

AkzoNobel



Q4
2023
REPORT

Our results at a glance

Highlights Q4 2023 (compared with Q4 2022)

- Revenue in constant currencies up 4% on higher volumes and pricing (reported revenue -3%)
- Operating income improved to €214 million (2022: €103 million)
- Adjusted operating income at €221 million (2022: €126 million); ROS at 8.7% (2022: 4.8%); €244 million before €23 million negative impact from hyperinflation accounting
- Net cash from operating activities positive €574 million (2022: €291 million)

Highlights full-year 2023 (compared with full-year 2022)

- Revenue in constant currencies up 5% driven by pricing (reported revenue -2%)
- Operating income improved to €1,029 million (2022: €708 million)
- Adjusted operating income at €1,074 million (2022: €789 million), despite €77 million adverse currency effects from translation; ROS at 10.1% (2022: 7.3%)
- Adjusted EBITDA at €1,429 million (2022: €1,157 million), despite €92 million adverse currency effects from translation
- Net cash from operating activities positive €1,126 million (2022: €263 million)
- Net debt to EBITDA leverage ratio improved to 2.7 (2022: 3.8)
- Final dividend proposed of €1.54 per share (2022: €1.54)

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 tables on pages 11 (free cash flow), 14 and 15 (all other alternative performance measures).

Summary of financial results

Fourth quarter			January-December			
2022	2023	Δ%	in € millions / %	2022	2023	Δ%
2,606	2,529	(3%)	Revenue	10,846	10,668	(2%)
198	307	55%	EBITDA*	1,076	1,386	29%
220	313	42%	Adjusted EBITDA*	1,157	1,429	24%
103	214	108%	Operating income	708	1,029	45%
(23)	(7)		Identified items*	(81)	(45)	
126	221	75%	Adjusted operating income*	789	1,074	36%
4.0	8.5		OPI margin (%)*	6.5	9.6	
4.8	8.7		ROS (%)*	7.3	10.1	
			Average invested capital*	8,062	8,233	2%
			ROI (%)*	9.8	13.0	
96	114		Capital expenditures	292	286	
			Net debt	4,089	3,785	
			Leverage ratio (net debt/EBITDA)*	3.8	2.7	
			Number of employees	35,200	35,200	
291	574		Net cash from operating activities	263	1,126	
195	460		Free cash flow*	(29)	840	
8	41		Net income attributable to shareholders	352	442	
171.5	170.6		Weighted average number of shares (in millions)	174.7	170.6	
0.05	0.24		Earnings per share from total operations (in €)	2.01	2.59	
0.16	0.42		Adjusted earnings per share from continuing operations (in €)*	2.45	3.07	

* Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 11 (free cash flow), 14 and 15 (all other alternative performance measures).

Financial highlights

Q4 2023

Revenue

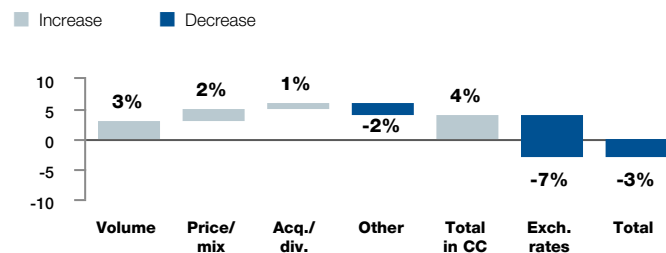
Revenue was 4% higher in constant currencies (reported revenue -3%). Revenue growth in constant currencies was mainly driven by volumes (up 3%), as well as pricing. Volumes were higher in all businesses, with strong growth trends in Marine and Protective Coatings, Powder Coatings and in the South East and South Asia region of Decorative Paints Asia. Other, which mainly relates to hyperinflation accounting, reduced revenue by 2%.

Full-year 2023

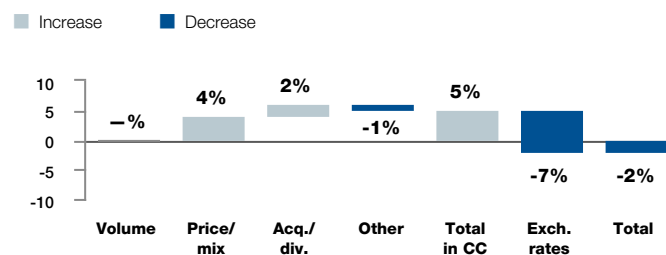
Revenue

Revenue was 5% higher in constant currencies (reported revenue -2%). Revenue growth in constant currencies was mainly due to pricing, with volumes flat for the year. Acquisitions added 2%, primarily related to Grupo Orbis. Other, which mainly relates to hyperinflation accounting, reduced revenue by 1%.

Revenue development Q4 2023



Revenue development full-year 2023



Revenue

Fourth quarter				January-December				
2022 ¹	2023	Δ%	Δ% CC ²	in € millions	2022 ¹	2023	Δ%	Δ% CC ²
1,008	986	(2%)	5%	Decorative Paints	4,344	4,300	(1%)	6%
1,598	1,543	(3%)	4%	Performance Coatings	6,499	6,368	(2%)	4%
—	—	—	—	Other activities	3	—	—	—
2,606	2,529	(3%)	4%	Total	10,846	10,668	(2%)	5%

¹ Revenues per segment for 2022 have been updated to reflect changes in the financial reporting structure. More information is available on our website.

² Change excluding currency impact.

In % versus Q4 2022	Volume	Price/mix	Acq./div	Other	Exch. rates	Total
Decorative Paints	3	2	2	(2)	(7)	(2)
Performance Coatings	3	2	—	(1)	(7)	(3)
Total	3	2	1	(2)	(7)	(3)

In % versus full-year 2022	Volume	Price/mix	Acq./div	Other	Exch. rates	Total
Decorative Paints	—	4	2	—	(7)	(1)
Performance Coatings	—	4	1	(1)	(6)	(2)
Total	—	4	2	(1)	(7)	(2)

Volume development per quarter (year-on-year) in %	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Decorative Paints	(9)	(1)	(1)	—	3
Performance Coatings	(9)	(4)	(1)	—	3
Total	(9)	(3)	(1)	—	3

Price/mix development per quarter (year-on-year) in %	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Decorative Paints	11	5	5	3	2
Performance Coatings	14	8	4	3	2
Total	13	7	5	3	2

Currency development per quarter (year-on-year) in %	Q4 22	Q1 23	Q2 23	Q3 23	Q4 23
Decorative Paints	(2)	(4)	(8)	(8)	(7)
Performance Coatings	1	(1)	(7)	(10)	(7)
Total	(1)	(3)	(7)	(9)	(7)

Financial highlights

Q4 2023

Operating income

Operating income increased to €214 million (2022: €103 million), mainly due to a continued rebound in gross margins and higher volumes. Hyperinflation accounting negatively impacted operating income by €23 million.

