

**PAINT THE
FUTURE**

**REPORT Q1
24**

Our results at a glance

Highlights Q1 2024 (compared with Q1 2023)

- Organic sales up 2%, driven by higher volumes in both Paints and Coatings; revenue down 1%
- Operating income improved to €261 million (2023: €182 million)
- Adjusted EBITDA €363 million (2023: €305 million), adjusted EBITDA margin 13.8% (2023: 11.5%)
- Net cash from operating activities negative €170 million (2023: negative €50 million)

Outlook*

Based on current market conditions and constant currencies, AkzoNobel targets to deliver between €1.5 and €1.65 billion adjusted EBITDA in 2024.

For the mid-term, AkzoNobel aims to expand profitability to deliver an adjusted EBITDA margin of above 16% and a return on investment between 16% and 19%, underpinned by organic growth and industrial excellence.

The company aims to lower its leverage to around 2.3 times net debt/EBITDA by the end of 2024 and around 2 times in the mid-term, while remaining committed to retaining a strong investment grade credit rating.

* Outlook is based on organic volumes and constant currencies, and assumes no significant market disruptions.

Alternative performance measures (APM)

AkzoNobel uses APM adjustments to IFRS measures to provide supplementary information on the reporting of the underlying developments of the business. A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the Notes to the condensed consolidated financial statements, paragraph "Alternative performance measures."

Summary of financial results

First quarter in € millions/%	2023	2024	Δ%
Revenue	2,657	2,640	(1%)
Operating income	182	261	43%
Identified items*	(36)	(13)	
Adjusted operating income*	218	274	26%
Adjusted EBITDA*	305	363	19%
Adjusted EBITDA margin (%)*	11.5	13.8	
Average invested capital*	8,303	8,182	(1%)
ROI (%)*	9.4	13.8	
Capital expenditures*	62	41	
Net debt*	4,265	4,031	
Leverage ratio (net debt/EBITDA)*	4.2	2.7	
Net cash from operating activities	(50)	(170)	
Free cash flow*	(112)	(211)	
Net income attributable to shareholders	94	181	
Weighted average number of shares (in millions)	170.5	170.6	
Earnings per share from total operations (in €)	0.55	1.06	
Adjusted earnings per share from continuing operations (in €)*	0.73	1.12	

* Alternative performance measure; for more details on these measures, including reconciliation to the most directly comparable IFRS measures and explanation of their use, refer to the Notes to the condensed consolidated financial statements, APM paragraph

Financial highlights

Q1 2024

Revenue

Organic sales up 2%, while revenue was down 1%. Organic sales growth was driven by higher volumes of 2% with growth in both Paints and Coatings. Volume growth in Paints was driven by SESA which grew low double digit, while growth in Coatings was driven by Powder which grew mid single digit.

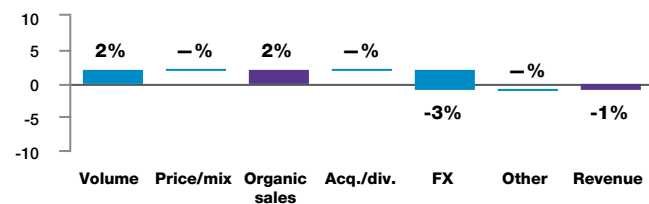
Adverse currencies impacted revenue by 3%, resulting in 1% lower revenue.



Growth targeted in Pakistan as new site takes root

We've opened a new €26 million manufacturing plant (with its own forest) in Faisalabad – the company's largest investment in Pakistan to date. The 25-acre site, which has facilities for making decorative paint, wood finishes, automotive and specialty coatings, coil coatings and protective coatings, will help to meet increasing customer demand across a variety of markets.

Revenue development Q1 2024



Revenue

First quarter

in € millions	2023	2024	Δ%	Δ% Organic*
Decorative Paints	1,046	1,056	1%	3%
Performance Coatings	1,611	1,584	(2%)	2%
Other activities	—	—	—	—
Total	2,657	2,640	(1%)	2%

* Alternative performance measure

in % versus Q1 2023	Volume	Price /mix	Organic sales	Acq./div	FX	Other	Revenue
Decorative Paints	1	2	3	1	(3)	—	1
Performance Coatings	2	—	2	—	(4)	—	(2)
Total	2	—	2	—	(3)	—	(1)

Volume development per quarter (year-on-year) in %

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Decorative Paints	(1)	(1)	—	3	1
Performance Coatings	(4)	(1)	—	3	2
Total	(3)	(1)	—	3	2

Price/mix development per quarter (year-on-year) in %*

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Decorative Paints	5	5	3	2	2
Performance Coatings	8	4	3	2	—
Total	7	5	3	2	—

Organic sales development per quarter (year-on-year) in %*

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Decorative Paints	4	4	3	5	3
Performance Coatings	4	3	3	5	2
Total	4	4	3	5	2

Currency development per quarter (year-on-year) in %

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Decorative Paints	(4)	(8)	(8)	(7)	(3)
Performance Coatings	(1)	(7)	(10)	(7)	(4)
Total	(3)	(7)	(9)	(7)	(3)

Revenue development per quarter (year-on-year) in %

	Q1 23	Q2 23	Q3 23	Q4 23	Q1 24
Decorative Paints	5	(3)	(3)	(2)	1
Performance Coatings	6	(5)	(5)	(3)	(2)
Total	5	(4)	(4)	(3)	(1)

Financial highlights

Q1 2024

Operating income

Operating income increased to €261 million (2023: €182 million), mainly due to a continued rebound in gross margins, higher volumes and lower identified items.

Identified items of negative €13 million (2023: negative €36 million) were mainly related to restructuring-related costs.

Adjusted EBITDA

Adjusted EBITDA increased to €363 million (2023: €305 million). Adjusted EBITDA margin improved to 13.8% (2023: 11.5%).

