Polar Pod partnership to push boundaries of scientific exploration

A pioneering expedition, which will send a manned oceanographic platform drifting around Antarctica, has brought AkzoNobel on board as exclusive paints and coatings partner. The Polar Pod will enable scientists and researchers to study the Antarctic Circumpolar Current, which has a major influence on the Earth’s climate. AkzoNobel will support the 1,000-ton platform for the next five years, from project construction through to the completion of its three-year mission, which is expected to start in December 2023.
Our results at a glance

**Highlights Q1 2021**
- Revenue up 10% and 16% higher in constant currencies with strong growth in Asia
- ROS¹ increased to 13.6% (Q1 2020: 10.4%)
- €300 million share buyback completed on April 16, 2021; €1 billion share buyback starts April 27, 2021
- Acquisition of Titan Paints in Spain completed in March 2021

**Q1 2021 (compared with Q1 2020)**
- Revenue up 10% and 16% higher in constant currencies, with volumes up 16% and price up 2%, mainly due to strong end market demand. Compared with Q1 2019², revenue was up 10% in constant currencies.
- Operating income up 62% at €303 million (2020: €187 million); OPI margin improved to 13.4% (2020: 9.1%)
- Adjusted operating income up 43% at €307 million (2020: €214 million) and excludes €4 million negative impact from identified items, mainly related to transformation initiatives (2020: €27 million negative identified items related to transformation initiatives)
- Net cash from operating activities improved by €129 million to an outflow of €31 million (2020: outflow of €160 million)
- Net income from total operations up 90% at €217 million (2020: €114 million)
- EPS from total operations up 95% at €1.15 (2020: €0.59); adjusted EPS from continuing operations up 66% at €1.18 (2020: €0.71)

**Outlook 2021**
AkzoNobel targets to grow at least in line with its relevant markets. Trends differ per region and segment with raw material disruption and inflation expected, especially in Q2 and Q3. Margin management and cost discipline are in place to deliver 50 basis points increase in return on sales. The company targets a leverage ratio of 1-2 times net debt/EBITDA and commits to retain a strong investment grade credit rating.

**Alternative performance measures (APM)**
AkzoNobel uses APM adjustments to the 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 12 and 13.
Financial highlights

Revenue
Q1 2021
Revenue was up 10% and 16% higher in constant currencies (compared with Q1 2019: up 10% in constant currencies) due to strong end market demand. Volumes were up 16%. Price was up 2% while price/mix was 1% lower overall due to geographic and segment mix.

- Decorative Paints revenue increased 23% and was up 31% in constant currencies, driven by 28% higher volumes, mainly due to continued strong demand. Price was up 4% while mix was 3% lower due to geographic mix. Acquisitions added 2%
- Performance Coatings revenue was up 3% and increased 8% in constant currencies. Revenue was positively impacted by 10% higher volumes. Price was up 1% while mix was 3% lower due to geographic and segment mix
- Other activities revenue mainly includes service revenue

Cost of sales
Raw material and other variable costs in the first quarter of 2021 increased €38 million, in addition to the impact of higher volumes, compared with the first quarter of 2020. The increase was mainly driven by raw material inflation and mix.

Acquisitions
In March 2021, the acquisition of Titan Paints in Spain was completed.

AkzoNobel around the world
Revenue by destination

<table>
<thead>
<tr>
<th>Region</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>A North Asia</td>
<td>18</td>
</tr>
<tr>
<td>B South Asia Pacific</td>
<td>11</td>
</tr>
<tr>
<td>C EMEA</td>
<td>31</td>
</tr>
<tr>
<td>D North America</td>
<td>13</td>
</tr>
<tr>
<td>E South America</td>
<td>7</td>
</tr>
<tr>
<td>Total</td>
<td>100</td>
</tr>
</tbody>
</table>

(Based on the full-year 2020)

Revenue development Q1 2021

<table>
<thead>
<tr>
<th>Volume</th>
<th>Price/mix</th>
<th>Acq./div.</th>
<th>Total in CC</th>
<th>Exch. rates</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>16%</td>
<td>-1%</td>
<td>1%</td>
<td>16%</td>
<td>-6%</td>
<td>10%</td>
</tr>
</tbody>
</table>

Revenue
First quarter

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>Δ%</th>
<th>Δ% CC*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative Paints</td>
<td>754</td>
<td>930</td>
<td>23%</td>
<td>31%</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td>1,295</td>
<td>1,332</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Other activities</td>
<td>9</td>
<td>1</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,058</td>
<td>2,263</td>
<td>10%</td>
<td>16%</td>
</tr>
</tbody>
</table>