Identified items of negative €7 million (2022: negative €23 million) mainly related to restructuring related costs, partially offset by a gain on a property divestment. OPI margin improved to 8.5% (2022: 4.0%).

Other activities were negative €40 million (2022: negative €30 million).

Adjusted operating income

Adjusted operating income increased to €221 million (2022: €126 million). ROS improved to 8.7% (2022: 4.8%).

Full-year 2023

Operating income

Operating income increased 45% to €1,029 million (2022: €708 million), with a rebound in gross margins more than offsetting operating cost inflation. Currency effects from translation were negative €77 million, mainly driven by the Argentinian peso and Turkish lira.

Operating income includes identified items of negative €45 million (2022: negative €81 million), mainly related to restructuring and acquisition-related costs, partially offset by gains on property divestments. OPI margin improved to 9.6% (2022: 6.5%).

Other activities were negative €169 million (2022: negative €128 million).

Adjusted operating income

Adjusted operating income increased 36% to €1,074 million (2022: €789 million). ROS improved to 10.1% (2022: 7.3%).

Financing income and expenses

Financing income and expenses amounted to negative €272 million (2022: negative €124 million). The €148 million increase in net expenses largely results from:

- An increase of net interest on net debt of €36 million
- €36 million negative result on hedging contracts, related to the previously anticipated acquisition of Kansai Paints Africa, for which cash flow hedge accounting was applied before
- An increase of €49 million due to the combined impact of FX rate differences and hyperinflation accounting

Income tax

The effective tax rate was 37.8% (2022: 35.5%). The high effective tax rate in 2023 is mainly the result of below items, which together increased the tax rate by 8.7%:

- The derecognition of deferred tax assets due to the re-assessment of technical tax limitations to deduct interest (increase of the effective tax rate by 5.5%)
- Hyperinflation accounting (increased the effective tax rate by 3.2%)

Net income

Net income attributable to shareholders was €442 million (2022: €352 million). Earnings per share from total operations was €2.59 (2022: €2.01).

Impact from hyperinflation accounting (Türkiye and Argentina)

As from our Q2 2022 reporting, we have retrospectively applied IAS 29 hyperinflation accounting for Türkiye from January 1, 2022. For Argentina, hyperinflation accounting has been applied since January 1, 2018. In addition, and in line with IAS 21, foreign currency rates at the end of the reporting period are used to translate both the balance sheet and the statement of income into euros.

The impact from hyperinflation accounting and the use of end of period rates (together referred to as "the impact from hyperinflation accounting") is included in normal results; no identified item treatment is applied.

The net impact from hyperinflation accounting for Q4 2023 amounted to negative €58 million on revenues, negative €23 million on operating income and positive €8 million on net income.

The net impact from hyperinflation accounting for the full-year 2023 was negative €64 million on revenues, negative €55 million on operating income and negative €65 million on net income.

Operating income

Fourth quarter			January-December			
2022*	2023	Δ%	in € millions	2022*	2023	Δ%
47	99	111%	Decorative Paints	388	500	29%
86	155	80%	Performance Coatings	448	698	56%
(30)	(40)		Other activities	(128)	(169)	
103	214	108%	Total	708	1,029	45%

* Operating income per segment for 2022 has been updated to reflect changes in the financial reporting structure. More information is available on our website.

Adjusted operating income

Fourth quarter			January-December			
2022*	2023	Δ%	in € millions	2022*	2023	Δ%
52	82	58%	Decorative Paints	393	500	27%
98	165	68%	Performance Coatings	497	685	38%
(24)	(26)		Other activities	(101)	(111)	
126	221	75%	Total	789	1,074	36%

* Adjusted operating income per segment for 2022 has been updated to reflect changes in the financial reporting structure. More information is available on our website.

Operating income to net income

Fourth quarter			January-December	
2022	2023	in € millions	2022	2023
103	214	Operating income	708	1,029
(51)	(121)	Financing income and expenses	(124)	(272)
(1)	7	Results from associates and joint ventures	18	27
51	100	Profit before tax	602	784
(34)	(49)	Income tax	(214)	(296)
17	51	Profit from continuing operations	388	488
–	(3)	Profit from discontinued operations	(10)	(5)
17	48	Profit for the period	378	483
(9)	(7)	Non-controlling interests	(26)	(41)
8	41	Net income	352	442

Decorative Paints

Highlights Q4 2023

- Revenue in constant currencies up 5% (reported revenue -2%); higher volumes in all regions
- ROS improved to 8.3% (2022: 5.2%)

Q4 2023

Revenue in constant currencies was 5% higher (reported revenue -2%). Revenue growth in constant currencies was mainly due to a combination of higher volumes in all regions, and pricing. The acquisition of the Huarun business in China added 2%. Other, mainly related to hyperinflation accounting, reduced revenue by 2%.

Operating income increased to €99 million (2022: €47 million), mainly due to a continued rebound in gross margins and higher volumes. Operating income includes identified items of €17 million positive, mainly resulting from a property divestment gain (2022: negative €5 million identified items from restructurings).

Adjusted operating income increased to €82 million (2022: €52 million). ROS improved to 8.3% (2022: 5.2%).

Full-year 2023

Revenue in constant currencies was up 6% (reported revenue -1%). Revenue growth in constant currencies was mainly driven by pricing. Volumes were flat, with lower volumes in Europe and Latin America offset by higher volumes in Asia. Acquisitions added 2%.

Operating income increased 29% to €500 million (2022: €388 million), with a rebound in gross margins more than offsetting operating cost inflation. In identified items, property divestment gains were offset by restructuring related costs and other identified items.

Adjusted operating income increased 27% to €500 million (2022: €393 million). ROS improved to 11.6% (2022: 9.0%).

Revenue								
Fourth quarter				January-December				
2022 ¹	2023	Δ%	Δ% CC ²	in € millions	2022 ¹	2023	Δ%	Δ% CC ²
509	516	1%	5%	Decorative Paints EMEA	2,405	2,413	-%	4%
229	194	(15%)	-%	Decorative Paints Latin America	767	780	2%	19%
270	276	2%	9%	Decorative Paints Asia	1,172	1,107	(6%)	2%
1,008	986	(2%)	5%	Total	4,344	4,300	(1%)	6%

¹ Revenues for 2022 have been updated to reflect changes in the financial reporting structure.

More information is available on our website.

² Change excluding currency impact.