Financing income and expenses

Financing income and expenses amounted to negative €16 million (2023: negative €38 million). The €22 million decrease in expenses is mainly due to hyperinflation accounting and the release of the interest related part of a provision for an uncertain tax position.

Income tax

The effective tax rate was 22.6% (2023: 29.8%). The decrease of the effective tax rate is mostly due to the release of a provision for an uncertain tax position, which decreased the effective tax rate by 10%, while hyperinflation increased the effective tax rate by 5%.

Net income

Net income attributable to shareholders was €181 million (2023: €94 million). Earnings per share from total operations was €1.06 (2023: €0.55).

Adjusted EBITDA*

First quarter in € millions	2023	2024	Δ%
Decorative Paints	137	156	14%
Performance Coatings	187	221	18%
Other activities	(19)	(14)	
Total	305	363	19%

* Alternative performance measure; for more details on these measures, including reconciliation to the most directly comparable IFRS measures and explanation of their use, refer to the Notes to the condensed consolidated financial statements, APM paragraph

Operating income

First quarter in € millions	2023	2024	Δ%
Decorative Paints	94	116	23%
Performance Coatings	130	176	35%
Other activities	(42)	(31)	
Total	182	261	43%

Operating income to net income

First quarter in € millions	2023	2024
Operating income	182	261
Financing income and expenses	(38)	(16)
Results from associates	7	7
Profit before tax	151	252
Income tax	(45)	(57)
Profit from continuing operations	106	195
Profit from discontinued operations	(1)	(1)
Profit for the period	105	194
Non-controlling interests	(11)	(13)
Net income	94	181

Decorative Paints

Highlights Q1 2024

- Organic sales up 3% due to positive price/mix and higher volumes; revenue up 1%
- Adjusted EBITDA margin improved to 14.8% (2023: 13.1%)

Q1 2024

Organic sales up 3% and revenue up 1%. Volume growth was driven by higher volumes in SESA. Price/mix was up 2%, with positive pricing in EMEA and LATAM more than offsetting competitive pricing in parts of Asia.

Acquisitions added 1% due to the Huarun acquisition in China, while adverse currencies negatively impacted revenue by 3%, resulting in 1% revenue growth.

Operating income increased to €116 million (2023: €94 million), mainly due to a continued rebound in gross margins and higher volumes. Operating income includes identified items of negative €4 million, due to restructuring related costs (2023: negative €8 million identified items).

Adjusted EBITDA increased to €156 million (2023: €137 million). Adjusted EBITDA margin improved to 14.8% (2023: 13.1%).

Europe, Middle East and Africa

Organic sales up 5% and revenue up 2%. Organic sales growth was driven by higher pricing, while volumes were flat. Volumes were stronger in Southern Europe and Eastern Europe, as well as in UK DIY.

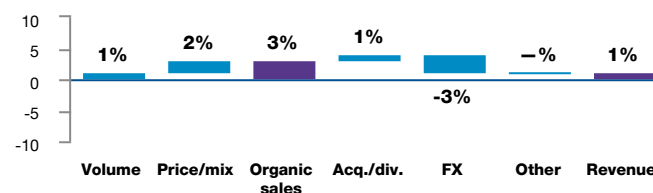
Latin America

Organic sales up 7% and revenue up 3%. Organic sales growth was driven by higher pricing. Volume growth in Brazil was offset by Argentina and Colombia, where a more challenging economic environment led to softer demand.

Asia

Organic sales down 3% and revenue down 4%. China volumes were in line with strong prior year comparatives. Low double digit volume growth in SESA was driven by strength in India and Indonesia. Price/mix was negative in both China and SESA, due to competitive pricing.

Revenue development Q1 2024



Revenue

First quarter

in € millions	2023	2024	Δ%	Organic*
Decorative Paints EMEA	598	612	2%	5%
Decorative Paints Latin America	177	183	3%	7%
Decorative Paints Asia	271	261	(4%)	(3%)
Total	1,046	1,056	1%	3%

* Alternative performance measure

Key financial figures

First quarter

in € millions/%	2023	2024	Δ%
Operating income	94	116	23%
Identified items ¹	(8)	(4)	
Depreciation and amortization ²	(35)	(36)	
Adjusted EBITDA ¹	137	156	14%
Adjusted EBITDA margin (%) ¹	13.1	14.8	
Average invested capital ¹	3,863	3,735	(3%)
ROI (%) ¹	10.1	13.9	

¹ Alternative performance measure; for more details on these measures, including reconciliation to the most directly comparable IFRS measures and explanation of their use, refer to the Notes to the condensed consolidated financial statements, APM paragraph

² Excluding identified items

Performance Coatings

Highlights Q1 2024

- Organic sales up 2%, driven by higher volumes; revenue -2%
- Adjusted EBITDA margin improved to 14.0% (2023: 11.6%)

Q1 2024

Organic sales up 2%, while revenue was down 2%. Organic sales growth was driven by higher volumes in most businesses, including mid single digit growth in Powder and double digit volume growth in most businesses in China. Price/mix was flat.

Adverse currencies negatively impacted revenue by 4%, resulting in 2% lower revenue.

Operating income increased to €176 million (2023: €130 million), mainly due to a rebound in gross margins, higher volumes and lower identified items, partly offset by lower pricing. Operating income includes identified items of negative €1 million (2023: negative €15 million).

Adjusted EBITDA increased to €221 million (2023: €187 million). Adjusted EBITDA margin improved to 14.0% (2023: 11.6%).

Powder Coatings

Organic sales up 3% and revenue down 1%. Organic sales growth driven by volume growth in all segments and regions, showing strong growth especially in the industrial segment and North America in general.

Marine and Protective Coatings

Organic sales growth up 2% and revenue down 2%. Organic sales growth was mainly driven by volume growth in the new-build market in Asia.

