling interests	1	5
Net (loss) income attributable to Mobility & Materials Businesses	\$ (15)	\$ 121

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

COMBINED STATEMENTS OF COMPREHENSIVE INCOME (LOSS) (UNAUDITED)

(In millions)

For the three months ended March 31,

	2022	2021
Net (loss) income	\$ (14)	\$ 126
Other comprehensive loss, net of tax		
Cumulative translation adjustments	(59)	(70)
Total other comprehensive loss	(59)	(70)
Comprehensive (loss) income	(73)	56
Comprehensive income attributable to noncontrolling interests, net of tax	1	5
Comprehensive (loss) income attributable to Mobility & Materials Businesses	\$ (74)	\$ 51

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES
COMBINED BALANCE SHEETS (UNAUDITED)

(In millions)	March 31, 2022	December 31, 2021
Assets		
Current Assets		
Cash and cash equivalents	\$ 80	\$ 80
Accounts and notes receivable, net	577	509
Inventories	785	690
Prepaid expenses and other current assets	75	57
Total current assets	1,517	1,336
Property		
Property, plant and equipment	1,494	1,503
Less: Accumulated depreciation	497	480
Property, plant and equipment, net	997	1,023
Other Assets		
Goodwill	2,093	2,118
Other intangible assets	1,812	1,851
Investments and noncurrent receivables	56	67
Deferred income tax assets	19	22
Deferred charges and other assets	44	45
Total Other Assets	4,024	4,103
Total Assets	\$ 6,538	\$ 6,462
Liabilities and Equity		
Current Liabilities		
Accounts payable	\$ 531	\$ 463
Income taxes payable	79	84
Accrued and other current liabilities	106	139
Total Current Liabilities	716	686
Other Noncurrent Obligations		
Deferred income tax liabilities	413	443
Other noncurrent obligations	60	63
Total Other Noncurrent Obligations	473	506
Total Liabilities	1,189	1,192
Commitments and Contingent Liabilities (Note 8)		
Equity		
Parent company net investment	5,321	5,182
Accumulated other comprehensive loss	(152)	(93)
Total Mobility & Materials Businesses Equity	5,169	5,089
Noncontrolling interests	180	181
Total Equity	5,349	5,270
Total Liabilities and Equity	\$ 6,538	\$ 6,462

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

COMBINED STATEMENTS OF CASH FLOWS (UNAUDITED)

(In millions)

For the three months ended March 31,

	2022	2021
Operating Activities		
Net (loss) income	\$ (14)	\$ 126
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:		
Depreciation of property, plant and equipment	25	25
Amortization of definite-lived intangible assets	33	33
Stock-based compensation	—	2
Credit for deferred income tax and other tax related items	(29)	(34)
Equity in losses (earnings) of affiliates	1	(3)
Changes in assets and liabilities:		
Accounts and notes receivable	(77)	(27)
Inventories	(103)	(94)
Accounts payable	83	75
Other assets and liabilities, net	(62)	(3)
Cash (used in) provided by operating activities	<u>(143)</u>	<u>100</u>
Investing Activities		
Capital expenditures	(21)	(13)
Cash distributions from equity affiliates	12	—
Cash used for investing activities	<u>(9)</u>	<u>(13)</u>
Financing Activities		
(Distributions to) contributions from noncontrolling interests	(2)	4
Net transfers from (to) Parent	154	(90)
Cash provided by (used for) financing activities	<u>152</u>	<u>(86)</u>
Increase in cash and cash equivalents	<u>—</u>	<u>1</u>
Cash and cash equivalents at beginning of period	80	70
Cash and cash equivalents at end of period	<u>\$ 80</u>	<u>\$ 71</u>

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

COMBINED STATEMENTS OF CHANGES IN NET PARENT INVESTMENT (UNAUDITED)

(In millions)	Parent Company Net Investment	Accumulated Other Comprehensive Income (Loss)	Total Mobility & Materials Businesses Equity	Non-controlling Interests	Total Equity
Balance at December 31, 2020	\$ 5,150	\$ 45	\$ 5,195	\$ 171	\$ 5,366
Net income	121	—	121	5	126
Other comprehensive loss	—	(70)	(70)	—	(70)
Contributions from noncontrolling interests	—	—	—	4	4
Net transfers to Parent	(88)	—	(88)	—	(88)
Balance at March 31, 2021	<u>\$ 5,183</u>	<u>\$ (25)</u>	<u>\$ 5,158</u>	<u>\$ 180</u>	<u>\$ 5,338</u>
Balance at December 31, 2021	\$ 5,182	\$ (93)	\$ 5,089	\$ 181	\$ 5,270
Net (loss) income	(15)	—	(15)	1	(14)
Other comprehensive loss	—	(59)	(59)	—	(59)
Distributions to noncontrolling interests	—	—	—	(2)	(2)
Net transfers from Parent	154	—	154	—	154
Balance at March 31, 2022	<u>\$ 5,321</u>	<u>\$ (152)</u>	<u>\$ 5,169</u>	<u>\$ 180</u>	<u>\$ 5,349</u>

See Notes to the Combined Financial Statements.

MOBILITY & MATERIALS BUSINESSES

NOTES TO THE COMBINED FINANCIAL STATEMENTS (UNAUDITED)

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NOTE 1 — SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Interim Financial Statements

The accompanying unaudited interim Combined Financial Statements of a majority of DuPont de Nemours, Inc.'s ("DuPont" or "Parent") historic Mobility & Materials segment, including the Engineering Polymers business and select product lines within the Performance Resins and Advanced Solutions businesses (collectively, the "Mobility & Materials Businesses" or "the Company") have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). In the opinion of management, the interim Combined Financial Statements reflect all adjustments (including normal recurring accruals) which are considered necessary for the fair statement of the results for the periods presented. Results from interim periods should not be considered indicative of results for the full year. These interim Combined Financial Statements should be read in conjunction with the audited annual Combined Financial Statements and notes thereto for the year ended December 31, 2021, collectively referred to as the "2021 Annual Financial Statements." The interim Combined Financial Statements include the accounts of the Company and subsidiaries in which a controlling interest is maintained.

Transaction Anticipated in the fourth quarter of 2022

On February 17, 2022, DuPont entered into a Transaction Agreement (the "Transaction Agreement") with Celanese Corporation ("Celanese") to divest the Company. The transaction is expected to close around the end of 2022, subject to customary closing conditions and regulatory approvals.

Basis of Presentation

Historically, the Company has been managed and operated in the normal course with other businesses of Parent through multiple legal entities that are not dedicated to the Mobility & Materials Businesses. For all periods presented, the Company consisted of several legal entities, previously acquired businesses, as well as businesses with no separate legal status. Separate financial statements of the Company have not historically been prepared for the Company. The interim Combined Financial Statements have been derived from DuPont's accounting records as if the Company's operations had been conducted independently from those of DuPont and were prepared on a stand-alone basis in accordance with U.S. generally accepted accounting principles ("GAAP").

The historical results of operations, financial position and cash flows of the Company presented in these interim Combined Financial Statements may not be indicative of what they would have been had the Company actually been an independent stand-alone entity, nor are they necessarily indicative of the Company's future results of operations, financial position and cash flows.

The Company's interim Combined Statements of Operations and Comprehensive Income (Loss) reflect allocations of general corporate expenses from Parent including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement and other shared services, and restructuring and integration and separation activities related to these functions in connection with the merger of the DOW Chemical Company ("Historical Dow") and E. I. du Pont de Nemours and Company ("Historical EID") effective August 31, 2017 (the "DWDP Merger"). These allocations were made on the basis of revenue, expenses, headcount or other relevant measures. Management of the Company and Parent consider these allocations to be an overall reasonable reflection of the utilization of services by, or the benefits provided to, the Company, in the aggregate. The allocations may not, however, reflect the expenses the Company would have incurred as a stand-alone company for the periods presented.

