

# REPORT 2022 Q3

**AkzoNobel**



## **Powering the future of electric vehicles**

The electric vehicle market continued to accelerate during Q3, reflected in ongoing interest for our dedicated powder coatings portfolio. We supply products that help batteries to last longer and vehicles to drive further.

# Our results at a glance

## Highlights Grow & Deliver (compared with Q3 2021)

- Revenue up 19% and 14% higher in constant currencies, pricing up 13%
- ROS at 6.4% (2021: 10.0%), resulting from lower volumes and higher raw material and freight costs, as well as inflation on operating expenses
- Adjusted EBITDA at €283 million (2021: €325 million)

## Highlights Q3 2022 (compared with Q3 2021)

- Pricing up 13%, offsetting the increase of raw material and other variable costs. Volumes 5% lower, mainly due to destocking in the distribution channels in Decorative Paints in Europe and in Performance Coatings, as well as lower market demand in China
- Operating income at €168 million (2021: €226 million), includes €16 million negative impact from Identified items (2021: €15 million net negative impact) and €17 million negative from the retrospective hyperinflation impact of the first half-year of 2022. OPI margin 5.9% (2021: 9.4%)
- Adjusted operating income at €184 million (2021: €241 million); excluding the retrospective impact of hyperinflation accounting at €201 million
- Net cash from operating activities decreased to an inflow of €126 million (2021: inflow of €290 million)
- Net income attributable to shareholders at €84 million (2021: €164 million)
- EPS from total operations at €0.48 (2021: €0.89); adjusted EPS from continuing operations at €0.57 (2021: €0.93)
- Interim dividend of €0.44 per share (2021: €0.44 per share)

## Outlook

AkzoNobel targets to grow at or above its relevant markets, in line with the company's Grow & Deliver strategy. Several end markets are expected to experience significant disruptions due to the ongoing deterioration in the macro-economic environment. As such, the company has suspended the ambition of €2 billion adjusted EBITDA for 2023 and will provide further guidance when announcing the full-year 2022 results.

AkzoNobel expects declining raw material cost to have a favorable margin impact for 2023. Margin management and cost reduction programs have been introduced to mitigate the current challenges. The company aims to return to a leverage ratio of around 2 times net debt/EBITDA and is committed to retaining a strong investment grade credit rating.

## Summary of financial results

Third quarter			January-September			
2021	2022	Δ%	in € millions / %	2021	2022	Δ%
2,410	2,862	19%	Revenue	7,184	8,240	15%
313	265	(15%)	EBITDA*	1,170	878	(25%)
325	283	(13%)	Adjusted EBITDA*	1,135	937	(17%)
226	168	(26%)	Operating income	913	605	(34%)
(15)	(16)		Identified items*	30	(58)	
241	184	(24%)	Adjusted operating income*	883	663	(25%)
9.4	5.9		OPI margin (%)*	12.7	7.3	
10.0	6.4		ROS (%)*	12.3	8.0	
			Average invested capital*	6,706	7,744	15%
			ROI (%)*	17.5	11.3	
70	72		Capital expenditures	189	196	
			Net debt	1,983	3,946	
			Leverage ratio (net debt/EBITDA)*	1.3	3.4	
			Number of employees	32,700	35,600	
290	126		Net cash from operating activities	427	(28)	
164	84		Net income attributable to shareholders	642	344	
184.1	174.0		Weighted average number of shares (in millions)	186.6	175.8	
0.89	0.48		Earnings per share from total operations (in €)	3.44	1.96	
0.93	0.57		Adjusted earnings per share from continuing operations (in €)*	3.32	2.28	

\* Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 13 and 14.

## 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 13 and 14.

# Financial highlights

## Q3 2022

### Revenue

Pricing up 13%. Revenue was 19% higher, and 14% higher in constant currencies, mainly resulting from significant pricing initiatives. Volumes were 5% lower, mainly due to destocking in the distribution channels in Decorative Paints Europe and in Performance Coatings, as well as lower market demand in China. Furthermore, volumes were negatively impacted by supply chain disruptions, especially in North America. Acquisitions added 5%.

### Cost of sales

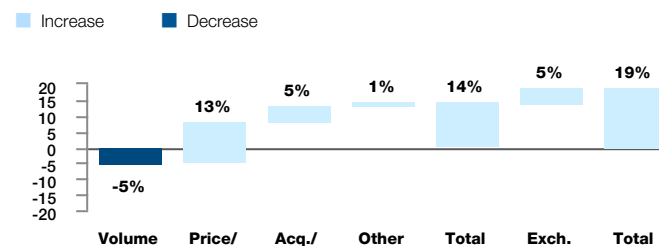
Raw material and other variable costs (including freight), adjusted for the impact of lower volumes, increased €279 million compared with the third quarter of 2021.

## Year-to-date 2022

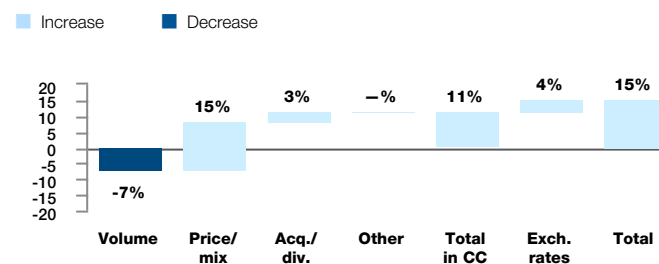
### Revenue

Pricing up 15%. Revenue was 15% higher, and 11% higher in constant currencies, mainly resulting from significant pricing initiatives. Volumes were 7% lower, mainly due to destocking in the distribution channels in Decorative Paints in Europe and in Performance Coatings, as well as the impact from COVID-19 restrictions in China. Furthermore, volumes were negatively impacted by supply constraints, especially in North America. Acquisitions added 3%.

### Revenue development Q3 2022



### Revenue development year-to-date 2022



### Revenue

Third quarter				January-September				
2021	2022	Δ%	Δ% CC*	in € millions	2021	2022	Δ%	Δ% CC*
1,013	1,170	15%	13%	Decorative Paints	3,029	3,358	11%	8%
1,396	1,691	21%	15%	Performance Coatings	4,151	4,879	18%	13%
1	1			Other activities	4	3		
<b>2,410</b>	<b>2,862</b>	<b>19%</b>	<b>14%</b>	<b>Total</b>	<b>7,184</b>	<b>8,240</b>	<b>15%</b>	<b>11%</b>

\* Change excluding currency impact.

in % versus Q3 2021	Volume	Price/mix	Acq./div.	Other	Exch. rates	Total
Decorative Paints	(6)	11	6	2	2	15
Performance Coatings	(4)	14	4	1	6	21
<b>Total</b>	<b>(5)</b>	<b>13</b>	<b>5</b>	<b>1</b>	<b>5</b>	<b>19</b>

in % versus year-to-date 2021	Volume	Price/mix	Acq./div.	Other	Exch. rates	Total
Decorative Paints	(7)	11	4	—	3	11
Performance Coatings	(6)	17	2	—	5	18
<b>Total</b>	<b>(7)</b>	<b>15</b>	<b>3</b>	<b>—</b>	<b>4</b>	<b>15</b>

Volume development per quarter (year-on-year) in %	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Decorative Paints	(11)	(8)	(7)	(8)	(6)
Performance Coatings	(2)	(5)	(7)	(9)	(4)
<b>Total</b>	<b>(6)</b>	<b>(6)</b>	<b>(7)</b>	<b>(9)</b>	<b>(5)</b>

Price/mix development per quarter (year-on-year) in %	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Decorative Paints	10	10	12	11	11
Performance Coatings	11	14	19	19	14
<b>Total</b>	<b>11</b>	<b>12</b>	<b>16</b>	<b>16</b>	<b>13</b>

Currency development per quarter (year-on-year) in %	Q3 21	Q4 21	Q1 22	Q2 22	Q3 22
Decorative Paints	—	1	2	3	2
Performance Coatings	1	2	2	4	6
<b>Total</b>	<b>—</b>	<b>2</b>	<b>2</b>	<b>4</b>	<b>5</b>



# Financial highlights

## Q3 2022

### Operating income

Operating income at €168 million (2021: €226 million), despite pricing initiatives more than compensating for the continued significant impact from raw material and freight costs inflation.