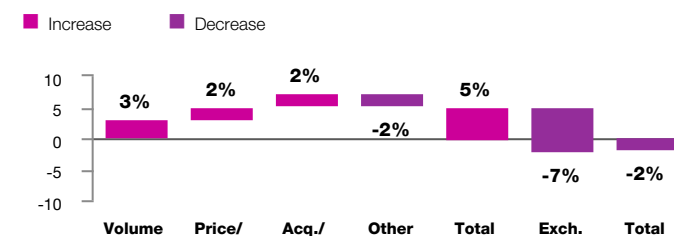
Key financial figures

Fourth quarter				January-December		
2022	2023	Δ%	in € millions / %	2022	2023	Δ%
47	99	111%	Operating income ¹	388	500	29%
(5)	17		Identified items ²	(5)	-	
52	82	58%	Adjusted operating income ^{1,2}	393	500	27%
4.7	10.0		OPI margin (%) ^{1,2}	8.9	11.6	
5.2	8.3		ROS (%) ^{1,2}	9.0	11.6	
			Average invested capital ²	3,677	3,755	2%
			ROI (%) ^{1,2}	10.7	13.3	

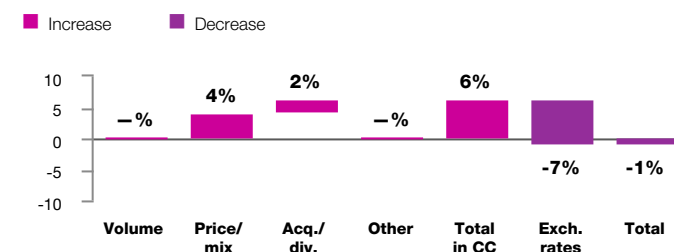
¹ Operating income and adjusted operating income (and related measures) for 2022 have been updated to reflect changes in the financial reporting structure. More information is available on our website.

² Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 14 and 15.

Revenue development Q4 2023



Revenue development full-year 2023



Europe, Middle East and Africa

Q4 revenue in constant currencies was 5% higher (reported revenue 1%). The increase of revenue in constant currencies was due to a combination of pricing and higher volumes for both DIY and pro. Higher volumes in South and East Europe more than offset softer demand in North and West Europe.

Revenue in constant currencies for the full year was 4% higher (reported revenue flat). The increase of revenue in constant currencies was mainly due to pricing initiatives. Volumes rebounded in the second half-year, partly offsetting the softer demand in the first half-year.

Latin America

Q4 revenue in constant currencies was flat (reported revenue -15%), with strong volume growth in Brazil and higher pricing offset by hyperinflation accounting in Argentina.

Revenue in constant currencies for the full year was 19% higher (reported revenue 2%). The increase of revenue in constant currencies was mainly driven by the acquisition of Grupo Orbis and pricing initiatives. The Grupo Orbis acquisition contributed 12% (14% in constant currencies).

Asia

Q4 revenue in constant currencies was 9% higher (reported revenue 2%). Excluding the acquisition of the Huarun business in China, revenue in constant currencies was 1% higher, reported revenue was 5% lower. Volumes were higher in China as well as in South Asia. Volume growth in South Asia, mainly driven by India, was partly offset by lower volumes in Vietnam due to the economic situation.

Revenue for the full year in constant currencies was 2% higher (reported revenue -6%). Volumes in China were higher, partly offset by lower pricing and negative mix. In South Asia, lower volumes in Vietnam were offset by higher volumes in India.



More success for Women in Color training program in Brazil

A second group of 15 graduates has successfully completed the Women in Color training program set up by our Coral brand in Brazil. Established to help women in vulnerable situations earn a living as professional painters, the course – which is supported by several partners – involves more than 220 hours of training over 15 weeks. Out of the 14 graduates from the first training program, 12 are now employed as professional painters.

Performance Coatings

Highlights Q4 2023

- Revenue in constant currencies up 4% (reported revenue -3%); higher volumes in all businesses
- ROS improved to 10.7% (2022: 6.1%)

Q4 2023

Revenue was 4% higher in constant currencies (reported revenue -3%). Revenue growth in constant currencies was driven mainly by higher volumes in all businesses, especially in Powder Coatings and Marine and Protective Coatings, and pricing. Other, mainly related to hyperinflation accounting, reduced revenue by 1%.

Operating income increased to €155 million (2022: €86 million), mainly due to a continued rebound in gross margins and higher volumes. Operating income includes identified items of negative €10 million, mainly relating to restructuring costs (2022: negative €12 million).

Adjusted operating income increased to €165 million (2022: €98 million). ROS improved to 10.7% (2022: 6.1%).

Full-year 2023

Revenue was 4% higher in constant currencies (reported revenue -2%). Revenue growth in constant currencies was driven mainly by pricing. Volumes were flat, with growth in Powder Coatings and Marine and Protective Coatings offset by softer demand in our high-volume Industrial Coatings business.

Operating income increased to €698 million (2022: €448 million), with a rebound in gross margins more than offsetting operating cost inflation. All businesses had higher operating income, most notably Marine and Protective Coatings. Operating income included €13 million positive identified items, mainly resulting from a property divestment gain, partly offset by restructuring costs (2022: €49 million negative identified items).

Adjusted operating income increased to €685 million (2022: €497 million). ROS improved to 10.8% (2022: 7.6%).

Revenue					January-December			
Fourth quarter					January-December			
2022 ¹	2023	Δ%	Δ% CC ²	in € millions	2022 ¹	2023	Δ%	Δ% CC ²
337	338	—%	8%	Powder Coatings	1,385	1,377	(1%)	6%
368	363	(1%)	5%	Marine and Protective Coatings	1,389	1,482	7%	13%
347	343	(1%)	4%	Automotive and Specialty Coatings	1,407	1,422	1%	6%
546	499	(9%)	(1%)	Industrial Coatings	2,318	2,087	(10%)	(3%)
1,598	1,543	(3%)	4%	Total	6,499	6,368	(2%)	4%

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² Change excluding currency impact.