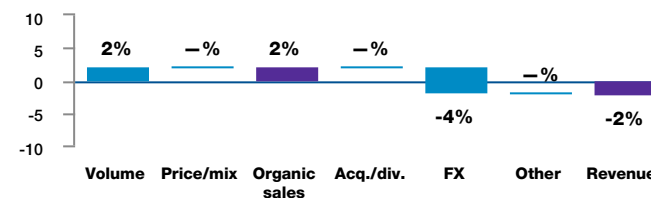
Automotive and Specialty Coatings

Organic sales up 5% and revenue up 2%. Organic sales growth was mainly driven by higher pricing. Volumes were higher in vehicle refinishes while aerospace was impacted by temporary supply constraints.

Industrial Coatings

Organic sales down 1% and revenue down 5%. Higher volumes in coil and packaging, with wood stabilising, were more than offset by lower pricing driven by indexed contracts.

Revenue development Q1 2024



Revenue

First quarter

in € millions	2023	2024	Δ%	Organic*
Powder Coatings	344	341	(1%)	3%
Marine and Protective Coatings	366	359	(2%)	2%
Automotive and Specialty Coatings	363	372	2%	5%
Industrial Coatings	538	512	(5%)	(1%)
Total	1,611	1,584	(2%)	2%

* Alternative performance measure

Key financial figures

First quarter

in € millions / %	2023	2024	Δ%
Operating income	130	176	35%
Identified items ¹	(15)	(1)	
Depreciation and amortization ²	(42)	(44)	
Adjusted EBITDA ¹	187	221	18%
Adjusted EBITDA margin (%) ¹	11.6	14.0	
Average invested capital ¹	3,918	3,805	(3%)
ROI (%) ¹	12.5	18.8	

¹ Alternative performance measure; for more details on these measures, including reconciliation to the most directly comparable IFRS measures and explanation of their use, refer to the Notes to the condensed consolidated financial statements, APM paragraph

² Excluding identified items

Condensed consolidated financial statements

Condensed consolidated statement of income

First quarter in € millions	2023	2024
Continuing operations		
Revenue	2,657	2,640
Cost of sales	(1,675)	(1,553)
Gross profit	982	1,087
SG&A costs	(796)	(825)
Other results	(4)	(1)
Operating income	182	261
Financing income and expenses	(38)	(16)
Results from associates	7	7
Profit before tax	151	252
Income tax	(45)	(57)
Profit for the period from continuing operations	106	195
Discontinued operations		
Profit/(loss) for the period from discontinued operations	(1)	(1)
Profit for the period	105	194
Attributable to		
Shareholders of the company	94	181
Non-controlling interests	11	13
Profit for the period	105	194

Condensed consolidated statement of comprehensive income

First quarter in € millions	2023	2024
Profit for the period	105	194
Other comprehensive income		
Exchange differences arising on translation of foreign operations	(31)	96
Cash flow hedges	(8)	—
Post-retirement benefits	39	(33)
Tax relating to components of other comprehensive income	(10)	8
Other comprehensive income for the period (net of tax)	(10)	71
Comprehensive income for the period	95	265
Comprehensive income for the period attributable to		
Shareholders of the company	82	248
Non-controlling interests	13	17
Comprehensive income for the period	95	265

Condensed consolidated balance sheet

in € millions	December 31, 2023	March 31, 2024
Assets		
Non-current assets		
Intangible assets	4,081	4,102
Property, plant and equipment	1,994	2,008
Right-of-use assets	302	316
Other non-current assets	2,137	2,053
Total non-current assets	8,514	8,479
Current assets		
Inventories	1,649	1,779
Trade and other receivables	2,483	2,819
Current tax assets	134	134
Short-term investments	265	29
Cash and cash equivalents	1,513	1,069
Total current assets	6,044	5,830
Total assets	14,558	14,309
Equity and liabilities		
Group equity		
Group equity	4,546	4,809
Non-current liabilities		
Provisions and deferred tax liabilities	1,141	1,120
Long-term borrowings	3,165	3,183
Total non-current liabilities	4,306	4,303
Current liabilities		
Short-term borrowings	2,398	1,946
Trade and other payables	2,933	2,896
Current tax liabilities	211	204
Current portion of provisions	164	151
Total current liabilities	5,706	5,197
Total equity and liabilities	14,558	14,309

Cash flows

Net cash from operating activities in Q1 was an outflow of €170 million (2023: outflow of €50 million). The higher outflow was mainly driven by an increase in changes in working capital (in part due to an unfavorable working day calendar at the end of March, which shifted receivable collection into the first days of April), partly offset by an increase in operating income.

Net cash from investing activities in Q1 was an inflow of €219 million (2023: outflow of €69 million). The inflow was mainly due to cash-in from short-term investments.

Net cash from financing activities in Q1 was an outflow of €581 million (2023: outflow of €118 million). The increase in outflow is mainly related to a higher outflow from changes from borrowings, mainly due to repayment of commercial paper.

Net debt

At March 31, 2024, net debt was €4,031 million versus €3,785 million at year-end 2023, mainly due to net cash used for operating activities (negative €170 million) and capital expenditures (€41 million). The net debt/EBITDA leverage ratio at March 31, 2024, was 2.7 (December 31, 2023: 2.7).