The Company's interim Combined Balance Sheets include Parent assets and liabilities that are specifically identifiable or otherwise attributable to the Company, including subsidiaries and affiliates in which Parent has a controlling financial interest or is the primary beneficiary.

NOTE 2 — REVENUE

Revenue Recognition

Products

Substantially all of the Company's revenue is derived from product sales. Product sales consist of sales of the Company's products to supply manufacturers and distributors. The Company considers purchase orders, which in some cases are governed by master supply agreements, to be a contract with a customer. Contracts with customers are considered to be short-term when the time between order confirmation and satisfaction of the performance obligations is equal to or less than one year.

The Company records accounts receivable when the right to consideration becomes unconditional. Trade accounts receivable were \$454 million at March 31, 2022 and \$388 million at December 31, 2021. Trade accounts receivable are included in "Accounts and notes receivable, net" in the interim Combined Balance Sheets. There were no contract assets or contract liabilities at March 31, 2022 or December 31, 2021.

Disaggregation of Revenue

The Company disaggregates its revenue from contracts with customers by major product line, as the Company believes it best depicts the nature, amount, timing and uncertainty of its revenue and cash flows.

Net Sales by Major Product Line

(In millions)

For the three months ended March 31,

	2022	2021
Advanced Solutions	\$ 147	\$ 166
Engineering Polymers	587	501
Performance Resins	155	159
Total	<u>\$ 889</u>	<u>\$ 826</u>

NOTE 3 — RELATED PARTY TRANSACTIONS

Historically, the Company has been managed and operated in the normal course with other businesses of Parent. Accordingly, certain shared costs have been allocated to the Company and reflected as expenses in the stand-alone interim Combined Financial Statements. Management of Parent and the Company considers the allocation methodologies used to be reasonable and appropriate reflections of the historical expenses attributable to the Company for purposes of the stand-alone financial statements. The expenses reflected in the interim Combined Financial Statements may not be indicative of expenses that would be incurred by the Company in the future. All related party transactions approximate prices at cost.

Corporate Expense Allocations

The Company's interim Combined Statements of Operations include general corporate expenses of Parent for services provided by Parent for certain support functions that are provided on a centralized basis. These costs were first attributed to the Company if specifically identifiable to its businesses. If not specifically identifiable to the Company's businesses, these costs have been allocated by using relevant allocation methods, primarily based on sales metrics, consistently for all periods presented.

Corporate expense allocations were recorded in the interim Combined Statements of Operations within the following captions:

(In millions)

For the three months ended March 31,

	2022	2021
Selling and administrative expenses	\$ 38	\$ 37
Research and development expenses	6	6
Cost of sales	4	3
Integration and separation costs ⁽¹⁾	96	1
Total	<u>\$ 144</u>	<u>\$ 47</u>

- (1) Costs primarily have consisted of financial advisory, information technology, legal, accounting, consulting, and other professional advisory fees associated with the preparation and execution of activities related to strategic initiatives. Costs incurred in the three months ended March 31, 2022 are related to the anticipated divestiture of the Company by the Parent.

Parent Company Equity

Net transfers from (to) Parent are included within Parent company net investment on the interim Combined Statements of Changes in Net Parent Investment. The components of the net transfers from (to) Parent are as follows:

(In millions)

For the three months ended March 31,

	2022	2021
Cash pooling and general financing activities	\$ 294	\$ (50)
Less: Corporate cost allocations	144	47
Less: Benefit from income taxes	(4)	(9)
Total net transfers from (to) Parent per interim Combined Statements of Changes in Net Parent Investment	154	(88)
Stock-based compensation	—	(2)
Net transfers from (to) Parent per interim Combined Statements of Cash Flows	\$ 154	\$ (90)

Sales to and Purchases from Equity Method Investments (“Nonconsolidated affiliates”)

Sales to nonconsolidated affiliates, (which included the entities Toray Co., Ltd, DuBay Polymer GmbH, DuP Teijin Films U.K., DuP Teijin Films S.A., Teijin DuPont Films, Inc. and Teijin-DuPont Films, L.P.) were \$25 million and \$16 million for the three months ended March 31, 2022 and 2021, respectively. Purchases from nonconsolidated affiliates were \$14 million for the three months ended March 31, 2022 and 2021. Related party receivables and payables were not material as of March 31, 2022 and December 31, 2021, respectively.

NOTE 4 — SUNDRY INCOME (EXPENSE), NET

(In millions)

For the three months ended March 31,

	2022	2021
Foreign exchange gains, net	\$ 7	\$ 1
Non-operating pension credit	4	3
Miscellaneous expense, net	(4)	(6)
Sundry income (expense), net	\$ 7	\$ (2)

NOTE 5 — INCOME TAXES

During the periods presented in the interim Combined Financial Statements, the Company did not file separate tax returns in the U.S. federal, certain state and local, and certain foreign tax jurisdictions, as the Company was included in the tax grouping of Parent and its affiliate entities within the respective jurisdictions. Benefit from income taxes included in these interim Combined Financial Statements have been calculated using the separate return basis, as if the Company filed separate tax returns. The Company’s Benefit from income taxes as presented in the interim Combined Financial Statements may not be indicative of the income taxes that the Company will generate in the future.

The Company’s effective tax rate fluctuates based on, among other factors, the geographic mix of earnings. The tax benefit for the first quarter of 2022 resulted in an effective tax rate on operations of 22.2 percent on a pre-tax loss of \$18 million, whereas for the first quarter of 2021, the tax benefit resulted in an effective tax rate of (7.7) percent, on pre-tax income of \$117 million. The effective tax rate for the first quarter of 2021 was principally the result of a \$30 million tax benefit related to the step-up in tax basis in the goodwill of the Company’s European regional headquarters legal entity.

Each year Parent, inclusive of the Company, files hundreds of tax returns in the various national, state and local income taxing jurisdictions in which it operates. These tax returns are subject to examination and possible challenge by the tax authorities. Positions challenged by the tax authorities may be settled or appealed by the Company. As a result, there is an uncertainty in income taxes recognized in the Company’s financial statements in accordance with accounting for income taxes and accounting for uncertainty in income taxes. The ultimate resolution of such uncertainties is not expected to have a material impact on the Company’s results of operations.

NOTE 6 — INVENTORIES

(In millions)	March 31, 2022	December 31, 2021
Finished goods	\$ 503	\$ 446
Work in process	79	74
Raw materials	163	130
Supplies	40	40
Total inventories	<u>\$ 785</u>	<u>\$ 690</u>

NOTE 7 — GOODWILL AND OTHER INTANGIBLE ASSETS

The following table summarizes changes in the carrying amount of goodwill for the three months ended March 31, 2022:

(In millions)	Goodwill
Balance at December 31, 2021	\$ 2,118
Currency Translation Adjustment	(25)
Balance at March 31, 2022	<u>\$ 2,093</u>

Other Intangible Assets

The gross carrying amounts and accumulated amortization of other intangible assets by major class are as follows:

(In millions)	March 31, 2022			December 31, 2021		
	Gross Carrying Amount	Accumulated Amort	Net	Gross Carrying Amount	Accumulated Amort	Net
Intangible assets with finite lives:						
Developed technology	\$ 585	\$ (197)	\$ 388	\$ 585	\$ (186)	\$ 399
Customer-related	1,636	(400)	1,236	1,635	(371)	1,264
Other	9	(1)	8	9	(1)	8
Total other intangible assets with finite lives	<u>\$ 2,230</u>	<u>\$ (598)</u>	<u>\$ 1,632</u>	<u>\$ 2,229</u>	<u>\$ (558)</u>	<u>\$ 1,671</u>
Intangible assets with indefinite lives:						
Trademarks/tradenames	180	—	180	180	—	180
Total other intangible assets with indefinite lives	<u>180</u>	<u>—</u>	<u>180</u>	<u>180</u>	<u>—</u>	<u>180</u>
Total	<u>\$ 2,410</u>	<u>\$ (598)</u>	<u>\$ 1,812</u>	<u>\$ 2,409</u>	<u>\$ (558)</u>	<u>\$ 1,851</u>

The aggregate pre-tax amortization expense for definite-lived intangible assets was \$33 million for each of the three month periods ended March 31, 2022 and 2021.