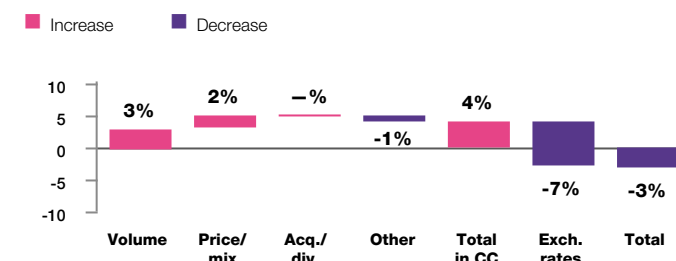
Key financial figures

Fourth quarter					January-December		
2022	2023	Δ%	in € millions / %	2022	2023	Δ%	
86	155	80%	Operating income ¹	448	698	56%	
(12)	(10)		Identified items ²	(49)	13		
98	165	68%	Adjusted operating income ^{1,2}	497	685	38%	
5.4	10.0		OPI margin (%) ^{1,2}	6.9	11.0		
6.1	10.7		ROS (%) ^{1,2}	7.6	10.8		
			Average invested capital ²	3,895	3,725	(4%)	
			ROI (%) ^{1,2}	12.8	18.4		

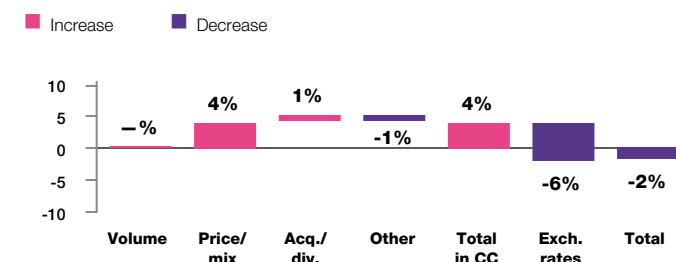
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² Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 14 and 15.

Revenue development Q4 2023



Revenue development full-year 2023



Powder Coatings

Q4 revenue in constant currencies was 8% higher (reported revenue flat). Volume growth was driven by the automotive, industrial and architectural segments, building on momentum from Q3, when volumes rebounded earlier than expected. Acquisitions contributed 1%.

Revenue for the full year in constant currencies was 6% higher (reported revenue -1%). Revenue in constant currencies was up due to a combination of pricing and higher volumes, with a rebound in volumes in the second half-year more than offsetting the softer demand in the first half-year. Acquisitions contributed 2%.

Marine and Protective Coatings

Q4 revenue in constant currencies was 5% higher (reported revenue -1%). Revenue growth in constant currencies was mainly driven by volume growth in EMEA and the new-build market in Asia.

Revenue for the full year in constant currencies was 13% higher (reported revenue 7%), driven mainly by a strong recovery in volumes in both the marine and protective segments, as well as pricing.

Automotive and Specialty Coatings

Q4 revenue in constant currencies was 4% higher (reported revenue -1%). Revenue growth in constant currencies was mainly driven by pricing, and higher volumes in automotive, aerospace and vehicle refinishes. Volumes were lower in consumer electronics, but improved sequentially.

Revenue for the full year in constant currencies was 6% higher (reported revenue 1%), driven by pricing. Volume growth in automotive and aerospace was offset by soft market demand in consumer electronics.

Industrial Coatings

Q4 revenue in constant currencies was 1% lower (reported revenue -9%). Higher volumes were more than offset by hyperinflation accounting impact and slightly lower pricing. Volume growth was driven by coil and packaging. This was partly offset by continued soft market demand in wood.

Revenue for the full year in constant currencies was 3% lower (reported revenue -10%). Volumes were lower due to soft market demand in wood throughout the year and in packaging in the first half of the year.



First bio-based interior coating for KIA Motors created with rapeseed and pine rosin

KIA Motors is using bio-based paint supplied by AkzoNobel for the inside of its new EV9 electric SUV. It's the first time the vehicle manufacturer has specified an interior bio-based coating. Two kinds of bio-rosin (rosin is a solid form of resin) were used to create the product, one extracted from rapeseed, the other from pine rosin. The paint can be found on the EV9's interior door switch panels, with the company also supplying coatings for the rest of the interior.

Condensed consolidated financial statements

Condensed consolidated statement of income

Fourth quarter			January-December	
2022	2023	in € millions	2022	2023
Continuing operations				
2,606	2,529	Revenue	10,846	10,668
(1,675)	(1,505)	Cost of sales	(6,923)	(6,434)
931	1,024	Gross profit	3,923	4,234
(829)	(831)	SG&A costs	(3,215)	(3,265)
1	21	Other results	—	60
103	214	Operating income	708	1,029
(51)	(121)	Financing income and expenses	(124)	(272)
(1)	7	Results from associates and joint ventures	18	27
51	100	Profit before tax	602	784
(34)	(49)	Income tax	(214)	(296)
17	51	Profit for the period from continuing operations	388	488
Discontinued operations				
—	(3)	Profit/(loss) for the period from discontinued operations	(10)	(5)
17	48	Profit for the period	378	483
Attributable to				
8	41	Shareholders of the company	352	442
9	7	Non-controlling interests	26	41
17	48	Profit for the period	378	483

Condensed consolidated statement of comprehensive income

Fourth quarter			January-December	
2022	2023	in € millions	2022	2023
17	48	Profit for the period	378	483
Other comprehensive income				
(326)	(105)	Exchange differences arising on translation of foreign operations	(163)	(61)
(36)	32	Cash flow hedges	(15)	34
(303)	40	Post-retirement benefits	(375)	(149)
74	(8)	Tax relating to components of other comprehensive income	88	37
(591)	(41)	Other comprehensive income for the period (net of tax)	(465)	(139)
(574)	7	Comprehensive income for the period	(87)	344
Comprehensive income for the period attributable to				
(570)	2	Shareholders of the company	(115)	310
(4)	5	Non-controlling interests	28	34
(574)	7	Comprehensive income for the period	(87)	344

Condensed consolidated balance sheet

in € millions	December 31, 2022	December 31, 2023
Assets		
Non-current assets		
Intangible assets	4,072	4,081
Property, plant and equipment	1,968	1,994
Right-of-use assets	291	302
Other non-current assets	2,166	2,137
Total non-current assets	8,497	8,514
Current assets		
Inventories	1,843	1,649
Trade and other receivables	2,447	2,483
Current tax assets	168	134
Short-term investments	336	265
Cash and cash equivalents	1,450	1,513
Total current assets	6,244	6,044
Total assets	14,741	14,558
Equity and liabilities		
Group equity		
	4,548	4,546
Non-current liabilities		
Provisions and deferred tax liabilities	1,115	1,141
Long-term borrowings	3,332	3,165
Total non-current liabilities	4,447	4,306
Current liabilities		
Short-term borrowings	2,543	2,398
Trade and other payables	2,801	2,933
Other short-term liabilities	402	375
Total current liabilities	5,746	5,706
Total equity and liabilities	14,741	14,558

Shareholders' equity

Shareholders' equity amounted to €4.3 billion at December 31, 2023, compared with €4.3 billion at year-end 2022. Main movements relate to:

- Profit for the period of €442 million
- Dividend of €338 million
- Actuarial losses of €111 million (net of taxes)

Dividend

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

The final 2022 dividend of €1.54 per common share was approved at the AGM on April 21, 2023, which resulted in a total 2022 dividend of €1.98 per share (2021: €1.98).