Paint the Future leads to investment in application technology from Qlayers
We’ve invested in pioneering coatings application technology from Qlayers – one of the winners in our 2019 Paint the Future startup challenge. Their innovative industrial system offers a fully automated solution that is safer, more consistent and faster than the manual coating processes currently being used. By eliminating overspray, it’s a sustainable solution that also saves costs.
Financial highlights

Q1 2021

Operating income
Operating income increased 62% to €303 million (2020: €187 million), driven by significant volume increases and cost discipline. OPI margin improved to 13.4% (2020: 9.1%).
- Decorative Paints performance improved due to strong demand across all regions, with volumes up 28% compared with Q1 2020.
- Performance Coatings operating income increased, mainly due to volume increases of 10%. ROS remained 14.7% (2020: 14.7%)
- Other activities improved €15 million to €38 million negative (2020: €53 million negative), mainly resulting from lower negative identified items

Adjusted operating income
Adjusted operating income was 43% higher at €307 million (2020: €214 million) and excludes identified items of €4 million negative, mainly related to transformation initiatives (2020: €27 million negative identified items relating to transformation initiatives). ROS¹ was up at 13.6% (2020: 10.4%).

Net financing income/(expenses)
Net financing expenses decreased to €8 million (2020: €13 million), mainly due to lower interest on provisions.

Income tax
The effective tax rate was 24.2% (2020: 29.8%, which included several non-recurring items). Excluding identified items, the effective tax rate in Q1 2021 was 24.2% (2020: 28.4%).

Net income
Net income attributable to shareholders was €217 million (2020: €114 million). Earnings per share from total operations increased to €1.15 (2020: €0.59). Adjusted earnings per share from continuing operations increased to €1.18 (2020: €0.71), including the impact of the share buyback programs.

¹ ROS is adjusted operating income as percentage of revenue; ROS excluding unallocated cost was reported in relation to the Winning together: 15 by 20 strategy and is no longer reported.

DIY made simple thanks to new Dulux range
With the UK firmly bitten by the DIY bug, we recently launched our new Dulux Simply Refresh range, which refreshes walls in a single coat. It's available in two carefully curated color collections – One Coat and Feature Wall – for both neutral and bold palettes. As well as removing the hassle from decorating, the new products will also help to save valuable time.

Operating income
First quarter

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2021</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative Paints</td>
<td>58</td>
<td>147</td>
<td>153%</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td>182</td>
<td>194</td>
<td>7%</td>
</tr>
<tr>
<td>Other activities</td>
<td>(53)</td>
<td>(38)</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>187</td>
<td>303</td>
<td>62%</td>
</tr>
</tbody>
</table>

Adjusted operating income
First quarter

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2021</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative Paints</td>
<td>64</td>
<td>148</td>
<td>131%</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td>190</td>
<td>190</td>
<td>3%</td>
</tr>
<tr>
<td>Other activities</td>
<td>340</td>
<td>37</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>214</td>
<td>307</td>
<td>43%</td>
</tr>
</tbody>
</table>

ROS¹
First quarter

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative Paints</td>
<td>8.5</td>
<td>15.9</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td>14.7</td>
<td>14.7</td>
</tr>
<tr>
<td>Other activities²</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>19.4</td>
<td>13.6</td>
</tr>
</tbody>
</table>

¹ ROS is adjusted operating income as percentage of revenue; ROS excluding unallocated cost was reported in relation to the Winning together: 15 by 20 strategy and is no longer reported.
² ROS for Other activities is not shown, as this is not meaningful.

Operating income to net income
First quarter

<table>
<thead>
<tr>
<th>Category</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>187</td>
<td>303</td>
</tr>
<tr>
<td>Net financing income/(expenses)</td>
<td>(13)</td>
<td>(9)</td>
</tr>
<tr>
<td>Results from associates and joint ventures</td>
<td>7</td>
<td>7</td>
</tr>
<tr>
<td>Profit before tax</td>
<td>181</td>
<td>302</td>
</tr>
<tr>
<td>Income tax</td>
<td>(54)</td>
<td>(73)</td>
</tr>
<tr>
<td>Profit from continuing operations</td>
<td>127</td>
<td>229</td>
</tr>
<tr>
<td>Profit/(loss) from discontinued operations</td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>126</td>
<td>227</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>(12)</td>
<td>(15)</td>
</tr>
<tr>
<td>Net income</td>
<td>114</td>
<td>217</td>
</tr>
</tbody>
</table>
Decorative Paints