Net debt

in € millions	March 31, 2023	December 31, 2023	March 31, 2024
Short-term investments	(321)	(265)	(29)
Cash and cash equivalents	(1,208)	(1,513)	(1,069)
Long-term borrowings	3,324	3,165	3,183
Short-term borrowings	2,470	2,398	1,946
Total	4,265	3,785	4,031

Consolidated statements of cash flows

First quarter in € millions	2023	2024
Net cash and cash equivalents at beginning of period	1,398	1,453
Profit for the period from continuing operations	106	195
Amortization and depreciation	87	89
Financing income and expenses	38	16
Results from associates	(7)	(7)
Pre-tax result on acquisitions and divestments	3	1
Income tax	45	57
Changes in working capital	(261)	(418)
Changes in post-retirement benefit provisions	(7)	(4)
Changes in other provisions	9	(12)
Interest paid	(41)	(48)
Income tax paid	(38)	(48)
Other changes	16	9
Net cash generated from/(used for) operating activities	(50)	(170)
Capital expenditures	(62)	(41)
Acquisitions and divestments net of cash acquired/divested	(40)	7
Investments in short-term investments	(12)	–
Repayments of short-term investments	29	238
Other changes	16	15
Net cash generated from/(used for) investing activities	(69)	219
Changes from borrowings	(114)	(573)
Dividends paid	(4)	(8)
Net cash generated from/(used for) financing activities	(118)	(581)
Net cash generated from/(used for) continuing operations	(237)	(532)
Cash flows from discontinued operations	(1)	(3)
Net change in cash and cash equivalents of continuing and discontinued operations	(238)	(535)
Effect of exchange rate changes on cash and cash equivalents	(15)	(3)
Net cash and cash equivalents at March 31	1,145	915

Free cash flow

The free cash flow in Q1 2024 decreased compared with Q1 2023, mainly due to an increase in changes in working capital, partly offset by higher EBITDA.

Consolidated statement of free cash flows

First quarter in € millions	2023	2024
EBITDA	269	350
Pre-tax results on acquisitions and divestments	3	1
Changes in working capital	(261)	(418)
Pension top-up payments	(1)	–
Other changes in provisions	3	(16)
Interest paid	(41)	(48)
Income tax paid	(38)	(48)
Other	16	9
Net cash generated from/(used for) operating activities	(50)	(170)
Capital expenditures	(62)	(41)
Free cash flow	(112)	(211)

Shareholders' equity

Shareholders' equity amounted to €4.6 billion at March 31, 2024, compared with €4.3 billion at year-end 2023. Main movements relate to:

- Profit for the period of €181 million
- Exchange differences arising on translation of foreign operations of positive €92 million (net of taxes)

Dividend

The dividend policy remains unchanged and is to pay a stable to rising dividend.

In 2023, an interim dividend of €0.44 was paid (2022: €0.44). A final 2023 dividend of €1.54 (2022: €1.54) per common share is proposed for approval at the AGM on April 25, 2024.

Outstanding share capital

The outstanding share capital was 170.6 million common shares at the end of March 2024. The weighted average number of shares in Q1 2024 was 170.6 million shares.

Consolidated statement of changes in equity

in € millions	Subscribed share capital	Cash flow hedge reserve	Cumulative translation reserves	Other (legal) reserves and undistributed profit	Shareholders' equity	Non-controlling interests	Group equity
Balance at December 31, 2022	87	(34)	(656)	4,936	4,333	215	4,548
Profit for the period	—	—	—	94	94	11	105
Other comprehensive income	—	(8)	(33)	29	(12)	2	(10)
Comprehensive income for the period	—	(8)	(33)	123	82	13	95
Dividend	—	—	—	—	—	(4)	(4)
Share buyback	(2)	—	—	2	—	—	—
Equity-settled transactions	—	—	—	4	4	—	4
Balance at March 31, 2023	85	(42)	(689)	5,065	4,419	224	4,643
Balance at December 31, 2023	85	—	(711)	4,948	4,322	224	4,546
Profit for the period	—	—	—	181	181	13	194
Other comprehensive income	—	—	92	(25)	67	4	71
Comprehensive income for the period	—	—	92	156	248	17	265
Dividend	—	—	—	—	—	(8)	(8)
Share buyback	—	—	—	—	—	—	—
Equity-settled transactions	—	—	—	6	6	—	6
Balance at March 31, 2024	85	—	(619)	5,110	4,576	233	4,809

Invested capital

Invested capital at March 31, 2024, totaled €8.3 billion, up €0.5 billion from year-end 2023. This increase was mainly caused by seasonal demand resulting in higher trade receivables and inventories.

Invested capital

in € millions	March 31, 2023	December 31, 2023	March 31, 2024
Trade receivables	2,303	2,187	2,457
Inventories	1,839	1,649	1,779
Trade payables	(2,169)	(2,312)	(2,331)
Operating working capital (trade)	1,973	1,524	1,905
Other working capital items	(277)	(402)	(273)
Non-current assets	8,519	8,514	8,479
Less investments in associates	(201)	(216)	(223)
Less pension assets	(1,098)	(1,017)	(1,026)
Deferred tax liabilities	(567)	(557)	(519)
Invested capital	8,349	7,846	8,343

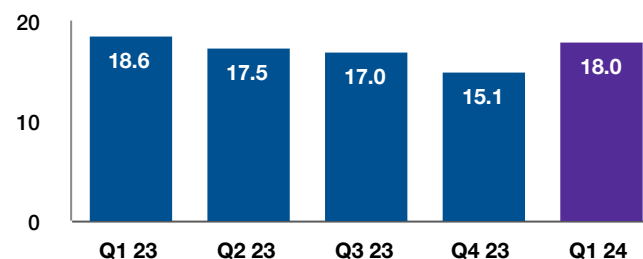
Operating working capital (trade)

Operating working capital (trade) was €1.9 billion at March 31, 2024 (March 31, 2023: €2.0 billion).

Operating working capital (trade) as a percentage of revenue was 18.0% in Q1 2024, compared with 18.6% in Q1 2023, mainly due to an increase in trade payables.

Operating working capital (trade)

As % of revenue



Renewable electricity landmark achieved in Latin America

All our manufacturing locations in Latin America are now operating on 100% renewable electricity, further boosting the company's ambition to reduce carbon emissions across the full value chain by 50% by 2030 (baseline 2018). The milestone – reached late last year – follows on from similar achievements in North America (early 2023) and Europe (early 2022).