Operating expenses increased as a result of increased manufacturing, supply chain and IT costs.

Operating income includes Identified items of €16 million negative, mainly related to transformation initiatives (2021: €15 million negative). Operating income further includes €17 million in relation to the retrospective impact from hyperinflation accounting for the first half-year of 2022. OPI margin at 5.9% (2021: 9.4%).

Other activities at €32 million negative (2021: €42 million negative), as Q3 2021 included higher costs related to insurance claims.

### Adjusted operating income

Adjusted operating income at €184 million (2021: €241 million); excluding the retrospective impact of hyperinflation accounting at €201 million. ROS at 6.4% (2021: 10.0%).

## Year-to-date 2022

### Operating income

Operating income at €605 million (2021: €913 million), despite pricing initiatives more than compensating for the continued significant impact from raw material and freight costs inflation.

Operating expenses increased as a result of increased manufacturing, supply chain and IT costs.

Operating income includes Identified items of €58 million negative, mainly related to transformation initiatives (2021: €30 million net positive Identified items, mainly related to one-off gains from the Brazil ICMS case and UK pensions curtailments, partly offset by transformation initiatives). OPI margin at 7.3% (2021: 12.7%).

Other activities at €98 million negative (2021: €95 million negative).

### Adjusted operating income

Adjusted operating income at €663 million (2021: €883 million). ROS at 8.0% (2021: 12.3%).

### Impact from the conflict in Ukraine and sanctions on Russia

Our business in Ukraine and Russia combined represented about 2% of our revenue prior to the start of the conflict, of which the vast majority concerns Russia.

Following the EU sanctions, the majority of our coatings activities in Russia were suspended and the residual Russian business is locally operated. More of the remaining business in Russia could decline in the next months, especially due to limited availability of raw materials. In Q3, the direct financial impact from impairment of accounts receivable and inventories was immaterial.

### Impact from hyperinflation accounting (Türkiye and Argentina)

We have retrospectively applied IAS 29 hyperinflation accounting for Türkiye as from January 1, 2022. For Argentina, hyperinflation accounting was already applicable since July 1, 2018. In addition, and in line with IAS 21, end of month rates are used to translate both balance sheet and the profit and loss statement into euros. The impact from hyperinflation accounting is included in operating income as well as in adjusted operating income, no Identified item treatment is applied.

The net impact from hyperinflation accounting and the use of end of month rates on key financials is included in the below table.

### Impact from hyperinflation accounting

in € millions	Revenues	(Adjusted) Operating income	Net income
Impact related to the third quarter	19	(8)	(22)
Impact related to first half-year recognized in the third quarter	(6)	(17)	(6)
Total impact recognized in the third quarter	13	(25)	(28)
Year-to-date impact	26	(30)	(48)

### Operating income

Third quarter			January-September			
2021*	2022	Δ%	in € millions	2021*	2022	Δ%
143	102	(29%)	Decorative Paints	520	343	(34%)
125	98	(22%)	Performance Coatings	488	360	(26%)
(42)	(32)		Other activities	(95)	(98)	
<b>226</b>	<b>168</b>	<b>(26%)</b>	<b>Total</b>	<b>913</b>	<b>605</b>	<b>(34%)</b>

\* Operating income per segment for 2021 has been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

### Adjusted operating income

Third quarter			January-September			
2021*	2022	Δ%	in € millions	2021*	2022	Δ%
147	105	(29%)	Decorative Paints	478	343	(28%)
127	105	(17%)	Performance Coatings	486	397	(18%)
(33)	(26)		Other activities	(81)	(77)	
<b>241</b>	<b>184</b>	<b>(24%)</b>	<b>Total</b>	<b>883</b>	<b>663</b>	<b>(25%)</b>

\* Adjusted operating income per segment for 2021 has been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

# Financial highlights

## Year-to-date 2022

### Financing income and expenses

Financing income and expenses at €73 million negative (2021: €31 million negative).

Interest on debt increased by €16 million, mainly as a result of the bonds issued in March 2022 and financing related to the Grupo Orbis acquisition.

Interest on provisions resulted in an income of €17 million (2021: income of €3 million), mainly as a result of higher discount rates which reduce discounted provision balances.

Other financing income and expenses includes exchange rate results of €40 million negative (2021: €17 million negative) and €13 million expenses from Argentina and Türkiye hyperinflation accounting, partly offset by €10 million (identified) interest income related to the UK ACT case. The 2021 year-to-date financing income and expenses included an (identified) interest income of €21 million related to the Brazil ICMS case.

### Income tax

The effective tax rate was 32.7% (2021: 27.0%). The increase compared with the previous year is mainly related to a €13 million true-up of the tax charge related to the UK ACT case, booked as Identified item, and non-deductible charges resulting from hyperinflation impact. Excluding Identified items, the effective tax rate was 30.2% (2021: 24.8%).

### Net income

Net income attributable to shareholders was €344 million (2021: €642 million). Earnings per share from total operations decreased to €1.96 (2021: €3.44), including the impact of share buyback programs.

## Operating income to net income

Third quarter			January-September	
2021	2022	in € millions	2021	2022
<b>226</b>	<b>168</b>	<b>Operating income</b>	<b>913</b>	<b>605</b>
(19)	(33)	Financing income and expenses	(31)	(73)
6	6	Results from associates and joint ventures	21	19
<b>213</b>	<b>141</b>	<b>Profit before tax</b>	<b>903</b>	<b>551</b>
(48)	(51)	Income tax	(244)	(180)
<b>165</b>	<b>90</b>	<b>Profit from continuing operations</b>	<b>659</b>	<b>371</b>
—	(4)	Profit from discontinued operations	5	(10)
<b>165</b>	<b>86</b>	<b>Profit for the period</b>	<b>664</b>	<b>361</b>
(1)	(2)	Non-controlling interests	(22)	(17)
<b>164</b>	<b>84</b>	<b>Net income</b>	<b>642</b>	<b>344</b>



### Jodhpur given a transformational dose of the blues

India's world famous Blue City, Jodhpur, has been repainted and refreshed by AkzoNobel as part of a major "Let's Colour" project involving 250 homes. More than 5,600 liters of Dulux paint has been used to revitalize the iconic area of Rajasthan, which is known the world over as a leading tourist destination. As well as painting exterior walls in a distinctive shade of vibrant blue, the roofs of more than 100 houses have been coated with Dulux Weathershield Protect, which can help to reduce temperatures by up to 5°C.

# Decorative Paints

## Highlights Q3 2022

- Pricing up 11%. Revenue up 15% and up 13% in constant currencies, mainly resulting from pricing initiatives
- ROS at 9.0% (2021: 14.5%), resulting from lower volumes and continued raw material and freight costs inflation

### Q3 2022

Pricing up 11%. Revenue was up 15% and 13% higher in constant currencies, with significant pricing initiatives partly offset by lower volumes, mainly due to destocking in the distribution channels in Europe and lower market demand in China due to COVID-19 related lockdown measures.