NOTE 8 — COMMITMENTS AND CONTINGENT LIABILITIES

Litigation

The Company is involved in numerous claims and lawsuits, principally in the United States, including various product liability (involving the Company's current or former products), intellectual property, employment related, and commercial matters. Certain of these matters may purport to be class actions and seek damages in very large amounts. Liabilities related to matters that are not directly attributable to the Company business and for which the Company is not the legal obligor are not recognized within the Company's interim Combined Financial Statements for any of the periods presented.

As of March 31, 2022, the Company had recorded liabilities of approximately \$3 million related to the foregoing. Because such matters are subject to inherent uncertainties, and unfavorable rulings or developments could occur, there can be no certainty that the Company will not ultimately incur charges in excess of presently recorded liabilities. Although considerable uncertainty exists, management does not believe it is reasonably possible that the ultimate disposition of these matters will have a material adverse effect on the Company's results of operations, combined financial position or liquidity. However, the ultimate liabilities could be material to results of operations in the period recognized.

NOTE 9 — LEASES

Operating lease right of use assets and lease liabilities are recognized at the commencement date based on the present value of lease payments over the lease term. New operating lease assets and liabilities entered into during the three months ended March 31, 2022 and 2021 were \$1 million and \$9 million, respectively. Supplemental balance sheet information related to leases was as follows:

(In millions)	March 31, 2022	December 31, 2021
Operating Leases		
Operating lease right-of-use assets ⁽¹⁾	\$ 42	\$ 44
Current operating lease liabilities ⁽²⁾	7	8
Noncurrent operating lease liabilities ⁽³⁾	35	36
Total operating lease liabilities	\$ 42	\$ 44

(1) Included in "Deferred charges and other assets" in the Combined Balance Sheets.

(2) Included in "Accrued and other current liabilities" in the Combined Balance Sheets.

(3) Included in "Other noncurrent obligations" in the Combined Balance Sheets.

NOTE 10 — ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

The following table summarizes the activity related to each component of accumulated other comprehensive income (loss):

Accumulated Other Comprehensive Income (Loss)

(In millions)	Cumulative Translation Adj	Total
For the three months ended March 31,		
2021		
Balance at January 1, 2021	\$ 45	\$ 45
Other comprehensive loss before reclassifications	(70)	(70)
Net other comprehensive loss	\$ (70)	\$ (70)
Balance at March 31, 2021	<u>\$ (25)</u>	<u>\$ (25)</u>
2022		
Balance at January 1, 2022	\$ (93)	\$ (93)
Other comprehensive loss before reclassifications	(59)	(59)
Net other comprehensive loss	\$ (59)	\$ (59)
Balance at March 31, 2022	<u>\$ (152)</u>	<u>\$ (152)</u>

PRELIMINARY UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL INFORMATION

On February 17, 2022, Celanese Corporation (together with its subsidiaries, “Celanese,” “our,” or “we”) signed a definitive agreement (the “Transaction Agreement”) to acquire a majority of the Mobility & Materials business of DuPont de Nemours, Inc. (“DuPont”) for a purchase price of \$11.0 billion, subject to certain adjustments, in an all-cash transaction (the “M&M Acquisition” and such business being acquired, the “M&M Business”). The M&M Acquisition is expected to close around the end of 2022 subject to regulatory approvals and customary closing conditions.

In connection with the planned M&M Acquisition, also on February 17, 2022, Celanese entered into a commitment letter for a 364-day \$11.0 billion senior unsecured bridge term loan facility (the “Bridge Facility”). Furthermore, on March 18, 2022, Celanese entered into a term loan credit arrangement (the “Term Loan Credit Arrangement”), pursuant to which lenders have committed to provide a senior unsecured term loan facility in an aggregate principal amount of \$1.5 billion (the “Term Loan Facility”), consisting of a tranche of delayed-draw term loans due 364 days from issuance in an amount equal to \$500 million and a tranche of delayed-draw term loans due five years from issuance in an amount equal to \$1.0 billion. The proceeds from the Term Loan Facility are expected to be used to finance, in part, the M&M Acquisition, and to pay fees, commissions and expenses related thereto. The funding of the term loans provided for in the Term Loan Credit Arrangement is subject to the satisfaction of customary conditions, including the consummation of the M&M Acquisition in accordance with the associated Transaction Agreement. The entry into the Term Loan Credit Arrangement reduces the availability under the Bridge Facility. As a result, there are now \$9.5 billion in Bridge Facility commitments remaining. Celanese does not intend to draw down on the Bridge Facility and currently expects to replace the remaining Bridge Facility commitments prior to the closing of the M&M Acquisition with permanent financing that it currently expects will consist of \$9.5 billion in aggregate principal amount from issuance of senior unsecured notes (“Senior Unsecured Notes”).

The proposed acquisition has been accounted for in the following preliminary unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2022 and for the year ended December 31, 2021, giving effect to the M&M Acquisition and related debt financings of the Term Loan Facility of \$1.5 billion and Senior Unsecured Notes of \$9.5 billion as if they had occurred on January 1, 2021. The preliminary unaudited pro forma condensed combined balance sheet as of March 31, 2022 gives effect to the M&M Acquisition and related debt financings of the Term Loan Facility and Senior Unsecured Notes as if they had occurred on March 31, 2022.

The following preliminary unaudited pro forma condensed combined financial statements and related notes as of and for the three months ended March 31, 2022 and for the year ended December 31, 2021 have been derived from, and should be read in conjunction with, (i) the historical audited consolidated financial statements of Celanese and accompanying notes included in Celanese’s Annual Report on Form 10-K for the year ended December 31, 2021, (ii) the historical unaudited consolidated financial statements of Celanese and related notes included in Celanese’s Quarterly Report on Form 10-Q for the three months ended March 31, 2022, (iii) the historical audited combined financial statements of the M&M Business and related notes for the year ended December 31, 2021 filed as Exhibit 99.1 to this Current Report on Form 8-K and (iv) the historical unaudited combined financial statements of the M&M Business and related notes for the three months ended March 31, 2022 filed as Exhibit 99.2 to this Current Report on Form 8-K.

The M&M Business has historically been managed and operated in normal course with other DuPont businesses through multiple legal entities not solely dedicated to the M&M Business. Therefore, the accompanying historical combined financial statements of the M&M Business have been derived from the accounting records of DuPont as if M&M Business’ operations had been conducted independently from those of DuPont and were prepared on a stand-alone basis in accordance with generally accepted accounting principles in the United States of America (“US GAAP”). The combined statements of operations reflect allocations of general corporate expenses from DuPont including, but not limited to, executive management, finance, legal, information technology, employee benefits administration, treasury, risk management, procurement and other shared services, and restructuring and historical integration and separation activities related to these functions. These allocations were made on the basis of revenue, expenses, headcount or other relevant measures. The preliminary unaudited pro forma condensed combined financial statements include DuPont assets and liabilities that are specifically identifiable or otherwise attributable to the M&M Business.