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.

Outstanding share capital

The outstanding share capital was 170.6 million common shares at the end of December 2023. The weighted average number of shares in Q4 2023 was 170.6 million shares. The weighted average number of shares for the full-year was 170.6 million shares.

The weighted average number of shares excludes shares bought back in 2022, for as long as they were not cancelled, which was realized by the end of Q1. The weighted average number of shares is the basis for the calculation of earnings per share.

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, 2021	91	(19)	(493)	5,846	5,425	211	5,636
Impact IAS 29 Hyperinflation Türkiye*	—	—	—	16	16	2	18
Balance at January 1, 2022	91	(19)	(493)	5,862	5,441	213	5,654
Profit for the period	—	—	—	352	352	26	378
Other comprehensive income	—	(15)	(163)	(289)	(467)	2	(465)
Comprehensive income for the period	—	(15)	(163)	63	(115)	28	(87)
Dividend	—	—	—	(347)	(347)	(29)	(376)
Share buyback	(4)	—	—	(656)	(660)	—	(660)
Equity-settled transactions	—	—	—	14	14	—	14
Acquisitions and divestments	—	—	—	—	—	3	3
Balance at December 31, 2022	87	(34)	(656)	4,936	4,333	215	4,548
Balance at December 31, 2022	87	(34)	(656)	4,936	4,333	215	4,548
Profit for the period	—	—	—	442	442	41	483
Reclassification into the statement of income	—	(12)	(4)	—	(16)	—	(16)
Other comprehensive income	—	46	(51)	(111)	(116)	(7)	(123)
Comprehensive income for the period	—	34	(55)	331	310	34	344
Dividend	—	—	—	(338)	(338)	(25)	(363)
Share buyback	(2)	—	—	2	—	—	—
Equity-settled transactions	—	—	—	17	17	—	17
Balance at December 31, 2023	85	—	(711)	4,948	4,322	224	4,546

*As per June 2022, Türkiye has been identified as a hyperinflation economy. IAS 29 "Financial Reporting in Hyperinflationary Economies" has been applied retrospectively as from January 1, 2022 for our activities in Türkiye.

Cash flows and net debt

Net cash from operating activities in Q4 was an inflow of €574 million (2022: inflow of €291 million). The increased cash flow was mainly driven by a decrease in working capital and increased operating income.

Net cash from investing activities in Q4 was an outflow of €112 million (2022: outflow of €420 million); the Q4 2022 outflow included investments in short-term investments. Acquisitions and divestments contains the net amount of payments for acquisitions (including settlement of the cash flow hedges related to the previously anticipated acquisition of Kansai Paints Africa), and receipts from property divestments.

Net cash from financing activities in Q4 was an outflow of €552 million (2022: inflow of €328 million). The increase in outflow is mainly related to a higher outflow from changes from borrowings.

At December 31, 2023, net debt was €3,785 million versus €4,089 million at year-end 2022, mainly due to net cash generated from operating activities (€1,126 million), offset by dividends paid (€368 million) and capital expenditures (€286 million). The net debt/EBITDA leverage ratio at December 31, 2023, was 2.7 (December 31, 2022: 3.8).

Free cash flows

The free cash flow in Q4 2023 was higher compared with Q4 2022, mainly due to higher EBITDA of €307 million (2022: €198 million) and decrease in working capital of €370 million (2022: €204 million).

The free cash flow for the full year increased mainly due to higher EBITDA of €1,386 million (2022: €1,076 million) and decrease in working capital of €254 million (2022: increase of €509 million).

Consolidated statements of cash flows

Fourth quarter			January-December	
2022	2023	in € millions	2022	2023
1,248	1,610	Net cash and cash equivalents at beginning of period	1,112	1,398
17	51	Profit for the period from continuing operations	388	488
95	93	Amortization and depreciation	368	357
—	2	Impairment losses	6	4
51	121	Financing income and expenses	124	272
1	(7)	Results from associates and joint ventures	(18)	(27)
(5)	(19)	Pre-tax result on acquisitions and divestments	(21)	(66)
34	49	Income tax	214	296
204	370	Changes in working capital	(509)	254
(1)	—	Pension pre-funding	47	—
(15)	(16)	Changes in post-retirement benefit provisions	(31)	(40)
(23)	(21)	Changes in other provisions	(33)	(13)
(20)	(36)	Interest paid	(78)	(167)
(53)	(48)	Income tax paid	(224)	(295)
6	35	Other changes	30	63
291	574	Net cash generated from/(used for) operating activities	263	1,126
(96)	(114)	Capital expenditures	(292)	(286)
(22)	(4)	Acquisitions and divestments net of cash acquired/divested	(552)	(18)
(316)	(31)	Investments in short-term investments	(1,361)	(64)
3	2	Repayments of short-term investments	1,084	142
11	35	Other changes	26	82
(420)	(112)	Net cash generated from/(used for) investing activities	(1,095)	(144)
600	(472)	Changes from borrowings	2,189	(459)
(182)	—	Share buyback	(669)	—
(90)	(80)	Dividends paid	(379)	(368)
328	(552)	Net cash from/(used for) financing activities	1,141	(827)
199	(90)	Net cash generated from/(used for) continuing operations	309	155
—	(3)	Cash flows from discontinued operations	(9)	(6)
199	(93)	Net change in cash and cash equivalents of continuing and discontinued operations	300	149
(49)	(64)	Effect of exchange rate changes on cash and cash equivalents	(14)	(94)
1,398	1,453	Net cash and cash equivalents at December 31	1,398	1,453

Consolidated statement of free cash flows

Fourth quarter			January-December	
2022	2023	in € millions	2022	2023
198	307	EBITDA	1,076	1,386
—	2	Impairment losses	6	4
(5)	(19)	Pre-tax results on acquisitions and divestments	(21)	(66)
204	370	Changes in working capital	(509)	254
(1)	—	Pension pre-funding	47	—
(1)	(1)	Pension top-up payments	(9)	(8)
(37)	(36)	Other changes in provisions	(55)	(45)
(20)	(36)	Interest paid	(78)	(167)
(53)	(48)	Income tax paid	(224)	(295)
6	35	Other	30	63
291	574	Net cash generated from/(used for) operating activities	263	1,126
(96)	(114)	Capital expenditures	(292)	(286)
195	460	Free cash flow	(29)	840

Invested capital

Invested capital at December 31, 2023, totaled €7.8 billion, down €0.3 billion from year-end 2022. This decrease was mainly caused by lower inventories, which were down due to the combined impact of lower raw material prices, currency impact and lower volumes.