Operating income of €102 million (2021: €143 million), as pricing initiatives were offset by lower volumes and continued raw material and freight cost inflation, as well as higher operating expenses. Operating income included €3 million negative Identified items, mainly related to transformation initiatives (2021: €4 million negative, mainly related to transformation initiatives).

Adjusted operating income at €105 million (2021: €147 million); excluding the retrospective impact of hyperinflation accounting at €116 million. ROS at 9.0% (2021: 14.5%).

### Europe, Middle East and Africa

Revenue in Q3 was up 1% and 2% higher in constant currencies, mainly as a result of significant pricing initiatives and relatively stable demand in the professional segment, partially offset by lower volumes in the DIY segment. Volumes 2% lower compared with Q3 2019, mainly due to destocking in the distribution channels in Europe and weakening consumer confidence.

### Latin America

Revenue in Q3 was 83% higher and up 84% in constant currencies, driven by the acquisition of Grupo Orbis (effective April 21, 2022) and pricing initiatives. Excluding Grupo Orbis, revenue in Latin America was 34% higher compared with Q3 2021 (34% in constant currencies). Revenue growth driven by pricing initiatives, store expansions and new product introductions across countries. Grupo Orbis showing strong performance.

### Asia

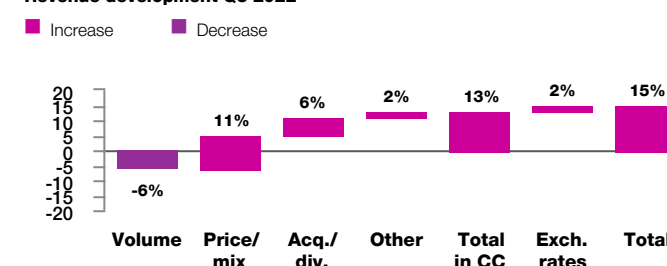
Revenue in Q3 was 15% higher and up 6% in constant currencies, driven by pricing initiatives across Asia and strong volume growth in South Asia. In China, pricing initiatives and geographic expansion initiatives were offset by lower volumes as a result of COVID-19 restrictions and deteriorating consumer confidence. India showed volume growth from store expansions, while South East Asia showed strong volume recovery from the impact of COVID-19, especially in Vietnam.

Revenue				January-September				
Third quarter				January-September				
2021	2022	Δ%	CC <sup>1</sup>	in € millions	2021	2022	Δ%	CC <sup>1</sup>
615	623	1%	2%	Decorative Paints EMEA	1,931	1,896	(2%)	(2%)
131	240	83%	84%	Decorative Paints Latin America <sup>2</sup>	329	560	70%	62%
267	307	15%	6%	Decorative Paints Asia	769	902	17%	9%
<b>1,013</b>	<b>1,170</b>	<b>15%</b>	<b>13%</b>	<b>Total</b>	<b>3,029</b>	<b>3,358</b>	<b>11%</b>	<b>8%</b>

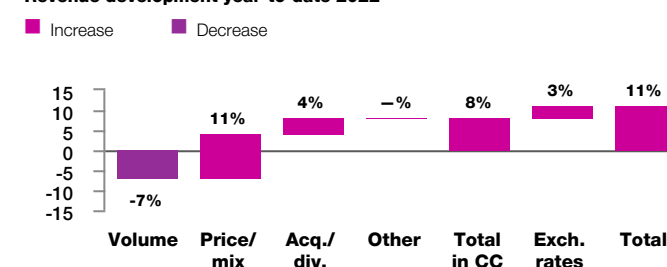
<sup>1</sup> Change excluding currency impact

<sup>2</sup> Previously reported as Decorative Paints South America; includes Grupo Orbis Paints business as from April 21, 2022

### Revenue development Q3 2022



### Revenue development year-to-date 2022



### Key financial figures

Third quarter			January-September			
2021	2022	Δ%	in € millions / %	2021	2022	Δ%
143	102	(29%)	Operating income <sup>1</sup>	520	343	(34%)
(4)	(3)		Identified items <sup>2</sup>	42	—	
147	105	(29%)	Adjusted operating income <sup>1,2</sup>	478	343	(28%)
14.1	8.7		OPI margin (%) <sup>1,2</sup>	17.2	10.2	
14.5	9.0		ROS (%) <sup>1,2</sup>	15.8	10.2	
			Average invested capital <sup>2</sup>	2,771	3,450	25%
			ROI (%) <sup>1,2</sup>	21.8	12.9	

<sup>1</sup> Operating income and adjusted operating income (and related measures) for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

<sup>2</sup> Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 13 and 14.

# Performance Coatings

## Highlights Q3 2022

- Pricing up 15%. Revenue up 21% and up 15% in constant currencies. Revenue growth in all segments
- ROS at 6.2% (2021: 9.1%), resulting from continued raw material and freight costs inflation and supply constraints, mainly in North America

## Q3 2022

Pricing up 15%. Revenue was 21% higher and up 15% in constant currencies, driven by strong pricing initiatives in all segments. Volumes were lower due to destocking and supply chain disruptions, mainly in North America, as well as the impact from suspension of activities in Russia.

Operating income of €98 million (2021: €125 million), as pricing initiatives were more than offset by lower volumes and continued impact from raw material and freight costs inflation. Operating income included €7 million negative Identified items, mainly related to transformation initiatives (2021: €2 million negative).

Adjusted operating income at €105 million (2021: €127 million); excluding the retrospective impact of hyperinflation accounting at €111 million. ROS at 6.2% (2021: 9.1%).

## Powder Coatings

Revenue in Q3 was up 7% and 2% higher in constant currencies. Strong pricing initiatives in all segments. Volumes lower as a result of lower demand in Europe and North America, along with demand impact in China as a result of lower consumer confidence. Revenue growth in the automotive segment, including electric vehicles.

## Marine and Protective Coatings

Revenue in Q3 was up 27% and 19% higher in constant currencies. The increase was driven by pricing initiatives and volume growth in the marine and protective segments resulting from sequential improvements in the marine and protective end market demand.

## Automotive and Specialty Coatings

Revenue in Q3 was up 16% and 10% higher in constant currencies, mainly due to pricing initiatives and higher volumes, despite weakness in Consumer Electronics market demand. Aerospace and Vehicle Refinishes continued to show strong growth.

## Industrial Coatings

Revenue in Q3 was up 17% and 12% higher in constant currencies, driven by significant pricing initiatives. Volumes were lower as a result of destocking and weaker market demand due to high energy costs impacting coil and packaging in Europe, as well as lower consumer confidence impacting demand in wood.

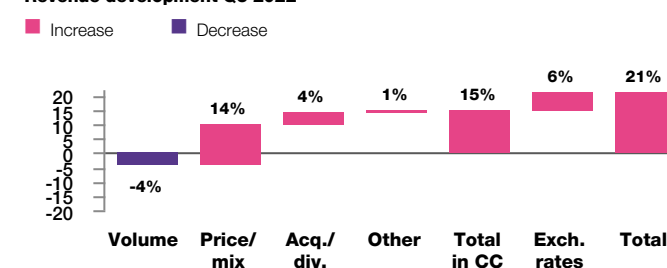
## Other activities

Other activities includes Grupo Orbis revenues (as from April 21, 2022) to the extent these relate to the Performance Coatings segment.