In accordance with Article 11 of Regulation S-X, the preliminary unaudited pro forma condensed combined financial statements were prepared for illustrative and informational purposes only and are not intended to represent what our results of operations or financial position would have been had the acquisition occurred on the dates indicated, or what they will be for any future periods. The preliminary unaudited pro forma condensed combined financial statements do not reflect the realization of any expected cost savings or other synergies as a result of the acquisition.

The preliminary unaudited pro forma condensed combined financial statements have been prepared using the acquisition method of accounting for business combinations under US GAAP, in accordance with Accounting Standards Codifications (ASC) 805, *Business Combinations*. Under the acquisition method of accounting, the preliminary purchase price is allocated to the underlying tangible and intangible assets acquired and liabilities assumed based upon their estimated fair values as of the acquisition date, with any excess purchase price allocated to goodwill. Celanese has made a preliminary allocation of the purchase price to the assets acquired and liabilities assumed as of the assumed acquisition date of March 31, 2022 based on Celanese's preliminary valuation of the tangible and intangible assets acquired and liabilities assumed using information currently available. A final determination of fair value of the M&M Business' assets and liabilities will be based on the M&M Business' actual assets and liabilities as of the closing date, and, therefore, cannot be made prior to the completion of the M&M Acquisition. As a result, the unaudited pro forma purchase price adjustments related to the acquisition are preliminary and subject to further adjustments as additional information becomes available and as additional analyses are performed. The final valuation of assets acquired and liabilities assumed may be materially different than the estimated values assumed in the preliminary unaudited pro forma condensed combined financial statements.

The Term Loan Facility and Senior Unsecured Notes that are anticipated to be incurred to finance the acquisition are included in the preliminary unaudited pro forma condensed combined financial statements reflecting terms and rates Celanese expects to receive based on current market rates. The actual financing and terms of the financing will be subject to market conditions. Actual adjustments may differ from the amounts reflected in the preliminary unaudited pro forma condensed combined financial statements, and the differences may be material.

CELANESE CORPORATION AND SUBSIDIARIES
PRELIMINARY UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET
As of March 31, 2022
(in millions)

	Historical Celanese	Historical M&M Business as Reclassified (Note 3)	Acquisition Accounting Adjustments	Note	Other Accounting Adjustments	Note	Pro Forma Combined
ASSETS							
Current Assets							
Cash and cash equivalents	\$ 605	\$ 80	(\$ 10,995)	(4A)	\$ 10,927	(5A)	\$ 617
Trade receivables - third party and affiliates	1,390	577	-		-		1,967
Non-trade receivables, net	523	-	33	(4J)	-		556
Inventories	1,549	785	-		-		2,334
Marketable securities	9	-	-		-		9
Other assets	124	75	-		(30)	(5C)	169
Total current assets	<u>4,200</u>	<u>1,517</u>	<u>(10,962)</u>		<u>10,897</u>		<u>5,652</u>
Investments in affiliates	847	56	-		-		903
Property, plant and equipment, net	4,188	997	403	(4C)	-		5,588
Operating lease right-of-use assets	267	42	160	(4I)	-		469
Deferred income taxes	244	19	-		-		263
Other assets	569	2	-		-		571
Goodwill	1,396	2,093	(2,093)	(4G)	-		7,398
			6,002	(4F)			
Intangible assets, net	715	1,812	2,088	(4C)	-		4,615
Total assets	<u>\$ 12,426</u>	<u>\$ 6,538</u>	<u>(\$ 4,402)</u>		<u>\$ 10,897</u>		<u>\$ 25,459</u>
LIABILITIES AND EQUITY							
Current Liabilities							
Short-term borrowings and current installments of long-term debt - third party and affiliates	\$ 860	-	-		\$ 500	(5A)	\$ 1,360
Trade payables - third party and affiliates	1,169	531	44	(4B)	-		1,744
Other liabilities	419	106	1	(4K)	-		556
			30	(4I)			
Income taxes payable	106	79	-		-		185
Total current liabilities	<u>2,554</u>	<u>716</u>	<u>75</u>		<u>500</u>		<u>3,845</u>
Long-term debt, net of unamortized deferred financing costs	3,132	-	-		10,427	(5A)	13,559
Deferred income taxes	563	413	573	(4H)	-		1,549
Uncertain tax positions	296	-	-		-		296
Benefit obligations	543	-	33	(4J)	-		576
Operating lease liabilities	223	35	130	(4I)	-		388
Other liabilities	162	25	-		-		187
Commitments and Contingencies							
Stockholders' Equity							
Preferred Stock	-	-	-		-		-
Common Stock	-	-	-		-		-
Treasury Stock, at cost	(5,492)	-	-		-		(5,492)
Additional paid-in capital	326	-	-		-		326
Parent company net investment	-	5,321	(5,321)	(4G)	-		-
Retained earnings	10,106	-	(44)	(4B)	(30)	(5C)	10,032
Accumulated other comprehensive (loss) income, net	(333)	(152)	152	(4G)	-		(333)
Total stockholders' equity	<u>4,607</u>	<u>5,169</u>	<u>(5,213)</u>		<u>(30)</u>		<u>4,533</u>
Noncontrolling interests	346	180	-		-		526
Total equity	<u>4,953</u>	<u>5,349</u>	<u>(5,213)</u>		<u>(30)</u>		<u>5,059</u>
Total liabilities and equity	<u>\$ 12,426</u>	<u>\$ 6,538</u>	<u>(4,402)</u>		<u>\$ 10,897</u>		<u>\$ 25,459</u>

See notes to preliminary unaudited pro forma condensed combined financial statements

CELANESE COPORATION AND SUBSIDIARIES
PRELIMINARY UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the three months ended March 31, 2022
(in millions, except share data)

	Historical Celanese	Historical M&M Business as Reclassified (Note 3)	Acquisition Accounting Adjustments	Note	Other Accounting Adjustments	Note	Pro Forma Combined
Net sales	\$ 2,538	\$ 889	-		-		\$ 3,427
Cost of sales	(1,793)	(682)	25	(4L)	-		(2,479)
	-	-	(29)	(4D)	-		
Gross profit	745	207	(4)		-		948
Selling, general and administrative expenses	(174)	(180)	(1)	(4I)	-		(355)
Amortization of intangible assets	(11)	(33)	33	(4L)	-		(61)
	-	-	(50)	(4E)	-		
Research and development expenses	(24)	(18)	(8)	(4I)	-		(50)
Other (charges) gains, net	(1)	-	-		-		(1)
Foreign exchange gain (loss), net	(1)	-	-		-		(1)
Gain (loss) on disposition of businesses and assets, net	(3)	-	-		-		(3)
Operating profit (loss)	531	(24)	(30)		-		477
Equity in net earnings (loss) of affiliates	56	(1)	-		-		55
Non-operating pension and other postretirement employee benefit (expense) income	24	4	-		-		28
Interest expense	(35)	-	-		(144)	(5B)	(179)
Interest income	1	-	-		-		1
Dividend income - equity investments	37	-	-		-		37
Other income (expense), net	2	3	1	(4I)	-		6
Earnings (loss) from continuing operations before tax	616	(18)	(29)		(144)		425
Income tax (provision) benefit	(112)	4	7	(4H)	33	(5D)	(68)
Earnings (loss) from continuing operations	504	(14)	(22)		(111)		357
Net (earnings) loss attributable to noncontrolling interests	(2)	(1)	-		-		(3)
Net earnings (loss) from continuing operations attributable to Celanese/M&M Business	\$ 502	\$ (15)	\$ (22)		\$ (111)		\$ 354
Earnings per common share attributable to Celanese Shareholders:							
Earnings per common share - basic	4.64						3.27
Earnings per common share - diluted	4.61						3.25
Weighted average shares - basic	108,185,912						108,185,912
Weighted average shares - diluted	108,917,577						108,917,577