Notes to the condensed consolidated financial statements

General information

Akzo Nobel N.V. is a public limited liability company headquartered in Amsterdam, the Netherlands. The interim condensed consolidated financial statements include the condensed financial statements of Akzo Nobel N.V. and its consolidated subsidiaries (in this document referred to as "AkzoNobel", "the Group" or "the company"). The company was incorporated under the laws of the Netherlands and is listed on Euronext Amsterdam.

Basis of preparation

All figures in this report are unaudited. The interim condensed consolidated financial statements were discussed and approved by the Board of Management and the Supervisory Board. These interim condensed financial statements have been authorized for issue.

The interim condensed consolidated financial statements should be read in conjunction with AkzoNobel's consolidated financial statements in the 2023 annual report as published on February 28, 2024. The 2023 financial statements are to be adopted by the Annual General Meeting of shareholders on April 25, 2024. In accordance with Article 393 of Book 2 of the Dutch Civil Code, PricewaterhouseCoopers Accountants N.V. has issued an unqualified auditor's opinion on the 2023 financial statements.

Accounting policies

The material accounting policies applied in the interim condensed consolidated financial statements are consistent with those applied in AkzoNobel's consolidated financial statements for the year ended December 31, 2023, except for IFRS standards and interpretations becoming effective on January 1, 2024. This includes, among others, amendments to IAS 1 "Classification of Liabilities as Current or Non-current and Non-current Liabilities with Covenants", amendments to IFRS 16 "Lease Liability in a Sale and Leaseback" and amendments to IAS 7 and IFRS 7 "Disclosures: Supplier Finance Arrangements".

These changes have been assessed for their potential impact. It was concluded that these changes do not have a material effect on AkzoNobel's consolidated financial statements.

The interim condensed consolidated financial statements have been prepared in accordance with IAS 34 "Interim financial reporting".

Further, in 2024 Pillar 2 regulation came into force. The implementation did not have a material impact on the effective tax rate in the first quarter.

Seasonality

Revenue and results in Decorative Paints are impacted by seasonal influences. Revenue and profitability tend to be higher in the second and third quarter of the year as weather conditions determine whether paints and coatings can be applied.

In Performance Coatings, revenue and profitability vary, among others, with building patterns from original equipment manufacturers.

Other activities

In Other activities, we report activities which are not allocated to a particular segment.

Revenue disaggregation

The table below reflects the disaggregation of revenue. Additional disaggregation of revenue is included on the respective pages of Decorative Paints and Performance Coatings.

Revenue disaggregation				
January - March 2024				
in € millions	Decorative Paints	Performance Coatings	Other	Total
The Netherlands	52	29	—	81
Other EMEA countries	560	640	—	1,200
North Asia	116	263	—	379
South Asia Pacific	145	175	—	320
North America	—	352	—	352
Latin America	183	125	—	308
Total	1,056	1,584	—	2,640
Timing of revenue recognition				
Goods transferred at a point in time	1,039	1,535	—	2,574
Services transferred over time	17	49	—	66
Total	1,056	1,584	—	2,640

Hyperinflation accounting (Türkiye and Argentina)

For Türkiye and Argentina, hyperinflation accounting is applied. The impact of the application of hyperinflation accounting, which includes the use of end of period rates to translate the statement of the income statement, is shown in the table below. No identified item treatment is applied.

Hyperinflation accounting		
First quarter in € millions	2023	2024
Revenue	(4)	2
Operating income	(9)	(8)
Hyperinflation: gain/loss on net monetary position	(8)	14
Other financing income/expenses		
Profit before tax	(17)	6
Income tax	(4)	(12)
Profit for the period	(21)	(6)
Non-controlling interests	2	3
Net income	(19)	(3)

Workforce

At March 31, 2024, the number of employees was 35,500 (December 31, 2023: 35,200).

Pensions

The net balance sheet position (according to IAS19) of the pension plans at the end of Q1 was a surplus of €0.6 billion (year-end 2023: surplus of €0.7 billion). The development during 2024 was mainly the result of the net effect in key countries of higher discount rates, offset by lower plan asset returns in key countries.

Financial risk management

The consolidated financial statements for the year ended December 31, 2023, provide a description of the financial risks faced by the company in its regular operations, as well as the policies and procedures established to mitigate these risks.

The risks, policies, and procedures outlined in the consolidated financial statements are still applicable and relevant.

The carrying amount of the financial assets and current liabilities is a reasonable approximation of their fair value. The fair value of total borrowings as at March 31, 2024, was €4,962 million (December 31, 2023: €5,405 million) and the carrying amount measured at amortized cost was €5,129 million (December 31, 2023: €5,563 million).

During the three-month period ended March 31, 2024, there have been no material changes in the fair value hierarchy.

Related parties

AkzoNobel purchased and sold goods and services to various related parties in which we hold a 50% or less equity interest (associates). We consider the members of the Executive Committee and the Supervisory Board to be the key management personnel as defined in IAS 24 "Related parties".

In the ordinary course of business, we have transactions with various organizations with which certain of the members of the Supervisory Board and Executive Committee are associated.

Contingent liabilities/Project Ichthys update

AkzoNobel is defending claims brought by INPEX Operations Australia and JKC Australia LNG relating to the Ichthys Onshore Project in Darwin, Australia, a large LNG project. The claims allege that AkzoNobel is liable for degradation of the coating on part of the pipework and associated remediation costs are sought under the Australian Consumer Law. A court-ordered mediation held at the end of February 2024 did not lead to a resolution of the matter, which will go to trial in the Federal Court of Australia, commencing June 17, 2024. AkzoNobel denies liability and also contests the quantum of alleged damages. A judgment is not expected before the end of 2025.

Alternative performance measures

In presenting and discussing AkzoNobel's operating results, management uses certain alternative performance measures (APM) not defined by IFRS. Management considers these alternative performance measures to be relevant supplementary indicators of the company's performance. These or similar measures are widely used in the industry to assess operational performance and liquidity. By reporting these measures, AkzoNobel believes it can enhance understanding of its sales performance, profitability, financial strength and funding requirements.