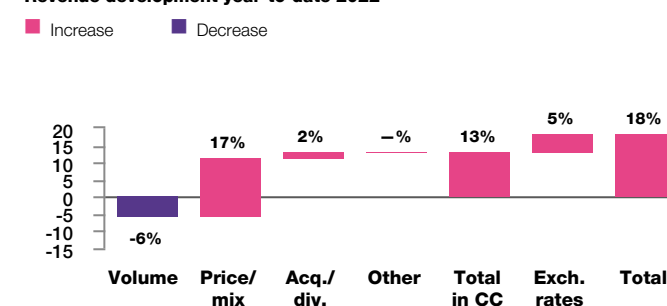
Revenue				January-September			
Third quarter				in € millions		January-September	
2021	2022	Δ%	CC*	2021	2022	Δ%	CC*
320	343	7%	2%	983	1,041	6%	3%
289	368	27%	19%	857	1,011	18%	12%
305	354	16%	10%	917	1,048	14%	10%
482	566	17%	12%	1,394	1,677	20%	16%
—	60			—	102		
<b>1,396</b>	<b>1,691</b>	<b>21%</b>	<b>15%</b>	<b>4,151</b>	<b>4,879</b>	<b>18%</b>	<b>13%</b>

\* Change excluding currency impact.

## Revenue development Q3 2022



## Revenue development year-to-date 2022



## Key financial figures

Third quarter			January-September			
2021	2022	Δ%	in € millions / %	2021	2022	Δ%
125	98	(22%)	Operating income <sup>1</sup>	488	360	(26%)
(2)	(7)		Identified items <sup>2</sup>	2	(37)	
127	105	(17%)	Adjusted operating income <sup>1,2</sup>	486	397	(18%)
9.0	5.8		OPI margin (%) <sup>1,2</sup>	11.8	7.4	
9.1	6.2		ROS (%) <sup>1,2</sup>	11.7	8.1	
			Average invested capital <sup>2</sup>	3,434	3,856	12%
			ROI (%) <sup>1,2</sup>	20.3	13.6	

<sup>1</sup> Operating income and adjusted operating income (and related measures) for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

<sup>2</sup> Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 13 and 14.

## Condensed consolidated statement of income

Condensed consolidated statement of income				
Third quarter			January-September	
2021	2022	in € millions	2021	2022
<b>Continuing operations</b>				
2,410	2,862	Revenue	7,184	8,240
(1,471)	(1,884)	Cost of sales*	(4,202)	(5,248)
<b>939</b>	<b>978</b>	<b>Gross profit</b>	<b>2,982</b>	<b>2,992</b>
(713)	(811)	SG&A costs*	(2,128)	(2,386)
—	1	Other results	59	(1)
<b>226</b>	<b>168</b>	<b>Operating income</b>	<b>913</b>	<b>605</b>
(19)	(33)	Financing income and expenses	(31)	(73)
6	6	Results from associates and joint ventures	21	19
<b>213</b>	<b>141</b>	<b>Profit before tax</b>	<b>903</b>	<b>551</b>
(48)	(51)	Income tax	(244)	(180)
<b>165</b>	<b>90</b>	<b>Profit for the period from continuing operations</b>	<b>659</b>	<b>371</b>
<b>Discontinued operations</b>				
—	(4)	Profit/(loss) for the period from discontinued operations	5	(10)
<b>165</b>	<b>86</b>	<b>Profit for the period</b>	<b>664</b>	<b>361</b>
<b>Attributable to</b>				
164	84	Shareholders of the company	642	344
1	2	Non-controlling interests	22	17
<b>165</b>	<b>86</b>	<b>Profit for the period</b>	<b>664</b>	<b>361</b>

\* Cost of sales and SG&A costs for 2021 have been updated to reflect changes in the financial reporting structure related to recent changes in the organizational set-up and related governance structure, with no net impact on operating income or net income. More information is available on our website.

## Condensed consolidated statement of comprehensive income

Condensed consolidated statement of comprehensive income				
Third quarter			January-September	
2021	2022	in € millions	2021	2022
165	86	Profit for the period	664	361
<b>Other comprehensive income</b>				
29	39	Exchange differences arising on translation of foreign operations	228	163
(1)	2	Cash flow hedges	(1)	21
(72)	(119)	Post-retirement benefits	(4)	(72)
17	30	Tax relating to components of other comprehensive income	(3)	14
<b>(27)</b>	<b>(48)</b>	<b>Other comprehensive income for the period (net of tax)</b>	<b>220</b>	<b>126</b>
<b>138</b>	<b>38</b>	<b>Comprehensive income for the period</b>	<b>884</b>	<b>487</b>
<b>Comprehensive income for the period attributable to</b>				
133	28	Shareholders of the company	859	455
5	10	Non-controlling interests	25	32
<b>138</b>	<b>38</b>	<b>Comprehensive income for the period</b>	<b>884</b>	<b>487</b>

## Condensed consolidated balance sheet

Condensed consolidated balance sheet		
in € millions	December 31, 2021	September 30, 2022
<b>Assets</b>		
<b>Non-current assets</b>		
Intangible assets	3,690	4,279
Property, plant and equipment	1,800	1,990
Right-of-use assets	304	284
Other non-current assets	2,736	2,542
<b>Total non-current assets</b>	<b>8,530</b>	<b>9,095</b>
<b>Current assets</b>		
Inventories	1,650	2,055
Trade and other receivables	2,339	2,881
Current tax assets	149	137
Short-term investments	58	23
Cash and cash equivalents	1,152	1,346
<b>Total current assets</b>	<b>5,348</b>	<b>6,442</b>
<b>Total assets</b>	<b>13,878</b>	<b>15,537</b>
<b>Equity and liabilities</b>		
<b>Group equity</b>		
	<b>5,636</b>	<b>5,345</b>
<b>Non-current liabilities</b>		
Provisions and deferred tax liabilities	1,379	1,260
Long-term borrowings	1,994	3,362
<b>Total non-current liabilities</b>	<b>3,373</b>	<b>4,622</b>
<b>Current liabilities</b>		
Short-term borrowings	1,556	1,953
Trade and other payables	2,948	3,166
Other short-term liabilities	365	451
<b>Total current liabilities</b>	<b>4,869</b>	<b>5,570</b>
<b>Total equity and liabilities</b>	<b>13,878</b>	<b>15,537</b>



### Shareholders' equity

Shareholders' equity amounted to €5.1 billion at September 30, 2022, compared with €5.4 billion at year-end 2021. Main movements relate to:

- Profit for the period of €344 million
- Currency effects of €149 million positive (including taxes)

Offset by:

- Share buyback of €513 million (including taxes)
- Dividend of €272 million

### Dividend

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

An interim dividend of €0.44 per share will be paid. In 2021, an interim dividend of €0.44 per share was paid.

The final 2021 dividend of €1.54 per common share was approved by the AGM in April 2022 and was paid. The total 2021 dividend amounted to €1.98 per share (2020: €1.95).

### Outstanding share capital

The outstanding share capital was 177.7 million common shares at the end of September 2022. This included 5.0 million shares acquired in the share buyback programs not yet cancelled.

The weighted average number of shares in Q3 2022 was 174.0 million shares. The weighted average number of shares in the first three quarters of 2022 was 175.8 million shares. These weighted average numbers of shares exclude shares bought back and not yet cancelled and were the basis for the calculation of earnings per share.

In February 2021, a €1 billion share buyback program was announced, which was completed in January 2022.

In February 2022, a €500 million share buyback program was announced, to be completed by the end of 2022. As at September 30, 2022, 5.0 million shares had been acquired under this program for a value of €354 million.