See notes to preliminary unaudited pro forma condensed combined financial statements

CELANESE COPORATION AND SUBSIDIARIES
PRELIMINARY UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS
For the year ended December 31, 2021
(in millions, except share data)

	Historical Celanese	Historical M&M Business as Reclassified (Note 3)	Acquisition Accounting Adjustments	Note	Other Accounting Adjustments	Note	Pro Forma Combined
Net sales	\$ 8,537	\$ 3,532	-		-		\$ 12,069
Cost of sales	(5,855)	(2,489)	100	(4L)	-		(8,357)
	-	-	(113)	(4D)	-		-
Gross profit	2,682	1,043	(13)		-		3,712
Selling, general and administrative expenses	(633)	(385)	(44)	(4B)	-		(1,064)
			(2)	(4I)	-		
Amortization of intangible assets	(25)	(131)	131	(4L)	-		(225)
			(200)	(4E)	-		
Research and development expenses	(86)	(73)	(34)	(4I)	-		(193)
Other gains (charges), net	3	(5)	-		-		(2)
Foreign exchange gain (loss), net	2	-	-		-		2
Gain (loss) on disposition of businesses and assets, net	3	-	-		-		3
Operating profit (loss)	1,946	449	(162)		-		2,233
Equity in net earnings (loss) of affiliates	146	9	-		-		155
Non-operating pension and other postretirement employee benefit (expense) income	106	14	-		-		120
Interest expense	(91)	-	-		(588)	(5B)	(709)
					(30)	(5C)	
Refinancing expense	(9)	-	-		-		(9)
Interest income	8	-	-		-		8
Dividend income - equity investments	147	-	-		-		147
Other (expense) income, net	(5)	1	5	(4I)	-		1
Earnings (loss) from continuing operations before tax	2,248	473	(157)		(618)		1,946
Income tax (provision)	(330)	(48)	36	(4H)	142	(5D)	(200)
Earnings (loss) from continuing operations	1,918	425	(121)		(476)		1,746
Net (earnings) loss attributable to noncontrolling interests	(6)	(17)	-		-		(23)
Net earnings (loss) from continuing operations attributable to Celanese/M&M Business	\$ 1,912	\$ 408	\$ (121)		\$ (476)		\$ 1,723
Earnings per common share attributable to Celanese Shareholders							
Earnings per common share - basic	17.19						15.49
Earnings per common share - diluted	17.06						15.37
Weighted average shares - basic	111,224,017						111,224,017
Weighted average shares - diluted	112,084,412						112,084,412

See notes to preliminary unaudited pro forma condensed combined financial statements

Notes to Preliminary Unaudited Pro Forma Condensed Combined Financial Statements

1. Basis of Presentation

The M&M Acquisition is being accounted for as a business combination using the acquisition method of accounting under US GAAP, in accordance with the provisions of ASC 805, which requires assets acquired and liabilities assumed to be recorded at their acquisition date fair value. ASC 820, *Fair Value Measurements*, defines the term “fair value” as “the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.” Fair value measurements can be highly subjective, and it is possible the application of reasonable judgement could develop different assumptions resulting in a range of alternative estimates using the same facts and circumstances.

As of the date of this Current Report, Celanese has not completed the detailed valuation studies necessary to determine the fair value of M&M Business’ assets to be acquired and the liabilities to be assumed and the related allocations of purchase price. Therefore, the allocation of the purchase price as reflected in the preliminary unaudited pro forma condensed combined financial statements is based upon management’s preliminary estimates of the fair value of the assets acquired and liabilities assumed. The final allocation of the purchase price will be determined after completion of the M&M Acquisition and determination of the estimated fair value of M&M Business’ assets and liabilities, and associated tax adjustments. Any adjustments to the preliminary estimated fair value amounts could have a significant impact on the preliminary unaudited pro forma condensed combined financial statements contained herein and our future results of operations and financial position. There can be no assurance that such finalization will not result in material changes.

Celanese’s and the M&M Business’ historical financial statements were prepared in accordance with US GAAP and presented in US dollars. As discussed in Note 3, certain reclassifications were made to align Celanese’s and the M&M Business’ financial statement presentation. Celanese has not identified all adjustments necessary to conform M&M Business’ accounting policies to Celanese’s accounting policies. Upon completion of the M&M Acquisition, or as more information becomes available, Celanese will perform a more detailed review of M&M Business’ accounting policies. As a result of that review, differences could be identified between the accounting policies of the two companies that, when conformed, could have a material impact on the combined company’s financial information. Further, there were no material intercompany transactions and balances between Celanese and M&M Business as of and for the three months ended March 31, 2022 and for the year ended December 31, 2021.

All amounts presented within these notes to the preliminary unaudited pro forma condensed combined financial statements are in millions, except per share data.

2. Preliminary Purchase Price Allocation

The table below represents the preliminary calculation of estimated consideration to acquire the M&M Business.

(in millions)

Base purchase price	\$	11,000
Contractual adjustments to purchase price ⁽¹⁾		(5)
Total cash consideration transferred		10,995
Receivable related to net pension liability assumed ⁽²⁾		(33)
Estimated fair value of share-based compensation awards attributed to pre-combination services ⁽³⁾		1
Total transaction consideration	\$	<u>10,963</u>

(1) Reflects preliminary adjustments to the base purchase price based on contractual terms of the Transaction Agreement; amounts may change based upon final settlement and agreement between Celanese and DuPont.

(2) Reflects estimated receivable from DuPont for the assumption of an under-funded defined benefit plan (see Note 4J).

(3) This amount represents the value of DuPont Restricted Stock Unit (RSU) awards that are not vested and will be replaced by equivalent value of cash or Celanese RSU awards with the same terms and conditions as the original DuPont award grant. The actual value of these awards will depend on the prices of DuPont common stock and other valuation estimates and assumptions, and therefore the actual consideration will fluctuate. Accordingly, the final consideration could differ significantly from the current estimate (see Note 4K).

Under the acquisition method of accounting, the identifiable assets acquired and liabilities assumed of the M&M Business are recognized and measured at fair value. The allocation is dependent upon certain valuation and other studies that have not yet been completed. Accordingly, the pro forma purchase price allocation is subject to further adjustments as additional information becomes available and detailed analyses and final valuation are completed, and the adjustments could be material.

The table below represents a preliminary allocation of the estimated consideration to M&M Business' identified tangible and intangible assets to be acquired and liabilities to be assumed based on preliminary estimated fair values as of March 31, 2022.