Operating working capital (trade)

Operating working capital (trade) was €1.5 billion at December 31, 2023 (December 31, 2022: €1.8 billion).

Operating working capital (trade) as a percentage of revenue was 15.1% in Q4 2023, compared with 16.9% in Q4 2022, mainly due to lower inventories.

Pension

The net balance sheet position (according to IAS19) of the pension plans at the end of Q4 was a surplus of €0.7 billion (year-end 2022: surplus of €0.7 billion). The development during 2023 was mainly the result of the net effect in key countries of lower discount rates, offset by demographic assumption gains in the UK.

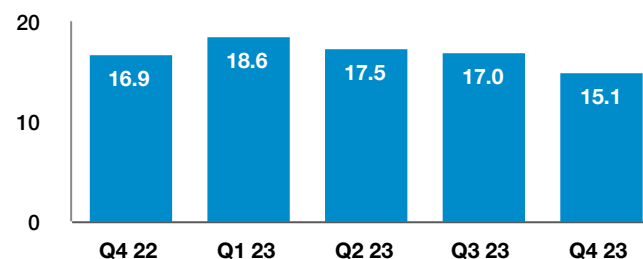
Workforce

At December 31, 2023, the number of employees was 35,200 (December 31, 2022: 35,200).

Invested capital		
in € millions	December 31, 2022	December 31, 2023
Trade receivables	2,123	2,187
Inventories	1,843	1,649
Trade payables	(2,206)	(2,312)
Operating working capital (trade)	1,760	1,524
Other working capital items	(339)	(402)
Non-current assets	8,497	8,514
Less investments in associates and joint ventures	(193)	(216)
Less pension assets	(1,029)	(1,017)
Deferred tax liabilities	(561)	(557)
Invested capital	8,135	7,846

Operating working capital (trade)

As % of revenue



AkzoNobel invests in coatings technology to support beverage can industry transition

AkzoNobel launched next generation coatings technology which will help the beverage can industry move to products free from materials of concern. Our Packaging Coatings business launched the first two products in its new Accelstyle™ range which are BPx-NI (free of intentionally added bisphenols). Designed for the exterior of conventional two-piece aluminum beverage cans, both are free from (intentionally added) bisphenols. AkzoNobel is also building a new production plant in Spain at our Vilafranca site, which will produce BPx-NI coatings for the metal packaging industry in Europe, Middle East and Africa.

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 2022 annual report as published on March 1, 2023. The 2022 financial statements were adopted by the Annual General Meeting of shareholders on April 21, 2023. 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 2022 financial statements.

The full-year 2023 numbers included in the interim condensed consolidated financial statements are derived from the consolidated financial statements 2023. The consolidated financial statements 2023 have not yet been audited nor published by law, and still have to be adopted by the Annual General Meeting of shareholders. The consolidated financial statements will be published on February 28, 2024.

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, 2022, except for IFRS standards and interpretations becoming effective on January 1, 2023. This includes, among others, amendments to IFRS 17 "Insurance contracts", amendments to IAS 8 "Definition of accounting estimates", amendments to IAS 1 and IFRS Practice Statement 2 "Disclosure of Accounting Policies" and amendments to IAS 12 "Deferred Tax related to Assets and Liabilities arising from a Single Transaction" and "International Tax Reform - Pillar Two Model Rules". These changes have been assessed for their potential impact and 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".

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.

Related parties

AkzoNobel purchased and sold goods and services to various related parties in which we hold a 50% or less equity interest (associates and joint ventures). 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.

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-December 2023

in € millions

	Decorative Paints	Performance Coatings	Other	Total
Primary geographical markets				
The Netherlands	214	101	–	315
Other EMEA countries	2,199	2,473	–	4,672
North Asia	543	1,177	–	1,720
South Asia Pacific	564	740	–	1,304
North America	–	1,379	–	1,379
Latin America	780	498	–	1,278
Total	4,300	6,368	–	10,668
Timing of revenue recognition				
Goods transferred at a point in time	4,101	6,288	–	10,389
Services transferred over time	199	80	–	279
Total	4,300	6,368	–	10,668

Alternative performance measures

In presenting and discussing AkzoNobel's operating results, management uses certain alternative performance measures (APM) not defined by IFRS, which exclude the so-called Identified items that are generated outside the normal course of business. 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. Alternative performance measures should not be viewed in isolation as alternatives to the equivalent IFRS measures and 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. Where a non-financial measure is used to calculate an operational or statistical ratio, this is also considered an APM.

A reconciliation of the alternative performance measures to the most directly comparable IFRS measures can be found in the tables on this page and the next page.

ROS and OPI margins are used as performance measures. ROS is adjusted operating income as percentage of revenue.

OPI margin is operating income as percentage of revenue. The calculations are based on the revenue as disclosed in the revenue table on page 3.

Updates in financial reporting structure

Operating income, adjusted operating income, EBITDA and adjusted EBITDA (and related measures) per segment for 2022 have been updated to reflect changes in the financial reporting structure. More information is available on our website.

Operating income

Fourth quarter			January-December			
2022	2023	Δ%	in € millions	2022	2023	Δ%
47	99	111%	Decorative Paints	388	500	29%
86	155	80%	Performance Coatings	448	698	56%
(30)	(40)		Other activities	(128)	(169)	
103	214	108%	Total	708	1,029	45%

Identified items

Fourth quarter			January-December			
2022	2023		in € millions	2022	2023	
(5)	17		Decorative Paints	(5)	—	
(12)	(10)		Performance Coatings	(49)	13	
(6)	(14)		Other activities	(27)	(58)	
(23)	(7)		Total	(81)	(45)	

Adjusted operating income

Fourth quarter			January-December			
2022	2023	Δ%	in € millions	2022	2023	Δ%
52	82	58%	Decorative Paints	393	500	27%
98	165	68%	Performance Coatings	497	685	38%
(24)	(26)		Other activities	(101)	(111)	
126	221	75%	Total	789	1,074	36%

EBITDA

Fourth quarter			January-December			
2022	2023	Δ%	in € millions	2022	2023	Δ%
103	214	108%	Operating income	708	1,029	45%
95	93		Depreciation and amortization	368	357	
198	307	55%	EBITDA	1,076	1,386	29%

Adjusted EBITDA

Fourth quarter			January-December			
2022	2023	Δ%	in € millions	2022	2023	Δ%
126	221	75%	Adjusted operating income	789	1,074	36%
94	92		Depreciation and amortization (excluding Identified items)	368	355	
220	313	42%	Adjusted EBITDA	1,157	1,429	24%

OPI margin

Fourth quarter			January-December		
2022	2023	in %	2022	2023	
4.7	10.0		Decorative Paints	8.9	11.6
5.4	10.0		Performance Coatings	6.9	11.0
4.0	8.5		Total	6.5	9.6

ROS

Fourth quarter			January-December		
2022	2023	in %	2022	2023	
5.2	8.3		Decorative Paints	9.0	11.6
6.1	10.7		Performance Coatings	7.6	10.8
4.8	8.7		Total	7.3	10.1

* ROS% and OPI margin for Other activities are not shown, as this is not meaningful.