Alternative performance measures should not be viewed in isolation as alternatives to the equivalent IFRS measures. Rather, they should be used as supplementary information in conjunction with the most directly comparable IFRS measures. Alternative performance measures do not have a standardized meaning under IFRS and therefore may not be comparable to similar measures presented by other companies.

Explanations, as well as reconciliations of the alternative performance measures to the most directly comparable IFRS measures, can be found on this page and the next page.

Organic sales

Organic sales exclude the impact of changes in consolidation, the impact of changes in foreign exchange rates and the impact of hyperinflation accounting.

The impact of changes in foreign exchange rates is calculated by re-translating the prior year local currency amounts into euros at the current year's foreign exchange rates.

Organic sales comparison provides a better understanding of underlying revenue growth factors. Reconciliation to the development of revenue is available in the financial highlights (for consolidated revenues), as well as in the Decorative Paints and Performance Coatings sections.

Identified items

Identified items are special charges and benefits, results on acquisitions and divestments, major restructuring and impairment charges, and charges and benefits related to major legal, environmental and tax cases.

Identified items are excluded when calculating adjusted operating income, adjusted EBITDA, adjusted EBITDA margin, return on investments (ROI) and adjusted earnings per share (EPS).

Adjusted EBITDA

Adjusted EBITDA is operating income excluding depreciation, amortization and identified items.

Adjusted EBITDA is used to evaluate the performance of AkzoNobel and its segments. By excluding identified items, the comparability of the operational results increases and financial performance can be evaluated more effectively. AkzoNobel views adjusted EBITDA as an appropriate measure for (segment) performance.

Operating income to adjusted EBITDA

First quarter 2023				First quarter 2024			
Decorative Paints	Performance Coatings	Other activities	Total	in € millions			
				Decorative Paints	Performance Coatings	Other activities	Total
94	130	(42)	182	116	176	(31)	261
(8)	(14)	(8)	(30)	(4)	(1)	(7)	(12)
—	—	(3)	(3)	—	—	(1)	(1)
—	(1)	(2)	(3)	—	—	—	—
(8)	(15)	(13)	(36)	(4)	(1)	(8)	(13)
102	145	(29)	218	120	177	(23)	274
(35)	(42)	(10)	(87)	(36)	(44)	(9)	(89)
137	187	(19)	305	156	221	(14)	363

* Excluding identified items

Adjusted EBITDA margin

Adjusted EBITDA margin is an operational profit margin. Adjusted EBITDA margin is adjusted EBITDA as a percentage of revenue. The measures provide a clear picture of (the development of) profitability.

Adjusted EBITDA margin

First quarter in %	2023	2024
Decorative Paints	13.1	14.8
Performance Coatings	11.6	14.0
Other activities*		
Total	11.5	13.8

* Adjusted EBITDA margin for Other activities is not shown, as this is not meaningful

Free cash flow

AkzoNobel reports on free cash flow as management believes it to be a useful measure to provide additional insight into the cash generating capability of its operations. A reconciliation of free cash flow to the most directly comparable IFRS measure is available in the condensed consolidated financial statements.

Capital expenditures

Capital expenditures is the total of investments in property, plant and equipment and investments in intangible assets. Reporting on capital expenditures gives insight into the investment in long-term assets.

Capital expenditures

First quarter in € millions	2023	2024
Purchase of property, plant and equipment	57	35
Purchase of intangible assets	5	6
Capital expenditures	62	41

Adjusted earnings per share

By excluding identified items, adjusted earnings per share provides additional insight into the underlying profitability, which helps in comparing performance over time, as well as to industry benchmarks and peers.

Adjusted earnings per share from continuing operations

First quarter in € millions	2023	2024
Profit from continuing operations	106	195
Identified items reported in operating income	36	13
Identified items reported in interest	—	(1)
Identified items reported in income tax	(7)	(3)
Non-controlling interests	(11)	(13)
Adjusted net income from continuing operations	124	191
Weighted average number of shares (in millions)	170.5	170.6
Adjusted earnings per share from continuing operations	0.73	1.12

Return on investment (ROI)

ROI is adjusted operating income of the last 12 months as a percentage of average invested capital. By using ROI, management can assess the efficiency of various investments and make informed decisions on how to allocate capital to maximize returns and drive long-term growth.

Average invested capital

April 2022 - March 2023/April 2023 - March 2024			
in € millions	2023	2024	Δ%
Decorative Paints	3,863	3,735	(3%)
Performance Coatings	3,918	3,805	(3%)
Other activities	522	642	
Total	8,303	8,182	(1%)

Return on investment (ROI)

April 2022 - March 2023/April 2023 - March 2024			
in %	2023	2024	
Decorative Paints	10.1	13.9	
Performance Coatings	12.5	18.8	
Other activities*			
Total	9.4	13.8	

* ROI for Other activities is not shown, as this is not meaningful.

Leverage ratio

Consistent with other companies in the industry, we monitor capital headroom based on the leverage ratio net debt/EBITDA. The leverage ratio is calculated based on the net debt per balance sheet position divided by EBITDA of the last 12 months.

EBITDA

April 2022 - March 2023/April 2023 - March 2024		
in € millions	2023	2024
Operating income	658	1,108
Depreciation and amortization	366	359
EBITDA	1,024	1,467

Leverage ratio

April 2022 - March 2023/April 2023 - March 2024		
in € millions	2023	2024
Net debt*	4,265	4,031
EBITDA	1,024	1,467
Leverage ratio	4.2	2.7

* Breakdown of net debt is available in the net debt paragraph in the condensed consolidated financial statements section



Capacity expansion completed at Vietnam multi-site

A major investment project has been completed at our production plant in Bac Ninh province near Hanoi in Vietnam. It will help to strengthen the company's position in Asia and sharpen our focus on more sustainable manufacturing. Five new powder coating lines have been added at the multi-site, along with a line for producing water-based products for the consumer electronics market.

