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## AkzoNobel updates financial reporting structure and 2021 comparative figures

(AKZA; AKZOY)

Effective January 1, 2022, AkzoNobel has updated its financial reporting structure and 2021 comparative figures to reflect (1) a narrower definition of corporate activities and corporate costs in the *Other* segment and (2) recent changes in the organizational set up and related governance structure:

1. The company implemented a narrower definition of corporate activities and corporate costs. As a result, the total costs reported in the *Other* segment decrease by €52 million for full-year 2021, with an offsetting increase in the costs for the Decorative Paints and Performance Coatings segments of €18 million and €34 million respectively
2. Following a full review of the Integrated Supply Chain (ISC) organization, the company implemented an optimized organization structure which amongst others includes a further split between Manufacturing and Supply Chain activities. This optimization of the ISC organization and related governance structure leads to reclassifications between cost of sales and SG&A costs of €49 million for full-year 2021 in the consolidated statement of income

Both changes do not have a net effect on AkzoNobel's reported consolidated operating income and net income.

The updated financial reporting structure and 2021 comparative figures will become apparent in the Q1 2022 results report and onwards.

Table 1 below reflects the updated consolidated statement of income for each of the quarters for the financial year 2021.

### Consolidated statement of income - updated

in € millions	Q1	Q2	Q2 YTD	Q3	Q3 YTD	Q4	2021 Full-year
Revenue	2,263	2,511	4,774	2,410	7,184	2,403	9,587
Cost of sales	(1,265)	(1,466)	(2,731)	(1,471)	(4,202)	(1,481)	(5,683)
<b>Gross profit</b>	<b>998</b>	<b>1,045</b>	<b>2,043</b>	<b>939</b>	<b>2,982</b>	<b>922</b>	<b>3,904</b>
SG&A costs	(696)	(719)	(1,415)	(713)	(2,128)	(725)	(2,853)
Other results	1	58	59	—	59	8	67
<b>Operating income</b>	<b>303</b>	<b>384</b>	<b>687</b>	<b>226</b>	<b>913</b>	<b>205</b>	<b>1,118</b>
Net financing expenses	(8)	(4)	(12)	(19)	(31)	(8)	(39)
Results from associates and joint ventures	7	8	15	6	21	5	26
<b>Profit before tax</b>	<b>302</b>	<b>388</b>	<b>690</b>	<b>213</b>	<b>903</b>	<b>202</b>	<b>1,105</b>
Income tax	(73)	(123)	(196)	(48)	(244)	(2)	(246)
<b>Profit from continuing operations</b>	<b>229</b>	<b>265</b>	<b>494</b>	<b>165</b>	<b>659</b>	<b>200</b>	<b>859</b>
Profit from discontinued operations	(2)	7	5	—	5	1	6
<b>Profit for the period</b>	<b>227</b>	<b>272</b>	<b>499</b>	<b>165</b>	<b>664</b>	<b>201</b>	<b>865</b>
Non-controlling interests	(10)	(11)	(21)	(1)	(22)	(14)	(36)
<b>Net income</b>	<b>217</b>	<b>261</b>	<b>478</b>	<b>164</b>	<b>642</b>	<b>187</b>	<b>829</b>

Table 1 – Consolidated statement of income - updated

Table 2 shows the updated key figures per segment for each of the quarters for the financial year 2021. Some of the key figures stated below are Alternative Performance Measures (APM's). AkzoNobel uses APM adjustments to the IFRS measures to provide supplementary information on the reporting of the underlying developments of the business. Reconciliations of the alternative performance measures to the most directly comparable IFRS measures can be found in our quarterly reports; the changes announced in this financial reporting update do not impact these reconciliations.