Adjusted earnings per share from continuing operations

Fourth quarter			January-December		
2022	2023	in € millions	2022	2023	
17	51	Profit from continuing operations	388	488	
23	7	Identified items reported in operating income	81	45	
—	44	Identified items reported in interest	(10)	44	
(4)	(23)	Identified items reported in income tax	(5)	(13)	
(9)	(7)	Non-controlling interests	(26)	(41)	
27	72	Adjusted net income from continuing operations	428	523	
171.5	170.6	Weighted average number of shares (in millions)	174.7	170.6	
0.16	0.42	Adjusted earnings per share from continuing operations	2.45	3.07	

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

Average invested capital

January 2022 - December 2022/January 2023 - December 2023

in € millions	2022	2023	Δ%
Decorative Paints	3,677	3,755	2%
Performance Coatings	3,895	3,725	(4%)
Other activities	490	753	
Total	8,062	8,233	2%

ROI%

January 2022 - December 2022/January 2023 - December 2023

in %	2022	2023
Decorative Paints	10.7	13.3
Performance Coatings	12.8	18.4
Other activities*		
Total	9.8	13.0

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

The leverage ratio is calculated based on the net debt per balance sheet position divided by EBITDA of the last 12 months.

EBITDA

January 2022 - December 2022/January 2023 - December 2023

in € millions	2022	2023
Operating income	708	1,029
Depreciation and amortization	368	357
EBITDA	1,076	1,386

Net debt

in € millions	December 31, 2022	December 31, 2023
Short-term investments	(336)	(265)
Cash and cash equivalents	(1,450)	(1,513)
Long-term borrowings	3,332	3,165
Short-term borrowings	2,543	2,398
Total	4,089	3,785

Leverage ratio

January 2022 - December 2022/January 2023 - December 2023

in € millions	2022	2023
Net debt	4,089	3,785
EBITDA	1,076	1,386
Leverage ratio	3.8	2.7

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 ratio 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, February 6, 2024 The Board of Management

Greg Poux-Guillaume
Maarten de Vries

Paints and Coatings

Quarterly statistics

					2022							2023			
Q1	Q2	Q3	Q4	Full-year	in € millions	Q1	Q2	Q3	Q4	Full-year	Q1	Q2	Q3	Q4	Full-year
Revenue															
998	1,177	1,161	1,008	4,344	Decorative Paints	1,046	1,147	1,121	986	4,300					
1,526	1,675	1,700	1,598	6,499	Performance Coatings	1,611	1,594	1,620	1,543	6,368					
1	1	1	–	3	Other activities	–	–	–	–	–					
2,525	2,853	2,862	2,606	10,846	Total	2,657	2,741	2,741	2,529	10,668					
EBITDA^{1,2}															
150	163	144	85	542	Decorative Paints	129	185	193	138	645					
191	156	142	130	619	Performance Coatings	172	210	288	198	868					
(20)	(27)	(21)	(17)	(85)	Other activities	(32)	(28)	(38)	(29)	(127)					
321	292	265	198	1,076	Total	269	367	443	307	1,386					
12.7	10.2	9.3	7.6	9.9	EBITDA margin (in %)	10.1	13.4	16.2	12.1	13.0					
Adjusted EBITDA (excluding Identified items)^{1,2}															
141	168	148	91	548	Decorative Paints	137	191	196	121	645					
189	188	149	142	668	Performance Coatings	187	214	245	208	854					
(13)	(19)	(14)	(13)	(59)	Other activities	(19)	(8)	(27)	(16)	(70)					
317	337	283	220	1,157	Total	305	397	414	313	1,429					
12.6	11.8	9.9	8.4	10.7	Adjusted EBITDA margin (in %)	11.5	14.5	15.1	12.4	13.4					
Depreciation/Depreciation excluding Identified items²															
(34)/(33)	(29)/(29)	(33)/(34)	(31)/(32)	(127)/(128)	Decorative Paints	(30)/(30)	(29)/(29)	(32)/(32)	(32)/(32)	(123)/(123)					
(30)/(29)	(34)/(35)	(35)/(35)	(35)/(35)	(134)/(134)	Performance Coatings	(33)/(33)	(34)/(33)	(34)/(34)	(35)/(34)	(136)/(134)					
(7)/(7)	(3)/(3)	(5)/(6)	(5)/(3)	(20)/(19)	Other activities	(4)/(4)	(6)/(5)	(3)/(4)	(5)/(5)	(18)/(18)					
(71)/(69)	(66)/(67)	(73)/(75)	(71)/(70)	(281)/(281)	Total	(67)/(67)	(69)/(67)	(69)/(70)	(72)/(71)	(277)/(275)					
Amortization/Amortization excluding Identified items²															
(5)/(5)	(6)/(6)	(9)/(9)	(7)/(7)	(27)/(27)	Decorative Paints	(5)/(5)	(5)/(5)	(6)/(6)	(6)/(6)	(22)/(22)					
(9)/(9)	(10)/(10)	(9)/(9)	(9)/(9)	(37)/(37)	Performance Coatings	(9)/(9)	(8)/(8)	(9)/(9)	(8)/(9)	(34)/(35)					
(4)/(4)	(5)/(5)	(6)/(6)	(8)/(8)	(23)/(23)	Other activities	(6)/(6)	(6)/(6)	(5)/(5)	(7)/(6)	(24)/(23)					
(18)/(18)	(21)/(21)	(24)/(24)	(24)/(24)	(87)/(87)	Total	(20)/(20)	(19)/(19)	(20)/(20)	(21)/(21)	(80)/(80)					

¹ Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 14 and 15.

² EBITDA, adjusted EBITDA, depreciation and amortization (and related measures) per segment for 2022 have been updated to reflect changes in the financial reporting structure. More information is available on our website.