Outlook*

Based on current market conditions and constant currencies, AkzoNobel targets to deliver between €1.5 and €1.65 billion adjusted EBITDA in 2024.

For the mid-term, AkzoNobel aims to expand profitability to deliver an adjusted EBITDA margin of above 16% and a return on investment between 16% and 19%, underpinned by organic growth and industrial excellence.

The company aims to lower its leverage to around 2.3 times net debt/EBITDA by the end of 2024 and around 2 times in the mid-term, while remaining committed to retaining a strong investment grade credit rating.

*Outlook is based on organic volumes and constant currencies, and assumes no significant market disruptions

Amsterdam, April 22, 2024 The Board of Management

Greg Poux-Guillaume
Maarten de Vries

Quarterly statistics

	Q1	Q2	Q3	Q4	2023 Full-year	in € millions	2024 Q1
Revenue							
	1,046	1,147	1,121	986	4,300	Decorative Paints	1,056
	1,611	1,594	1,620	1,543	6,368	Performance Coatings	1,584
	—	—	—	—	—	Other activities	—
	2,657	2,741	2,741	2,529	10,668	Total	2,640
EBITDA*							
	129	185	193	138	645	Decorative Paints	152
	172	210	288	198	868	Performance Coatings	220
	(32)	(28)	(38)	(29)	(127)	Other activities	(22)
	269	367	443	307	1,386	Total	350
Adjusted EBITDA (excluding Identified items)*							
	137	191	196	121	645	Decorative Paints	156
	187	214	245	208	854	Performance Coatings	221
	(19)	(8)	(27)	(16)	(70)	Other activities	(14)
	305	397	414	313	1,429	Total	363
	11.5	14.5	15.1	12.4	13.4	Adjusted EBITDA margin (in %)	13.8
Depreciation/Depreciation excluding Identified items							
	(30)/(30)	(29)/(29)	(31)/(31)	(33)/(33)	(123)/(123)	Decorative Paints	(30)/(30)
	(33)/(33)	(34)/(33)	(34)/(34)	(35)/(34)	(136)/(134)	Performance Coatings	(35)/(35)
	(4)/(4)	(6)/(5)	(4)/(5)	(4)/(4)	(18)/(18)	Other activities	(4)/(4)
	(67)/(67)	(69)/(67)	(69)/(70)	(72)/(71)	(277)/(275)	Total	(69)/(69)
Amortization/Amortization excluding Identified items							
	(5)/(5)	(5)/(5)	(6)/(6)	(6)/(6)	(22)/(22)	Decorative Paints	(6)/(6)
	(9)/(9)	(8)/(8)	(9)/(9)	(8)/(9)	(34)/(35)	Performance Coatings	(9)/(9)
	(6)/(6)	(6)/(6)	(5)/(5)	(7)/(6)	(24)/(23)	Other activities	(5)/(5)
	(20)/(20)	(19)/(19)	(20)/(20)	(21)/(21)	(80)/(80)	Total	(20)/(20)

* Alternative performance measures; for more details on these measures, including reconciliations to the most directly comparable IFRS measures and explanation of their use, refer to the Notes to the condensed consolidated financial statements, APM paragraph

Quarterly statistics

					2023		2024
	Q1	Q2	Q3	Q4	Full-year	in € millions	Q1
Operating income							
	94	151	156	99	500	Decorative Paints	116
	130	168	245	155	698	Performance Coatings	176
	(42)	(40)	(47)	(40)	(169)	Other activities	(31)
	182	279	354	214	1,029	Total	261
Identified items included in operating income							
	(8)	(6)	(3)	17	—	Decorative Paints	(4)
	(15)	(5)	43	(10)	13	Performance Coatings	(1)
	(13)	(21)	(10)	(14)	(58)	Other activities	(8)
	(36)	(32)	30	(7)	(45)	Total	(13)
Adjusted operating income (excluding identified items)*							
	102	157	159	82	500	Decorative Paints	120
	145	173	202	165	685	Performance Coatings	177
	(29)	(19)	(37)	(26)	(111)	Other activities	(23)
	218	311	324	221	1,074	Total	274
Reconciliation financing income and expenses							
	11	15	18	25	69	Financing income	15
	(38)	(45)	(51)	(58)	(192)	Financing expenses	(45)
	(27)	(30)	(33)	(33)	(123)	Net interest on net debt	(30)
Other interest							
	8	9	8	8	33	Financing income related to post-retirement benefits	7
	(1)	2	—	(2)	(1)	Interest on provisions	(4)
	(18)	(26)	(43)	(94)	(181)	Other items	11
	(11)	(15)	(35)	(88)	(149)	Net other financing charges	14
	(38)	(45)	(68)	(121)	(272)	Financing income and expenses	(16)

* Alternative performance measures; for more details on these measures, including reconciliations to the most directly comparable IFRS measures and explanation of their use, refer to the Notes to the condensed consolidated financial statements, APM paragraph