### 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
<b>Balance at December 31, 2020</b>	<b>95</b>	–	<b>(873)</b>	<b>6,524</b>	<b>5,746</b>	<b>204</b>	<b>5,950</b>
Profit for the period	–	–	–	642	642	22	664
Other comprehensive income	–	(1)	223	(5)	217	3	220
<b>Comprehensive income for the period</b>	<b>–</b>	<b>(1)</b>	<b>223</b>	<b>637</b>	<b>859</b>	<b>25</b>	<b>884</b>
Dividend	–	–	–	(285)	(285)	(12)	(297)
Share buyback	(1)	–	–	(823)	(824)	–	(824)
Equity-settled transactions	–	–	–	14	14	–	14
Acquisitions and divestments	–	–	–	(1)	(1)	(1)	(2)
<b>Balance at September 30, 2021</b>	<b>94</b>	<b>(1)</b>	<b>(650)</b>	<b>6,066</b>	<b>5,509</b>	<b>216</b>	<b>5,725</b>
<b>Balance at December 31, 2021</b>	<b>91</b>	<b>(19)</b>	<b>(493)</b>	<b>5,846</b>	<b>5,425</b>	<b>211</b>	<b>5,636</b>
Impact IAS 29 Hyperinflation Türkiye*	–	–	–	16	16	2	18
<b>Balance at January 1, 2022</b>	<b>91</b>	<b>(19)</b>	<b>(493)</b>	<b>5,862</b>	<b>5,441</b>	<b>213</b>	<b>5,654</b>
Profit for the period	–	–	–	344	344	17	361
Other comprehensive income	–	21	149	(59)	111	15	126
<b>Comprehensive income for the period</b>	<b>–</b>	<b>21</b>	<b>149</b>	<b>285</b>	<b>455</b>	<b>32</b>	<b>487</b>
Dividend	–	–	–	(272)	(272)	(26)	(298)
Share buyback	(2)	–	–	(511)	(513)	–	(513)
Equity-settled transactions	–	–	–	12	12	–	12
Acquisitions and divestments	–	–	–	–	–	3	3
<b>Balance at September 30, 2022</b>	<b>89</b>	<b>2</b>	<b>(344)</b>	<b>5,376</b>	<b>5,123</b>	<b>222</b>	<b>5,345</b>

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

### Cash flows and net debt

Net cash from operating activities in Q3 resulted in an inflow of €126 million (2021: inflow of €290 million). The decrease in inflow was mainly driven by lower profit for the quarter and the impact from changes in working capital.

Net cash from investing activities in Q3 resulted in an inflow of €701 million (2021: inflow of €219 million) and mainly relates to repayments of short-term investments, partly offset by capital expenditures.

Net cash from financing activities in Q3 resulted in an outflow of €578 million (2021: outflow of €657 million). Net cash from financing activities mainly related to an outflow of €445 million from borrowings and the outflow for the share buyback program (€124 million).

At September 30, 2022, net debt was €3,946 million versus €2,340 million at year-end 2021, mainly due to outflows related to acquisitions (€530 million), the share buyback programs (€487 million), dividend (€289 million) and capital expenditures (€196 million). The net debt/EBITDA leverage ratio at September 30, 2022, was 3.4 (September 30, 2021: 1.3).

### Free cash flows

The free cash flow in Q3 2022 was lower compared with Q3 2021, mainly due to the lower profit for the quarter and the impact from changes in working capital.

Condensed consolidated statements of cash flows					
Third quarter			January-September		
2021	2022	in € millions	2021	2022	
<b>1,162</b>	<b>998</b>	<b>Net cash and cash equivalents at beginning of period</b>	<b>1,581</b>	<b>1,112</b>	
165	90	Profit for the period from continuing operations	659	371	
87	97	Amortization and depreciation	257	273	
4	2	Impairment losses	3	6	
19	33	Financing income and expenses	31	73	
(6)	(6)	Results from associates and joint ventures	(21)	(19)	
(1)	(3)	Pre-tax result on acquisitions and divestments	(12)	(16)	
48	51	Income tax	244	180	
66	(25)	Changes in working capital	(395)	(713)	
23	—	Pension pre-funding	23	48	
(5)	(13)	Changes in post-retirement benefit provisions	(42)	(16)	
(6)	(4)	Changes in other provisions	(74)	(10)	
(37)	(34)	Interest paid	(62)	(58)	
(67)	(73)	Income tax paid	(157)	(171)	
—	11	Other changes	(27)	24	
<b>290</b>	<b>126</b>	<b>Net cash generated from/(used for) operating activities</b>	<b>427</b>	<b>(28)</b>	
(70)	(72)	Capital expenditures	(189)	(196)	
4	9	Acquisitions and divestments net of cash acquired/divested	(60)	(530)	
36	—	Investments in short-term investments	(11)	(1,045)	
245	759	Repayments of short-term investments	247	1,081	
4	5	Other changes	8	15	
<b>219</b>	<b>701</b>	<b>Net cash generated from/(used for) investing activities</b>	<b>(5)</b>	<b>(675)</b>	
(311)	(445)	Changes from borrowings	88	1,589	
(335)	(124)	Share buyback	(791)	(487)	
(10)	(9)	Dividend paid	(301)	(289)	
(1)	—	Buy-out of non-controlling interests	(1)	—	
<b>(657)</b>	<b>(578)</b>	<b>Net cash from/(used for) financing activities</b>	<b>(1,005)</b>	<b>813</b>	
<b>(148)</b>	<b>249</b>	<b>Net cash generated from/(used for) continuing operations</b>	<b>(583)</b>	<b>110</b>	
—	(9)	Cash flows from discontinued operations	—	(9)	
<b>(148)</b>	<b>240</b>	<b>Net change in cash and cash equivalents of continuing and discontinued operations</b>	<b>(583)</b>	<b>101</b>	
6	10	Effect of exchange rate changes on cash and cash equivalents	22	35	
<b>1,020</b>	<b>1,248</b>	<b>Net cash and cash equivalents at September 30</b>	<b>1,020</b>	<b>1,248</b>	

Consolidated statement of free cash flows					
Third quarter			January-September		
2021	2022	in € millions	2021	2022	
<b>313</b>	<b>265</b>	<b>EBITDA</b>	<b>1,170</b>	<b>878</b>	
3	2	Impairment losses	3	6	
(1)	(3)	Pre-tax results on acquisitions and divestments	(12)	(16)	
66	(25)	Changes in working capital	(395)	(713)	
23	—	Pension pre-funding	23	48	
(1)	(7)	Pension top-up payments	(10)	(8)	
(9)	(10)	Other changes in provisions	(105)	(18)	
(37)	(34)	Interest paid	(62)	(58)	
(67)	(73)	Income tax paid	(157)	(171)	
—	11	Other	(28)	24	
<b>290</b>	<b>126</b>	<b>Net cash generated from/(used for) operating activities</b>	<b>427</b>	<b>(28)</b>	
(70)	(72)	Capital expenditures	(189)	(196)	
<b>220</b>	<b>54</b>	<b>Free cash flow</b>	<b>238</b>	<b>(224)</b>	



### €20 million to be invested in French facilities

A €20 million investment has been announced by AkzoNobel to increase and improve production at two of its sites in France. Around 30 new jobs will be created. A total of €15 million will be spent on the company's aerospace coatings facility in Pamiers, which was taken over following the Mapaero acquisition in 2019. The other €5 million will be spent on improving production flexibility at the decorative paints site in Montataire.

### Invested capital

Invested capital at September 30, 2022, totaled €8.6 billion, up €1.4 billion from year-end 2021. This increase was mainly caused by higher operating working capital (trade) and higher non-current assets (largely resulting from the Grupo Orbis acquisition).