<b>Key figures per segment - updated</b>							
in € millions / %	Q1	Q2	Q2 YTD	Q3	Q3 YTD	Q4	2021 Full-year
<b>Operating income</b>							
Decorative Paints	143	234	377	143	520	102	622
Performance Coatings	185	178	363	125	488	128	616
Other activities	(25)	(28)	(53)	(42)	(95)	(25)	(120)
<b>Total</b>	<b>303</b>	<b>384</b>	<b>687</b>	<b>226</b>	<b>913</b>	<b>205</b>	<b>1,118</b>
<b>OPI margin (in % of revenues)<sup>1</sup></b>							
Decorative Paints	15.4	21.5	18.7	14.1	17.2	10.7	15.6
Performance Coatings	13.9	12.5	13.2	9.0	11.8	8.8	11.0
<b>Total</b>	<b>13.4</b>	<b>15.3</b>	<b>14.4</b>	<b>9.4</b>	<b>12.7</b>	<b>8.5</b>	<b>11.7</b>
<b>Adjusted operating income<sup>2</sup></b>							
Decorative Paints	144	187	331	147	478	102	580
Performance Coatings	188	171	359	127	486	128	614
Other activities	(25)	(23)	(48)	(33)	(81)	(21)	(102)
<b>Total</b>	<b>307</b>	<b>335</b>	<b>642</b>	<b>241</b>	<b>883</b>	<b>209</b>	<b>1,092</b>
<b>ROS (in % of revenues)<sup>3</sup></b>							
Decorative Paints	15.5	17.2	16.4	14.5	15.8	10.7	14.6
Performance Coatings	14.1	12.0	13.0	9.1	11.7	8.8	11.0
<b>Total</b>	<b>13.6</b>	<b>13.3</b>	<b>13.4</b>	<b>10.0</b>	<b>12.3</b>	<b>8.7</b>	<b>11.4</b>
<b>EBITDA<sup>4</sup></b>							
Decorative Paints	179	271	450	181	631	145	776
Performance Coatings	223	217	440	166	606	170	776
Other activities	(14)	(19)	(33)	(34)	(67)	(16)	(83)
<b>Total</b>	<b>388</b>	<b>469</b>	<b>857</b>	<b>313</b>	<b>1,170</b>	<b>299</b>	<b>1,469</b>
<b>EBITDA margin (in % of revenues)<sup>4</sup></b>	<b>17.1</b>	<b>18.7</b>	<b>18.0</b>	<b>13.0</b>	<b>16.3</b>	<b>12.4</b>	<b>15.3</b>
<b>Adjusted EBITDA<sup>5</sup></b>							
Decorative Paints	179	222	401	184	585	143	728
Performance Coatings	225	210	435	168	603	170	773
Other activities	(13)	(13)	(26)	(27)	(53)	(12)	(65)
<b>Total</b>	<b>391</b>	<b>419</b>	<b>810</b>	<b>325</b>	<b>1,135</b>	<b>301</b>	<b>1,436</b>
<b>Adjusted EBITDA margin (in % of revenues)<sup>5</sup></b>	<b>17.3</b>	<b>16.7</b>	<b>17.0</b>	<b>13.5</b>	<b>15.8</b>	<b>12.5</b>	<b>15.0</b>
<b>ROI (in % of average invested capital)<sup>6</sup></b>							
	<b>Q1</b>	<b>Q2</b>	<b>Q3</b>	<b>Q4</b>			
Decorative Paints	23.5	24.3	21.8	20.2			
Performance Coatings	20.6	22.5	20.3	17.4			
<b>Total</b>	<b>17.7</b>	<b>19.3</b>	<b>17.5</b>	<b>16.0</b>			

<sup>1</sup> OPI margin is operating income as percentage of revenues.

<sup>2</sup> Adjusted operating income is operating income excluding identified items.

<sup>3</sup> ROS is adjusted operating income as percentage of revenue.

<sup>4</sup> EBITDA is operating income excluding depreciation and amortization; EBITDA margin is EBITDA as percentage of revenue.

<sup>5</sup> Adjusted EBITDA is operating income excluding depreciation, amortization and identified items; Adjusted EBITDA margin is adjusted EBITDA as percentage of revenue.

<sup>6</sup> ROI is adjusted operating income of the last 12 months as percentage of average invested capital. For the calculation of ROI, the 2020 reported figures and 2021 updated figures were used.

Table 2 – Key figures per segment - updated

## **About AkzoNobel**

We supply the sustainable and innovative paints and coatings that our customers, communities – and the environment – are increasingly relying on. That's why everything we do starts with People. Planet. Paint. Our world class portfolio of brands – including Dulux, International, Sikken and Interpon – is trusted by customers around the globe. We're active in more than 150 countries and have set our sights on becoming the global industry leader. It's what you'd expect from a pioneering paints company that's committed to science-based targets and is taking genuine action to address globally relevant challenges and protect future generations.

## **All data in this document is unaudited.**

## **Not for publication - for more information**

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