Quarterly statistics

	Q1	Q2	Q3	Q4	2023 Full-year		2024 Q1
Quarterly net income analysis (in € millions)							
	7	5	8	7	27	Results from associates	7
	151	239	294	100	784	Profit before tax	252
	(45)	(106)	(96)	(49)	(296)	Income tax	(57)
	106	133	198	51	488	Profit for the period from continuing operations	195
	30	44	33	49	38	Effective tax rate (in %)	23
Earnings per share from continuing operations (in €)							
	0.56	0.69	1.11	0.26	2.62	Basic	1.07
	0.56	0.69	1.11	0.26	2.61	Diluted	1.06
Earnings per share from discontinued operations (in €)							
	(0.01)	—	(0.01)	(0.02)	(0.03)	Basic	(0.01)
	(0.01)	—	(0.01)	(0.02)	(0.03)	Diluted	(0.01)
Earnings per share from total operations (in €)							
	0.55	0.69	1.11	0.24	2.59	Basic	1.06
	0.55	0.69	1.10	0.24	2.58	Diluted	1.06
Number of shares (in millions)							
	170.5	170.6	170.6	170.6	170.6	Weighted average number of shares ¹	170.6
	170.6	170.6	170.6	170.6	170.6	Number of shares at end of quarter ¹	170.6
Adjusted earnings from continuing operations (in € millions)*							
	106	133	198	51	488	Profit from continuing operations	195
	36	32	(30)	7	45	Identified items reported in operating income	13
	—	1	(1)	44	44	Identified items reported in interest	(1)
	(7)	7	10	(23)	(13)	Identified items reported in income tax	(3)
	(11)	(15)	(8)	(7)	(41)	Non-controlling interests	(13)
	124	158	169	72	523	Adjusted net income from continuing operations	191
	0.73	0.93	0.99	0.42	3.07	Adjusted earnings per share from continuing operations (in €)	1.12

* Alternative performance measure

Glossary

Adjusted earnings per share are the basic earnings per share from continuing operations, excluding Identified items and taxes thereon.

Adjusted EBITDA is operating income excluding depreciation, amortization and Identified items.

Adjusted EBITDA margin is adjusted EBITDA as percentage of revenue.

Adjusted operating income is operating income excluding Identified items.

Capital expenditures is the total of investments in property, plant and equipment and investments in intangible assets.

Comprehensive income is the change in equity during a period resulting from transactions and other events other than those changes resulting from transactions with shareholders in their capacity as shareholders.

Constant currencies calculations exclude the impact of changes in foreign exchange rates by retranslating the prior year local currency amounts into euros at the current year's foreign exchange rates.

EBITDA is operating income excluding depreciation and amortization.

EBITDA margin is EBITDA as a percentage of revenue.

EMEA is Europe, Middle East and Africa.

Free cash flow is net cash generated from/(used for) operating activities minus capital expenditures.

Identified items are special charges and benefits, results on acquisitions and divestments, major restructuring and impairment charges, and charges and benefits related to major legal, environmental and tax cases.

Invested capital is total assets (excluding cash and cash equivalents, short-term investments, investments in associates, pension assets, assets held for sale) less current tax liabilities, deferred tax liabilities and trade and other payables.

Average invested capital is the average of the quarter end invested capital balances for the last 4 quarters.

Latin America excludes Mexico.

Leverage ratio is calculated as net debt divided by EBITDA, which is calculated as the total of the last 12 months.

Net debt is defined as long-term borrowings plus short-term borrowings less cash and cash equivalents and short-term investments.

North America includes Mexico.

North Asia includes, among others, China, Japan and South Korea.

Operating income is defined as income excluding net financing expenses, results from associates, income tax and profit/loss from discontinued operations. Operating income includes the share of non-controlling interests. Operating income includes Identified items to the extent these relate to lines included in operating income.

Operating working capital (trade) is defined as the sum of inventories, trade receivables and trade payables. When expressed as a ratio, operating working capital is measured against four times last quarter revenue.

Organic sales compares sales between periods, excluding the impact of changes in consolidation, the impact of changes in foreign exchange rates and the impact of hyperinflation accounting. Refer to constant currencies for details on the calculation of the foreign exchange rate impact.

Other working capital is defined as the sum of other receivables, current tax assets less other payables and current tax liabilities.

ROI is adjusted operating income of the last 12 months as percentage of average invested capital.

SG&A costs include selling and distribution expenses, general and administrative expenses and research, development and innovation expenses.

South Asia Pacific includes South East Asia and Asia Pacific.

Safe harbor statement

This report contains statements which address such key issues as AkzoNobel's growth strategy, future financial results, market positions, product development, products in the pipeline and product approvals. Such statements should be carefully considered, and it should be understood that many factors could cause forecast and actual results to differ from these statements. These factors include, but are not limited to, price fluctuations, currency fluctuations, developments in raw material and personnel costs, pensions, physical and environmental risks, legal issues, and legislative, fiscal, and other regulatory measures, as well as significant market disruptions such as the impact of pandemics. Stated competitive positions are based on management estimates supported by information provided by specialized external agencies. For a more comprehensive discussion of the risk factors affecting our business, please see our latest annual report.

Brand and trademarks

In this report, reference is made to brands and trademarks owned by, or licensed to, AkzoNobel. Unauthorized use of these is strictly prohibited.

Akzo Nobel N.V.

Christian Neefestraat 2
 P.O. Box 75730
 1070 AS Amsterdam, the Netherlands
 T +31 88 969 7555
www.akzonobel.com

For more information:

The explanatory sheets used during the press conference can be viewed on AkzoNobel's corporate website: www.akzonobel.com

AkzoNobel Global Communications
 T +31 88 969 7833
 E media.relations@akzonobel.com

AkzoNobel Investor Relations
 T +31 88 969 0139
 E investor.relations@akzonobel.com

Financial calendar

Annual General Meeting of shareholders	April 25, 2024
Ex-dividend date of 2023 final dividend	April 29, 2024
Record date of 2023 final dividend	April 30, 2024
Payment of 2023 final dividend	May 7, 2024
Report for the second quarter 2024	July 23, 2024

AkzoNobel

Since 1792, we've been supplying the innovative paints and coatings that help to color people's lives and protect what matters most. Our world class portfolio of brands – including Dulux, International, Sikkens and Interpon – is trusted by customers around the globe. We're active in more than 150 countries and use our expertise to sustain and enhance everyday life. Because we believe every surface is an opportunity. It's what you'd expect from a pioneering and long-established paints company that's dedicated to providing sustainable solutions and preserving the best of what we have today – while creating an even better tomorrow. Let's paint the future together.

For more information, please visit www.akzonobel.com.