### Operating working capital (trade)

Operating working capital (trade) was €2.1 billion at September 30, 2022 (September 30, 2021: €1.3 billion).

Operating working capital (trade) as a percentage of revenue was 18.0% in Q3, compared with 13.6% in Q3 2021. This increase in operating working capital (trade) as a percentage of revenue was mainly due to the increase in raw material prices and market disruption from destocking in the distribution channels in Europe and in Performance Coatings, as well as from higher pricing.

### Pension

The net balance sheet position (according to IAS19) of the pension plans at the end of Q3 was a surplus of €1.0 billion (year-end 2021: surplus of €1.1 billion). The development during 2022 was the result of the net effect in key countries of higher discount rates, offset by lower plan asset returns and higher inflation rates.

### Workforce

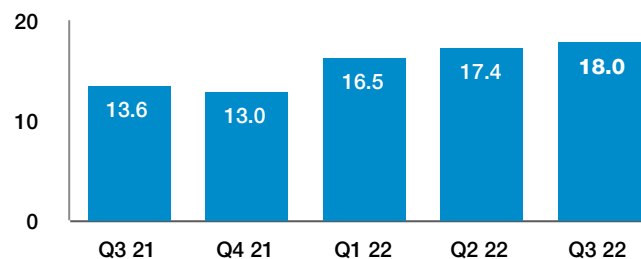
At September 30, 2022, the number of people employed was 35,600 (June 30, 2022: 36,100).

### Invested capital

in € millions	September 30, 2021	December 31, 2021	September 30, 2022
Trade receivables	2,104	1,973	2,524
Inventories	1,564	1,650	2,055
Trade payables	(2,360)	(2,376)	(2,523)
<b>Operating working capital (trade)</b>	<b>1,308</b>	<b>1,247</b>	<b>2,056</b>
Other working capital items	(412)	(273)	(404)
Non-current assets	8,314	8,530	9,095
Less investments in associates and joint ventures	(173)	(178)	(195)
Less pension assets	(1,568)	(1,638)	(1,349)
Deferred tax liabilities	(552)	(567)	(635)
<b>Invested capital</b>	<b>6,917</b>	<b>7,121</b>	<b>8,568</b>

### Operating working capital (trade) in % of revenue

In % of revenue



### Color of the Year 2023 announced

Wild Wonder – a hue inspired by the warm tones of harvested crops – is AkzoNobel's 2023 Color of the Year. Its upbeat glow connects us with nature, creating a sense of energy and positivity. As people search for support, connection, inspiration and balance in the world today, they're diving into the wonders of the natural world to find it. Extensive research conducted by a team of in-house color experts and international design professionals found hope at the heart of global social, design and consumer trends.

# 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 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 2021 annual report as published on March 2, 2022. The 2021 financial statements were adopted by the Annual General Meeting of shareholders on April 22, 2022. 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 these financial statements.

## Accounting policies

The significant 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, 2021, except for IFRS standards and interpretations becoming effective on January 1, 2022. This includes, among others, amendments to IFRS 3 "References to the Conceptual Framework", amendments to IAS 16 "Property, Plant and Equipment: Proceeds before Intended Use", amendments to IAS 37 "Onerous Contracts – Costs of Fulfilling a Contract" and IFRS 9 "Financial instruments – Fees in the '10 percent' test for derecognition of Financial liabilities". 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. All related party transactions were conducted at arm's length with terms comparable with third party transactions.

## 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-September 2022

in € millions

	Decorative Paints	Performance Coatings	Other	Total
<b>Primary geographical markets</b>				
The Netherlands	161	84	3	248
Other EMEA countries	1,735	1,914	–	3,649
North Asia	450	865	–	1,315
South Asia Pacific	452	566	–	1,018
North America	–	1,084	–	1,084
South America	560	366	–	926
<b>Total</b>	<b>3,358</b>	<b>4,879</b>	<b>3</b>	<b>8,240</b>
<b>Timing of revenue recognition</b>				
Goods transferred at a point in time	3,314	4,730	–	8,044
Services transferred over time	44	149	3	196
<b>Total</b>	<b>3,358</b>	<b>4,879</b>	<b>3</b>	<b>8,240</b>



### 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 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in "Other activities". More information is available on our website.

### Operating income

Third quarter			January-September			
2021	2022	Δ%	in € millions	2021	2022	Δ%
143	102	(29%)	Decorative Paints	520	343	(34%)
125	98	(22%)	Performance Coatings	488	360	(26%)
(42)	(32)		Other activities	(95)	(98)	
<b>226</b>	<b>168</b>	<b>(26%)</b>	<b>Total</b>	<b>913</b>	<b>605</b>	<b>(34%)</b>

### Identified items

Third quarter			January-September			
2021	2022		in € millions	2021	2022	
(4)	(3)		Decorative Paints	42	—	
(2)	(7)		Performance Coatings	2	(37)	
(9)	(6)		Other activities	(14)	(21)	
<b>(15)</b>	<b>(16)</b>		<b>Total</b>	<b>30</b>	<b>(58)</b>	

### Adjusted operating income

Third quarter			January-September			
2021	2022	Δ%	in € millions	2021	2022	Δ%
147	105	(29%)	Decorative Paints	478	343	(28%)
127	105	(17%)	Performance Coatings	486	397	(18%)
(33)	(26)		Other activities	(81)	(77)	
<b>241</b>	<b>184</b>	<b>(24%)</b>	<b>Total</b>	<b>883</b>	<b>663</b>	<b>(25%)</b>

### EBITDA

Third quarter			January-September			
2021	2022	Δ%	in € millions	2021	2022	Δ%
226	168	(26%)	Operating income	913	605	(34%)
87	97		Depreciation and amortization	257	273	
<b>313</b>	<b>265</b>	<b>(15%)</b>	<b>EBITDA</b>	<b>1,170</b>	<b>878</b>	<b>(25%)</b>

### Adjusted EBITDA

Third quarter			January-September			
2021	2022	Δ%	in € millions	2021	2022	Δ%
241	184	(24%)	Adjusted operating income	883	663	(25%)
84	99		Depreciation and amortization (excluding Identified items)	252	274	
<b>325</b>	<b>283</b>	<b>(13%)</b>	<b>Adjusted EBITDA</b>	<b>1,135</b>	<b>937</b>	<b>(17%)</b>

### OPI margin

Third quarter			January-September		
2021	2022	in %	2021	2022	
14.1	8.7		Decorative Paints	17.2	10.2
9.0	5.8		Performance Coatings	11.8	7.4
<b>9.4</b>	<b>5.9</b>		<b>Total</b>	<b>12.7</b>	<b>7.3</b>

### ROS

Third quarter			January-September		
2021	2022	in %	2021	2022	
14.5	9.0		Decorative Paints	15.8	10.2
9.1	6.2		Performance Coatings	11.7	8.1
<b>10.0</b>	<b>6.4</b>		<b>Total</b>	<b>12.3</b>	<b>8.0</b>

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

### Adjusted earnings per share from continuing operations

Third quarter			January-September		
2021	2022	in € millions	2021	2022	
213	141	Profit before tax from continuing operations	903	551	
15	16	Identified items reported in operating income	(30)	58	
(1)	—	Identified items reported in interest	(21)	(10)	
(54)	(55)	Adjusted income tax	(211)	(181)	
(1)	(2)	Non-controlling interests	(22)	(17)	
<b>172</b>	<b>100</b>	<b>Adjusted net income from continuing operations</b>	<b>619</b>	<b>401</b>	
184.1	174.0	Weighted average number of shares (in millions)	186.6	175.8	
<b>0.93</b>	<b>0.57</b>	<b>Adjusted earnings per share from continuing operations</b>	<b>3.32</b>	<b>2.28</b>	