(in millions)

Total consideration for M&M Acquisition	\$ 10,963
Cash and cash equivalents	80
Trade receivables - third party and affiliates	577
Inventories	785
Other assets (current)	75
Investments in affiliates	56
Property, plant and equipment	1,400
Operating lease right-of-use assets	202
Deferred income taxes	19
Other assets (non-current)	2
Intangible assets	3,900
Total assets	7,096
Trade payables - third party and affiliates	531
Income taxes payable	79
Other liabilities (current)	106
Deferred income taxes	986
Benefit obligations	33
Operating lease liabilities	195
Other liabilities (non-current)	25
Noncontrolling interests	180
Net assets acquired	4,961
Preliminary allocation to goodwill	\$ 6,002

3. Reclassification Adjustments

The historical combined financial statements of the M&M Business are prepared in accordance with US GAAP. During the preparation of these preliminary unaudited pro forma condensed combined financial statements, management performed a preliminary analysis of M&M Business' financial information to identify differences in accounting policies as compared to those of Celanese and differences in M&M Business' financial statement presentation as compared to the presentation of Celanese. At the time of preparing these preliminary unaudited pro forma condensed combined financial statements, Celanese had not identified all adjustments necessary to conform M&M Business' accounting policies to Celanese's accounting policies. The below adjustments represent Celanese's best estimates based upon the information currently available to Celanese and could be subject to change once more detailed information is available.

Refer to the table below for a summary of reclassification adjustments made to present M&M Business' combined balance sheet as of March 31, 2022 in conformity with that of Celanese:

Mobility & Materials Business
Combined Balance Sheet
As of March 31, 2022
(In millions)

Presentation in Historical Financial Statements	Presentation in Preliminary Unaudited Pro Forma Condensed Combined Financial Statements	M&M Business Before Reclassification	Reclassification	M&M Business as Reclassified
Assets				
Cash and cash equivalents	Cash and cash equivalents	\$ 80		\$ 80
Accounts and notes receivable, net	Trade receivables - third party and affiliates	577		577
Inventories	Inventories	785		785
Prepaid expenses and other current assets	Other assets (current)	75		75
Investments and noncurrent receivables	Investment in affiliates	56		56
Property, plant and equipment, net	Property, plant and equipment (net of accumulated depreciation)	997		997
Deferred charges and other assets	Operating lease right-of-use assets	44	\$ (2)(i)	42
	Other assets (non-current)	-	2(i)	2
Goodwill	Goodwill	2,093		2,093
Other intangible assets	Intangible assets, net	1,812		1,812
Deferred income tax assets	Deferred income taxes	19		19
Liabilities				
Accounts payable	Trade payables - third party and affiliates	531		531
Income taxes payable	Income taxes payable	79		79
Accrued and other current liabilities	Other liabilities (current)	106		106
Deferred income tax liabilities	Deferred income taxes	413		413
Other noncurrent obligations	Other liabilities (non-current)	60	(35)(ii)	25
	Operating lease liabilities		35(ii)	35
Equity				
Parent Company net investment	Parent Company net investment	5,321		5,321
Accumulated other comprehensive income (loss)	Accumulated other comprehensive income (loss), net	(152)		(152)
Noncontrolling interests	Noncontrolling interests	180		180

- (i) Reclassification from "Deferred charges and other assets" to "Operating lease right-of-use assets" and "Other assets (non-current)"
- (ii) Reclassification from "Other noncurrent obligations" to "Other liabilities (non-current)" and "Operating lease liabilities"

Refer to the table below for a summary of reclassification adjustments made to present M&M Business' combined statement of operations for the three months ended March 31, 2022 in conformity with that of Celanese:

Mobility & Materials Business
Combined Statement of Operations
For the three months ended March 31, 2022
(In millions)

Presentation in Historical Financial Statements	Presentation in Preliminary Unaudited Pro Forma Condensed Combined Financial Statements	M&M Business Before Reclassification	Reclassification	M&M Business as Reclassified
Net sales	Net sales	\$ 889		\$ 889
Cost of sales	Cost of Sales	(682)		(682)
Selling, general and administrative expenses	Selling, general and administrative expenses	(84)	\$ (96)(i)	(180)
Integration and separation costs		(96)	96(i)	-
Amortization of intangibles	Amortization of Intangible Assets	(33)		(33)
Research and development expenses	Research and development expenses	(18)		(18)
Equity in earnings of nonconsolidated affiliates	Equity in net earnings (loss) of affiliates	(1)		(1)
	Non-operating pension and other postretirement employee benefit (expense) income	7	(3)(ii)	4
Sundry income (expense), net	Other income (expense), net	-	3(ii)	3
Benefit from income taxes	Income tax (provision) benefit	4		4
Net income attributable to noncontrolling interests	Net (earnings) loss attributable to noncontrolling interests	(1)		(1)

(i) Reclassification from "Integration and separation costs" to "Selling, general and administrative expenses"

(ii) Reclassification from "Sundry income (expense), net" to "Non-operating pension and other postretirement employee benefit (expense) income" and "Other income (expense), net"

Refer to the table below for a summary of reclassification adjustments made to present M&M Business' combined statement of operations for the year ended December 31, 2021 in conformity with that of Celanese:

Mobility & Materials Business
Combined Statement of Operations
For the year ended December 31, 2021
(In millions)

Presentation in Historical Financial Statements	Presentation in Preliminary Unaudited Pro Forma Condensed Combined Financial Statements	M&M Business Before Reclassification	Reclassification	M&M Business as Reclassified
Net sales	Net sales	\$ 3,532		\$3,532
Cost of sales	Cost of Sales	(2,489)		(2,489)
Selling, general and administrative expenses	Selling, general and administrative expenses	(331)	\$ (54)(i)	(385)
Integration and separation costs		(54)	54(i)	-
Amortization of intangibles	Amortization of Intangible Assets	(131)		(131)
Research and development expenses	Research and development expenses	(73)		(73)
Restructuring and asset related charges, net	Other (charges) gains, net	(5)		(5)
Equity in earnings of nonconsolidated affiliates	Equity in net earnings (loss) of affiliates	9		9
	Non-operating pension and other postretirement employee benefit (expense) income	15	(1)(ii)	14
Sundry income (expense), net	Other income (expense), net	-	1(ii)	1
Provision for income taxes	Income tax (provision) benefit	(48)		(48)
Net income attributable to noncontrolling interests	Net (earnings) loss attributable to noncontrolling interests	(17)		(17)

(i) Reclassification from "Integration and separation costs" to "Selling, general, and administrative expenses"

(ii) Reclassification from "Sundry income (expense), net" to "Non-operating pension and other postretirement employee benefit (expense) income" and "Other income (expense), net"

4. Acquisition Pro Forma Adjustments and Assumptions

A. Reflects estimated cash consideration to be paid in connection with the M&M Acquisition. The amount is equal to the base purchase price and preliminary cash adjustments based on contractual terms of the Transaction Agreement. See Note 2.

B. Represents acquisition-related transaction costs yet to be expensed or accrued in the historical financial statements through March 31, 2022. Estimated acquisition-related costs include investment banker, advisory, legal, valuation and other professional fees. The total estimated acquisition-related transaction costs amounted to \$57 million with \$13 million expensed to date resulting in a net pro forma adjustment of \$44 million. This does not reflect the acquisition-related transaction costs incurred by DuPont related to the sale of the M&M Business as Celanese does not have access to this information. These costs will not affect the combined statement of operations beyond 12 months after the close date.

C. Reflects the adjustments related to the step-up in fair value of the assets acquired from the M&M Acquisition.

Step-up adjustments (in millions)

	Historical Value	Fair Value	Step-up
Property, plant and equipment	\$ 997	\$ 1,400	\$ 403
Intangible assets, net	1,812	3,900	2,088
Total	\$ 2,809	\$ 5,300	\$ 2,491

D. Reflects the impact of depreciation related to the preliminary fair value of property, plant and equipment acquired from the M&M Acquisition for the three months ended March 31, 2022 and for the year ended December 31, 2021.