Paints and Coatings

Quarterly statistics

					2022							2023	
Q1	Q2	Q3	Q4	Full-year	in € millions	Q1	Q2	Q3	Q4	Full-year			
Operating income²													
111	128	102	47	388	Decorative Paints	94	151	156	99	500			
152	112	98	86	448	Performance Coatings	130	168	245	155	698			
(31)	(35)	(32)	(30)	(128)	Other activities	(42)	(40)	(47)	(40)	(169)			
232	205	168	103	708	Total	182	279	354	214	1,029			
9.2	7.2	5.9	4.0	6.5	OPI margin (in %)	6.8	10.2	12.9	8.5	9.6			
Identified items included in operating income													
8	(5)	(3)	(5)	(5)	Decorative Paints	(8)	(6)	(3)	17	—			
1	(31)	(7)	(12)	(49)	Performance Coatings	(15)	(5)	43	(10)	13			
(7)	(8)	(6)	(6)	(27)	Other activities	(13)	(21)	(10)	(14)	(58)			
2	(44)	(16)	(23)	(81)	Total	(36)	(32)	30	(7)	(45)			
Adjusted operating income (excluding identified items)^{1,2}													
103	133	105	52	393	Decorative Paints	102	157	159	82	500			
151	143	105	98	497	Performance Coatings	145	173	202	165	685			
(24)	(27)	(26)	(24)	(101)	Other activities	(29)	(19)	(37)	(26)	(111)			
230	249	184	126	789	Total	218	311	324	221	1,074			
9.1	8.7	6.4	4.8	7.3	ROS (in %)	8.2	11.3	11.8	8.7	10.1			
Reconciliation financing income and expenses													
4	1	4	10	19	Financing income	11	15	18	25	69			
(16)	(29)	(26)	(35)	(106)	Financing expenses	(38)	(45)	(51)	(58)	(192)			
(12)	(28)	(22)	(25)	(87)	Net interest on net debt	(27)	(30)	(33)	(33)	(123)			
Other interest													
5	5	4	4	18	Financing income related to post-retirement benefits	8	9	8	8	33			
6	6	5	—	17	Interest on provisions	(1)	2	—	(2)	(1)			
(11)	(11)	(20)	(30)	(72)	Other items	(18)	(26)	(43)	(94)	(181)			
—	—	(11)	(26)	(37)	Net other financing charges	(11)	(15)	(35)	(88)	(149)			
(12)	(28)	(33)	(51)	(124)	Financing income and expenses	(38)	(45)	(68)	(121)	(272)			

¹ Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 14 and 15.

² Operating income and adjusted operating income (and related measures) per segment for 2022 have been updated to reflect changes in the financial reporting structure. More information is available on our website.

AkzoNobel

Quarterly statistics

					2022					2023						
Q1	Q2	Q3	Q4	Full-year		Q1	Q2	Q3	Q4	Full-year		Q1	Q2	Q3	Q4	Full-year
Quarterly net income analysis (in € millions)																
8	5	6	(1)	18	Results from associates and joint ventures	7	5	8	7	27		7	5	8	7	27
228	182	141	51	602	Profit before tax	151	239	294	100	784		151	239	294	100	784
(62)	(67)	(51)	(34)	(214)	Income tax	(45)	(106)	(96)	(49)	(296)		(45)	(106)	(96)	(49)	(296)
166	115	90	17	388	Profit for the period from continuing operations	106	133	198	51	488		106	133	198	51	488
27	37	36	67	36	Effective tax rate (in %)	30	44	33	49	38		30	44	33	49	38
Earnings per share from continuing operations (in €)																
0.87	0.64	0.51	0.05	2.07	Basic	0.56	0.69	1.11	0.26	2.62		0.56	0.69	1.11	0.26	2.62
0.86	0.63	0.50	0.05	2.06	Diluted	0.56	0.69	1.11	0.26	2.61		0.56	0.69	1.11	0.26	2.61
Earnings per share from discontinued operations (in €)																
—	(0.03)	(0.02)	—	(0.06)	Basic	(0.01)	—	(0.01)	(0.02)	(0.03)		(0.01)	—	(0.01)	(0.02)	(0.03)
—	(0.03)	(0.02)	—	(0.06)	Diluted	(0.01)	—	(0.01)	(0.02)	(0.03)		(0.01)	—	(0.01)	(0.02)	(0.03)
Earnings per share from total operations (in €)																
0.87	0.60	0.48	0.05	2.01	Basic	0.55	0.69	1.11	0.24	2.59		0.55	0.69	1.11	0.24	2.59
0.86	0.60	0.48	0.05	2.01	Diluted	0.55	0.69	1.10	0.24	2.58		0.55	0.69	1.10	0.24	2.58
Number of shares (in millions)																
177.7	175.9	174.0	171.5	174.7	Weighted average number of shares ¹	170.5	170.6	170.6	170.6	170.6		170.5	170.6	170.6	170.6	170.6
176.9	174.5	172.7	170.4	170.4	Number of shares at end of quarter ¹	170.6	170.6	170.6	170.6	170.6		170.6	170.6	170.6	170.6	170.6
Adjusted earnings from continuing operations (in € millions)²																
166	115	90	17	388	Profit from continuing operations	106	133	198	51	488		106	133	198	51	488
(2)	44	16	23	81	Identified items reported in operating income	36	32	(30)	7	45		36	32	(30)	7	45
—	(10)	—	—	(10)	Identified items reported in interest	—	1	(1)	44	44		—	1	(1)	44	44
1	2	(4)	(4)	(5)	Identified items reported in income tax	(8)	8	10	(23)	(13)		(8)	8	10	(23)	(13)
(12)	(3)	(2)	(9)	(26)	Non-controlling interests	(11)	(15)	(8)	(7)	(41)		(11)	(15)	(8)	(7)	(41)
153	148	100	27	428	Adjusted net income from continuing operations	123	159	169	72	523		123	159	169	72	523
0.86	0.84	0.57	0.16	2.45	Adjusted earnings per share from continuing operations (in €)	0.72	0.93	0.99	0.42	3.07		0.72	0.93	0.99	0.42	3.07

¹ After share buyback.

² Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 14 and 15.

Glossary

Adjusted earnings per share are the basic earnings per share from 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 euro at the current year's foreign exchange rates.

EBITDA is operating income excluding depreciation and amortization.

EBITDA margin is EBITDA as 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.

Huarun is the acquired Chinese Decorative Paints business of Sherwin-Williams.

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, the receivable from pension funds in an asset position, assets held for sale) less current income tax payable, deferred tax liabilities and trade and other payables.

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 and joint ventures, 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.

OPI margin is operating income as percentage of revenue.

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

ROS is adjusted operating income as percentage of revenue.

SG&A costs includes 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.

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Financial calendar

Publication annual report	February 28, 2024
Report for the first quarter	April 23, 2024
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

AkzoNobel

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