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

#### Average invested capital

October 2020 - September 2021/October 2021 - September 2022

in € millions	2021	2022	Δ%
Decorative Paints	2,771	3,450	25%
Performance Coatings	3,434	3,856	12%
Other activities	501	438	
<b>Total</b>	<b>6,706</b>	<b>7,744</b>	<b>15%</b>

#### ROI%

October 2020 - September 2021/October 2021 - September 2022

in %	2021	2022	
Decorative Paints	21.8	12.9	
Performance Coatings	20.3	13.6	
Other activities*			
<b>Total</b>	<b>17.5</b>	<b>11.3</b>	

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



#### Largest warehousing base in China on schedule

A huge logistics hub which is set to become AkzoNobel's largest warehousing base in China is on course to be completed by the middle of 2023. Located at our decorative paints site in Songjiang, Shanghai, the new €10.3 million facility – a nerve center for production, storage and transport – will use intelligent digital technologies and advanced security management to customize storage and operation modes for different product categories. It's scheduled for completion in May next year.

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

#### EBITDA

October 2020 - September 2021/October 2021 - September 2022

in € millions	2021	2022
Operating income	1,156	810
Depreciation and amortization	347	367
<b>EBITDA</b>	<b>1,503</b>	<b>1,177</b>

#### Net debt

in € millions	September 30, 2021	September 30, 2022
Short-term investments	(13)	(23)
Cash and cash equivalents	(1,087)	(1,346)
Long-term borrowings	2,000	3,362
Short-term borrowings	1,083	1,953
<b>Total</b>	<b>1,983</b>	<b>3,946</b>

#### Leverage ratio

October 2020 - September 2021/October 2021 - September 2022

in € millions	2021	2022
Net debt	1,983	3,946
EBITDA	1,503	1,177
<b>Leverage ratio</b>	<b>1.3</b>	<b>3.4</b>

#### Outlook

AkzoNobel targets to grow at or above its relevant markets, in line with the company's Grow & Deliver strategy. Several end markets are expected to experience significant disruptions due to the ongoing deterioration in the macro-economic environment. As such, the company has suspended the ambition of €2 billion adjusted EBITDA for 2023 and will provide further guidance when announcing the full-year 2022 results.

AkzoNobel expects declining raw material cost to have a favorable margin impact for 2023. Margin management and cost reduction programs have been introduced to mitigate the current challenges. The company aims to return to a leverage ratio of around 2 times net debt/EBITDA and is committed to retaining a strong investment grade credit rating.

#### Amsterdam, October 19, 2022 The Board of Management

Thierry Vanlancker  
Maarten de Vries

# Paints and Coatings

## Quarterly statistics

					2021						2022
Q1	Q2	Q3	Q4	Year	in € millions	Q1	Q2	Q3	Year-to-date		
<b>Revenue</b>											
930	1,086	1,013	950	3,979	Decorative Paints	1,006	1,182	1,170	3,358		
1,332	1,423	1,396	1,452	5,603	Performance Coatings	1,518	1,670	1,691	4,879		
1	2	1	1	5	Other activities	1	1	1	3		
<b>2,263</b>	<b>2,511</b>	<b>2,410</b>	<b>2,403</b>	<b>9,587</b>	<b>Total</b>	<b>2,525</b>	<b>2,853</b>	<b>2,862</b>	<b>8,240</b>		
<b>EBITDA<sup>1,2</sup></b>											
179	271	181	145	776	Decorative Paints	151	164	144	459		
223	217	166	170	776	Performance Coatings	190	155	142	487		
(14)	(19)	(34)	(16)	(83)	Other activities	(20)	(27)	(21)	(68)		
<b>388</b>	<b>469</b>	<b>313</b>	<b>299</b>	<b>1,469</b>	<b>Total</b>	<b>321</b>	<b>292</b>	<b>265</b>	<b>878</b>		
<b>17.1</b>	<b>18.7</b>	<b>13.0</b>	<b>12.4</b>	<b>15.3</b>	<b>EBITDA margin (in %)</b>	<b>12.7</b>	<b>10.2</b>	<b>9.3</b>	<b>10.7</b>		
<b>Adjusted EBITDA (excluding Identified items)<sup>1,2</sup></b>											
179	222	184	143	728	Decorative Paints	142	169	148	459		
225	210	168	170	773	Performance Coatings	188	187	149	524		
(13)	(13)	(27)	(12)	(65)	Other activities	(13)	(19)	(14)	(46)		
<b>391</b>	<b>419</b>	<b>325</b>	<b>301</b>	<b>1,436</b>	<b>Total</b>	<b>317</b>	<b>337</b>	<b>283</b>	<b>937</b>		
<b>17.3</b>	<b>16.7</b>	<b>13.5</b>	<b>12.5</b>	<b>15.0</b>	<b>Adjusted EBITDA margin (in %)</b>	<b>12.6</b>	<b>11.8</b>	<b>9.9</b>	<b>11.4</b>		
<b>Depreciation/Depreciation excluding Identified items<sup>2</sup></b>											
(31)/(30)	(32)/(30)	(33)/(32)	(38)/(36)	(134)/(128)	Decorative Paints	(33)/(32)	(30)/(30)	(33)/(34)	(96)/(96)		
(29)/(28)	(31)/(31)	(32)/(32)	(33)/(33)	(125)/(124)	Performance Coatings	(31)/(30)	(33)/(34)	(35)/(35)	(99)/(99)		
(8)/(9)	(5)/(6)	(4)/(2)	(5)/(5)	(22)/(22)	Other activities	(7)/(7)	(3)/(3)	(5)/(6)	(15)/(16)		
<b>(68)/(67)</b>	<b>(68)/(67)</b>	<b>(69)/(66)</b>	<b>(76)/(74)</b>	<b>(281)/(274)</b>	<b>Total</b>	<b>(71)/(69)</b>	<b>(66)/(67)</b>	<b>(73)/(75)</b>	<b>(210)/(211)</b>		
<b>Amortization/Amortization excluding Identified items<sup>2</sup></b>											
(5)/(5)	(5)/(5)	(5)/(5)	(5)/(5)	(20)/(20)	Decorative Paints	(5)/(5)	(6)/(6)	(9)/(9)	(20)/(20)		
(9)/(9)	(8)/(8)	(9)/(9)	(9)/(9)	(35)/(35)	Performance Coatings	(9)/(9)	(10)/(10)	(9)/(9)	(28)/(28)		
(3)/(3)	(4)/(4)	(4)/(4)	(4)/(4)	(15)/(15)	Other activities	(4)/(4)	(5)/(5)	(6)/(6)	(15)/(15)		
<b>(17)/(17)</b>	<b>(17)/(17)</b>	<b>(18)/(18)</b>	<b>(18)/(18)</b>	<b>(70)/(70)</b>	<b>Total</b>	<b>(18)/(18)</b>	<b>(21)/(21)</b>	<b>(24)/(24)</b>	<b>(63)/(63)</b>		

<sup>1</sup> Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 13 and 14.

<sup>2</sup> EBITDA, adjusted EBITDA, depreciation and amortization (and related measures) per segment for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.