Property, plant and equipment (in millions)	Preliminary Fair Value	Estimated Useful Life (years)	Three Months Ended March 31, 2022	Year Ended December 31, 2021
Land	\$ 150	n/a	n/a	n/a
Buildings	250	5-30	\$ 4	\$ 13
Machinery and equipment	1,000	3-20	25	100
Total	\$ 1,400		\$ 29	\$ 113

E. Reflects the impact of amortization related to the preliminary fair value of intangible assets acquired from the M&M Acquisition for the three months ended March 31, 2022 and for the year ended December 31, 2021.

Intangible assets (in millions)	Preliminary Fair Value	Estimated Useful Life (years)	Three Months Ended March 31, 2022	Year Ended December 31, 2021
Customers	\$ 2,000	14	\$ 36	\$ 143
Tradenames	900	Indefinite	-	-
Technology	1,000	15-20	14	57
Total	\$ 3,900		\$ 50	\$ 200

F. Reflects the recognition of preliminary estimated goodwill for the M&M Acquisition. Refer to Note 2 for the preliminary purchase price allocation.

G. Reflects the elimination of M&M Business' historical equity and goodwill.

H. Represents the adjustments to reflect the net deferred tax liabilities associated with the estimated fair value step-up of identifiable assets acquired and the income tax (provision) benefit related to the income (loss) before income taxes resulting from the pro forma acquisition adjustments, which were tax effected using an estimated global statutory blended rate of 23%.

I. Represents adjustments related to new ground and space lease agreements expected to be entered between DuPont and Celanese in conjunction with consummation of the M&M Acquisition. As of the date of this Current Report, the terms of the lease agreements are still being negotiated. Pro forma adjustments related to the ground and space lease agreements are based on the current expectation of the finalized lease terms. As such, for the purposes of the preliminary unaudited pro forma condensed combined financial statements, we have assumed that new ground and space lease agreements are classified as operating leases. For ground and space leases where DuPont is expected to be the lessor and Celanese is expected to be the lessee, the pro forma adjustments are recorded in the Operating lease right-of-use assets, Other liabilities (current), and Operating lease liabilities on the preliminary unaudited pro forma condensed combined balance sheet as of March 31, 2022 and in Research and Development for lab leases and Selling, General and Administrative for office and service center leases in the preliminary unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2022 and year ended December 31, 2021. For ground and space leases where Celanese is expected to be the lessor and DuPont is expected to be the lessee, the pro forma adjustments are recorded in Other income (expense), net in the preliminary unaudited pro forma condensed combined statements of operations for the three months ended March 31, 2022 and year ended December 31, 2021. The terms of the ground and space lease agreements will be finalized by the close date. Accordingly, the actual lease amounts could differ significantly from current estimate.

J. M&M Business' employees participate in DuPont sponsored defined benefit plans. M&M Business' proportionate share of the expense (credit) associated with the multiemployer plan is reflected in the M&M Business' combined financial statements, while the assets and liabilities associated with the multiemployer plans are retained by DuPont and recorded on DuPont's balance sheet. Upon consummation of the M&M Acquisition, Celanese will provide post-retirement benefits to the relevant employees through single-employer plans. As per the terms of the employee matters agreement dated February 17, 2022 (the "Employee Matters Agreement"), if the defined benefit plan is under-funded as of the close date, Celanese will receive cash from DuPont equivalent to the under-funded amount. If the defined benefit plan is over-funded as of the close date, Celanese will pay cash to DuPont equivalent to the over-funded amount. As of the date of this Current Report, Celanese has preliminarily estimated the defined benefit plan to be under-funded by \$33 million. This adjustment reflects an increase to Benefit obligation and Non-trade receivable related to the preliminary estimate of the under-funded amount. The actual funding status of the defined benefit plan will depend on the fair value of plan assets and actuarial estimate of pension liability that is based on estimates and assumptions. Therefore, the actual funding status will fluctuate. Accordingly, the final funding status could differ significantly from the current estimate.

K. Unvested RSU awards of DuPont granted to M&M Business' relevant employees during the 2022 calendar year will be replaced with equivalent value of cash or unvested RSU awards of Celanese, under similar terms, pursuant to the Employee Matters Agreement. For the pro forma adjustments, we assume that these awards will be settled in cash. The portion of the value proportionate to service already rendered has been recognized as part of the preliminary purchase consideration; see Note 2. This amount is reflected as an increase to Other liabilities (current). The remainder portion of the value will be recognized as additional stock-based compensation expense within Selling, general, and administrative expense. As the amount recorded in the historical period is greater than the expense associated with the new Employee Matters Agreement, no incremental pro forma adjustment was recorded for the year ended December 31, 2021 and three months ended March 31, 2022. The actual fair value of DuPont's RSU awards may differ materially from the preliminary determination included within the preliminary unaudited pro forma condensed combined financial statements.

L. Reflects elimination of the historical depreciation and amortization of the M&M Business related to property, plant and equipment and intangible assets.

5. Other Accounting Pro Forma Adjustments and Assumptions

A. Celanese expects to borrow \$1.5 billion under the Term Loan Facility and expects to issue \$9.5 billion of Senior Unsecured Notes to fund the M&M Acquisition. The total proceeds from the Term Loan Facility and the Senior Unsecured Notes are reduced by debt issuance cost of \$73 million. Based on current expectation, we assume \$500 million will be current debt and \$10.4 billion to be non-current debt, net of debt issuance cost.

We do not intend to draw down on the remaining Bridge Facility and currently expect to replace the remaining commitments under the Bridge Facility prior to the closing of the M&M Acquisition with permanent financing that will consist of the issuance of Senior Unsecured Notes. However, there are no assurances that we will be able to do so and any such financings would be subject to prevailing market conditions at that time.

B. This adjustment reflects pro forma adjustment to interest expense related to the expected borrowing under the Term Loan Facility and the expected issuance of Senior Unsecured Notes.

The Term Loan Facility is composed of a \$500 million tranche of delayed-draw term loans due 364 days from issuance and a \$1.0 billion tranche of delayed-draw term loans due five years from issuance. Amounts outstanding under the 364-day tranche of the Term Loan Credit Arrangement accrue interest at a rate equal to Term Secured Overnight Financing Rate ("SOFR") plus a margin of 1.00% to 2.00% per annum, or the base rate plus a margin of 0.00% to 1.00%, in each case, based on Celanese's senior unsecured debt rating. Amounts outstanding under the five-year tranche of the Term Loan Credit Agreement accrue interest at a rate equal to Term SOFR plus a margin of 1.125% to 2.125% per annum, or the base rate plus a margin of 0.125% to 1.125%, in each case, based on Celanese's senior unsecured debt rating. The estimated weighted-average interest rate for the Term Loan Facility is 3.0%.

Celanese expects to issue Senior Unsecured Notes at fixed rates of interest in various currencies and with various maturities. The estimated weighted-average interest rate of 5.40% is based on assumptions regarding currencies, interest rates and maturities, but the actual terms of the Senior Unsecured Notes will be subject to market conditions at the time of issuance.

Below is the pro forma adjustment for the expected contractual interest expense and the amortization of debt issuance cost.

<i>(in millions)</i>	Three Months Ended March 31, 2022	Year ended December 31, 2021
Interest expense on Term Loan Facility	\$ 8	\$ 46
Interest expense on Senior Unsecured Notes	132	527
Amortization of debt issuance cost	4	15
Pro forma adjustment to interest expense	\$ 144	\$ 588

A 0.125% change in interest rates would increase or decrease interest expense on a pro forma basis by \$0.6 million and \$3.2 million for the three months ended March 31, 2022 and for the year ended December 31, 2021, respectively

C. Represents the write-off of \$30 million of unamortized Bridge Facility commitment fees due to the assumed termination of the remaining commitments under that facility.

D. Represents the adjustments to income tax (provision) benefit related to the income (loss) before income taxes resulting from the pro forma other adjustments, which were tax effected using an estimated global statutory blended rate of 23%.

Set forth below are certain risk factors relating to the M&M Acquisition. Capitalized terms used and not defined herein shall have the meanings ascribed to them in the Current Report on Form 8-K to which this Exhibit 99.4 is attached.

Risk Factors

We have made certain assumptions relating to the M&M Acquisition which may prove to be materially inaccurate and we may fail to realize all of the anticipated benefits of the acquisition.

We have made certain assumptions relating to the M&M Acquisition, which may prove to be inaccurate. Our failure to identify, or understand the magnitude of, the problems, liabilities or other challenges associated with the M&M Acquisition could result in incorrect expectations of future results and increased risk of unanticipated or unknown issues or liabilities. Our mitigation strategies for such risks that are identified may be ineffective.

These assumptions relate to numerous matters, including:

- general economic and business conditions, and performance of the M&M Business against this backdrop;
- potential unknown liabilities and unforeseen delays or regulatory conditions associated with the M&M Acquisition;
- faulty assumptions or incorrect expectations regarding the process of integrating the M&M Business with ours, including unanticipated delays, costs or inefficiencies;
- the anticipated benefits and synergies, including timing for when such benefits and synergies may be realized through combining the M&M Business with ours;
- the amount of attention and resources needed to successfully align our and the M&M Business's practices and operations which may disrupt our business, including challenges relating to integrating commercial activities, technologies, procedures, policies, retaining key personnel and addressing differences in the business cultures of our business and the M&M Business;
- the complexities associated with managing the combined businesses;
- potential increases in the challenges and risks, including commercial and financial risks, associated with our broader international business footprint, and increased exposure to certain end markets and geographies, as a result of the M&M Acquisition which will expand our presence to markets in which we may not have previously done business; and
- other financial and strategic risks of the M&M Acquisition.

We cannot guarantee that we will achieve our goals or meet our expectations with respect to the M&M Acquisition. The M&M Business's first quarter adjusted EBITDA declined by approximately 20% in 2022 as compared to the first quarter of 2021, which may result in lower than anticipated financial performance of the M&M Business for 2022. The full benefits of the M&M Acquisition, including the anticipated financial benefits and the synergies and growth opportunities, may not be realized as expected or may not be achieved within the anticipated timeframe, or at all. If our assumptions are inaccurate or we are unable to meet our expectations (including our expectations regarding financial targets), our business, financial performance and operating results could be materially and adversely affected.

Financing the M&M Acquisition will result in an increase in our indebtedness, which could adversely affect us, including by decreasing our business flexibility and increasing our interest expense.

We intend to finance the majority of the \$11 billion purchase price of the M&M Acquisition, in part, with cash on hand, borrowings under our term loan and revolving credit facilities and through the issuance of notes in public or private placement offerings. This will increase our indebtedness and may, among other things, reduce our flexibility to respond to changing business and economic conditions or to fund capital expenditures or working capital needs.

Completion of the M&M Acquisition is subject to conditions, and if these conditions are not satisfied or waived, the M&M Acquisition will not be completed.

Each of our and DuPont's obligation to complete the M&M Acquisition is subject to the satisfaction or waiver of a number of conditions set forth in the transaction agreement. These include, among others, the accuracy of the parties' respective representations and warranties in the transaction agreement, subject to specified materiality qualifications; compliance by the parties with their respective covenants in the transaction agreement in all material respects; the absence of any law or order enjoining or prohibiting the consummation of the M&M Acquisition; the expiration or termination of the waiting period applicable to the M&M Acquisition under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended; the receipt of other antitrust approvals in certain foreign jurisdictions; and the absence of a material adverse effect with respect to the M&M Business. The failure to satisfy all of the required conditions in the transaction agreement could delay the completion of the M&M Acquisition or prevent the M&M Acquisition from occurring. Any delay in completing the M&M Acquisition could cause us not to realize some or all of the benefits that we expect to achieve if the M&M Acquisition is successfully completed within the expected timeframe. There can be no assurance that the conditions to the closing of the M&M Acquisition will be satisfied or waived or that the M&M Acquisition will be completed, or as to whether the M&M Acquisition will be completed on terms other than those set forth in the transaction agreement as in effect as of the date of this Current Report on Form 8-K.

Failure to complete the M&M Acquisition could negatively impact the price of shares of our common stock, as well as our future business and financial results.

If the M&M Acquisition is not completed for any reason, our business and financial results may be adversely affected, including as follows:

- we may experience negative reactions from the financial markets, including negative impacts on the market price of our common stock;
- the manner in which industry contacts, business partners and other third parties perceive us may be negatively impacted, which in turn could affect our marketing operations or our ability to compete for new business in the marketplace more broadly;
- we may experience negative reactions from employees; and
- we will have expended time and resources that could otherwise have been spent on our existing business and the pursuit of other opportunities that could have been beneficial to us, and our ongoing business and financial results may be adversely affected.

We will incur direct and indirect costs as a result of the M&M Acquisition.

We have incurred and expect to continue to incur a number of non-recurring costs associated with negotiating and completing the M&M Acquisition, combining the operations of our business and the M&M Business and achieving desired synergies. These fees and costs have been, and will continue to be, substantial. We expect that the majority of non-recurring expenses will consist of transaction costs related to the M&M Acquisition and include, among others, employee retention costs, fees paid to financial, legal, integration and accounting advisors, severance and benefit costs. We will also incur transaction fees and costs related to formulating and implementing integration plans, including facilities and systems consolidation costs and employment-related costs. We will continue to assess the magnitude of these costs, and additional unanticipated costs may be incurred in the M&M Acquisition and the integration of the M&M Business into our business. Although we expect that the elimination of duplicative costs, as well as the realization of other efficiencies related to the integration of the M&M Business, should allow us to offset integration-related costs over time, this net benefit may not be achieved in the near term, or at all. The costs described above, as well as other unanticipated costs and expenses, could have a material adverse effect on our financial condition and results of operations following the completion of the M&M Acquisition. Many of these costs will be borne by us even if the M&M Acquisition is not completed. Factors beyond our control could affect the total amount or timing of these expenses, many of which, by their nature, are difficult to estimate accurately.

The risk of non-compliance with non-U.S. laws, regulations and policies could adversely affect our results of operations, financial condition or strategic objectives.

The M&M Acquisition will introduce us into a number of new geographic markets, subjecting us to additional non-U.S. laws, regulations and policies which do not currently apply to us, and will increase our exposure to certain other geographic markets as well as their laws and regulations. These laws and regulations are complex, change frequently, have become more stringent over time, could increase our cost of doing business, and could result in conflicting legal requirements. These laws and regulations include international labor and employment laws, environmental regulations and reporting requirements, data privacy requirements, and local laws prohibiting corrupt payments to government officials, antitrust and other regulatory laws. We will be subject to the risk that we, our employees, our agents, or our affiliated entities, or their respective officers, directors, employees and agents, may take actions determined to be in violation of any of these laws, regulations or policies, for which we might be held responsible. Actual or alleged violations could result in substantial fines, sanctions, civil or criminal penalties, debarment from government contracts, curtailment of operations in certain jurisdictions, competitive or reputational harm, litigation or regulatory action and other consequences that might adversely affect our results of operations, financial condition or strategic objectives.