# Paints and Coatings

## Quarterly statistics

					2021					2022
Q1	Q2	Q3	Q4	Year	in € millions	Q1	Q2	Q3	Year-to-date	
<b>Operating income<sup>2</sup></b>										
143	234	143	102	622	Decorative Paints	113	128	102	343	
185	178	125	128	616	Performance Coatings	150	112	98	360	
(25)	(28)	(42)	(25)	(120)	Other activities	(31)	(35)	(32)	(98)	
<b>303</b>	<b>384</b>	<b>226</b>	<b>205</b>	<b>1,118</b>	<b>Total</b>	<b>232</b>	<b>205</b>	<b>168</b>	<b>605</b>	
<b>13.4</b>	<b>15.3</b>	<b>9.4</b>	<b>8.5</b>	<b>11.7</b>	<b>OPI margin (in %)</b>	<b>9.2</b>	<b>7.2</b>	<b>5.9</b>	<b>7.3</b>	
<b>Identified items included in operating income</b>										
(1)	47	(4)	—	42	Decorative Paints	8	(5)	(3)	—	
(3)	7	(2)	—	2	Performance Coatings	1	(31)	(7)	(37)	
—	(5)	(9)	(4)	(18)	Other activities	(7)	(8)	(6)	(21)	
<b>(4)</b>	<b>49</b>	<b>(15)</b>	<b>(4)</b>	<b>26</b>	<b>Total</b>	<b>2</b>	<b>(44)</b>	<b>(16)</b>	<b>(58)</b>	
<b>Adjusted operating income (excluding identified items)<sup>1,2</sup></b>										
144	187	147	102	580	Decorative Paints	105	133	105	343	
188	171	127	128	614	Performance Coatings	149	143	105	397	
(25)	(23)	(33)	(21)	(102)	Other activities	(24)	(27)	(26)	(77)	
<b>307</b>	<b>335</b>	<b>241</b>	<b>209</b>	<b>1,092</b>	<b>Total</b>	<b>230</b>	<b>249</b>	<b>184</b>	<b>663</b>	
<b>13.6</b>	<b>13.3</b>	<b>10.0</b>	<b>8.7</b>	<b>11.4</b>	<b>ROI (in %)</b>	<b>9.1</b>	<b>8.7</b>	<b>6.4</b>	<b>8.0</b>	
<b>Reconciliation financing income and expenses</b>										
3	4	2	3	12	Financing income	4	1	4	9	
(17)	(18)	(20)	(19)	(74)	Financing expenses	(16)	(29)	(26)	(71)	
<b>(14)</b>	<b>(14)</b>	<b>(18)</b>	<b>(16)</b>	<b>(62)</b>	<b>Net interest on net debt</b>	<b>(12)</b>	<b>(28)</b>	<b>(22)</b>	<b>(62)</b>	
<b>Other interest movements</b>										
3	3	4	3	13	Financing expenses related to post-retirement benefits	5	5	4	14	
5	(2)	—	—	3	Interest on provisions	6	6	5	17	
(2)	9	(5)	5	7	Other items	(11)	(11)	(20)	(42)	
<b>6</b>	<b>10</b>	<b>(1)</b>	<b>8</b>	<b>23</b>	<b>Net other financing charges</b>	<b>—</b>	<b>—</b>	<b>(11)</b>	<b>(11)</b>	
<b>(8)</b>	<b>(4)</b>	<b>(19)</b>	<b>(8)</b>	<b>(39)</b>	<b>Financing income and expenses</b>	<b>(12)</b>	<b>(28)</b>	<b>(33)</b>	<b>(73)</b>	

<sup>1</sup> Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 13 and 14.

<sup>2</sup> Operating income and adjusted operating income (and related measures) per segment for 2021 have been updated to reflect changes in the financial reporting structure related to a narrower definition of corporate activities and corporate costs in 'Other activities'. More information is available on our website.



# AkzoNobel

## Quarterly statistics

	Q1	Q2	Q3	Q4	2021 Year		Q1	Q2	Q3	2022 Year-to-date
<b>Quarterly net income analysis (in € millions)</b>										
	7	8	6	5	26	Results from associates and joint ventures	8	5	6	19
	302	388	213	202	1,105	Profit before tax	228	182	141	551
	(73)	(123)	(48)	(2)	(246)	Income tax	(62)	(67)	(51)	(180)
	229	265	165	200	859	Profit for the period from continuing operations	166	115	90	371
	24	32	23	1	22	Effective tax rate (in %)	27	37	36	33
<b>Earnings per share from continuing operations (in €)</b>										
	1.16	1.36	0.89	1.03	4.45	Basic	0.87	0.64	0.51	2.01
	1.16	1.35	0.89	1.02	4.43	Diluted	0.86	0.63	0.50	2.01
<b>Earnings per share from discontinued operations (in €)</b>										
	(0.01)	0.04	—	0.01	0.03	Basic	—	(0.03)	(0.02)	(0.06)
	(0.01)	0.04	—	0.01	0.03	Diluted	—	(0.03)	(0.02)	(0.06)
<b>Earnings per share from total operations (in €)</b>										
	1.15	1.40	0.89	1.04	4.48	Basic	0.87	0.60	0.48	1.96
	1.15	1.39	0.89	1.03	4.46	Diluted	0.86	0.60	0.48	1.95
<b>Number of shares (in millions)</b>										
	188.8	187.0	184.1	180.6	185.0	Weighted average number of shares <sup>1</sup>	177.7	175.9	174.0	175.8
	187.8	185.6	182.4	178.9	178.9	Number of shares at end of quarter <sup>1</sup>	176.9	174.5	172.7	172.7
<b>Adjusted earnings from continuing operations (in € millions)<sup>2</sup></b>										
	302	388	213	202	1,105	Profit before tax from continuing operations	228	182	141	551
	4	(49)	15	4	(26)	Identified items reported in operating income	(2)	44	16	58
	—	(20)	(1)	(8)	(29)	Identified items reported in interest	—	(10)	—	(10)
	(74)	(83)	(54)	(50)	(261)	Adjusted income tax	(61)	(65)	(55)	(181)
	(10)	(11)	(1)	(14)	(36)	Non-controlling interests	(12)	(3)	(2)	(17)
	<b>222</b>	<b>225</b>	<b>172</b>	<b>134</b>	<b>753</b>	<b>Adjusted net income from continuing operations</b>	<b>153</b>	<b>148</b>	<b>100</b>	<b>401</b>
	<b>1.18</b>	<b>1.20</b>	<b>0.93</b>	<b>0.74</b>	<b>4.07</b>	<b>Adjusted earnings per share from continuing operations (in €)</b>	<b>0.86</b>	<b>0.84</b>	<b>0.57</b>	<b>2.28</b>

<sup>1</sup> After share buyback

<sup>2</sup> Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 13 and 14.

# 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.

**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.

**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.

**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 America** excludes Mexico.

**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

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**Akzo Nobel N.V.**

Christiaan Neefestraat 2  
 P.O. Box 75730  
 1070 AS Amsterdam, the Netherlands  
 T +31 88 969 7555  
[www.akzonobel.com](http://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](http://www.akzonobel.com)

AkzoNobel Global Communications  
 T +31 88 969 7833  
 E [media.relations@akzonobel.com](mailto:media.relations@akzonobel.com)

AkzoNobel Investor Relations  
 T +31 88 969 7856  
 E [investor.relations@akzonobel.com](mailto:investor.relations@akzonobel.com)

**Financial calendar**

Ex-dividend date of 2022 interim dividend	October 24, 2022
Record date of 2022 interim dividend	October 25, 2022
Payment of 2022 interim dividend	November 3, 2022
Report for the full-year and the fourth quarter 2022	February 8, 2023

# 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, Sikkens 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.

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