Highlights Q1 2021
- Revenue up 23% and increased 31% in constant currencies, driven by strong demand across all regions
- ROS up at 15.9% (2020: 8.5%)

Q1 2021
- Revenue up 23% and increased 31% in constant currencies (compared with Q1 2019: up 20% in constant currencies); volumes up 28%. Price up 4% and price/mix 1% higher overall. Acquisitions added 2%
- Operating income improved to €147 million (2020: €58 million) driven by volume growth and continued focus on cost control
- Adjusted operating income increased to €148 million (2020: €64 million)

Q1 2021
Revenue was up across all regions. Volumes were up 28%, while acquisitions added 2%. Price was up 4% while mix was 3% lower due to geographic mix.

Operating income increased to €147 million (2020: €58 million), driven by volume growth and continued focus on cost control.

Adjusted operating income increased to €148 million (2020: €64 million) driven by volume growth and continued focus on cost control.

South America
Revenue in Q1 was up 14% and 56% higher in constant currencies (compared with Q1 2019: up 62% in constant currencies), mainly driven by significant volume increases due to strong demand. Strong performance was driven by pricing initiatives and volume growth, offset by currency impact driven by the Brazilian real and Argentinian peso.

Asia
Revenue in Q1 was up 33% and increased 41% in constant currencies (compared with Q1 2019: up 4% in constant currencies). In 2020, revenues were impacted by lower demand due to COVID-19, particularly in China. Compared with the previous quarter, volumes continued to recover in South East Asia, driven by India, Malaysia and Pakistan.

Key financial figures
First quarter
in € millions / %
<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>∆%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>58</td>
<td>147</td>
<td>153%</td>
</tr>
<tr>
<td>Identifiers*</td>
<td>88</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Adjusted operating income*</td>
<td>64</td>
<td>148</td>
<td>131%</td>
</tr>
<tr>
<td>OPI margin (%)</td>
<td>7.7</td>
<td>15.8</td>
<td></td>
</tr>
<tr>
<td>ROS (%)</td>
<td>9.5</td>
<td>15.9</td>
<td></td>
</tr>
<tr>
<td>Average invested capital*</td>
<td>2,903</td>
<td>2,776</td>
<td></td>
</tr>
<tr>
<td>ROI (%)</td>
<td>14.1</td>
<td>23.7</td>
<td></td>
</tr>
</tbody>
</table>

* Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 12 and 13.
Performance Coatings

Highlights Q1 2021
- Revenue up 3% and 8% higher in constant currencies, with strong growth in Powder Coatings and Industrial Coatings
- ROS remained 14.7% (2020: 14.7%)

Q1 2021
- Revenue was up 3% and 8% higher in constant currencies (compared with Q1 2019: up 5% in constant currencies), with 10% higher volumes. Price was up 1% while price/mix was 2% lower
- Operating income improved to €194 million (2020: €182 million) driven by volume growth; OPI margin up at 14.6% (2020: 14.1%)
- Adjusted operating income was up at €196 million (2020: €190 million)

Q1 2021
Revenue was up 3% and 8% higher in constant currencies. Volumes increased by 10%, especially in Powder Coatings and Industrial Coatings. Price was up 1% while price/mix was 2% lower overall as a result of geographic and segment mix, due to strong growth in Asia.

Operating income improved to €194 million (2020: €182 million), driven by volume growth.

Adjusted operating income increased to €196 million (2020: €190 million) and excludes identified items of €2 million negative, mainly related to transformation initiatives. In 2020, adjusted operating income of €190 million excluded identified items of €8 million negative, mainly related to transformation initiatives.

powder Coatings
Revenue in Q1 was up 13% and 19% higher in constant currencies (compared with Q1 2019: €190 million) and excludes identified items of €2 million negative, mainly related to transformation initiatives.

Marine and Protective Coatings
Revenue in Q1 was 7% lower in constant currencies (compared with Q1 2019: €190 million) and excludes identified items of €2 million negative, mainly related to transformation initiatives.

Automotive and Specialty Coatings
Revenue in Q1 4% lower while up 2% in constant currencies (compared with Q1 2019: €190 million) and excludes identified items of €2 million negative, mainly related to transformation initiatives.

Industrial Coatings
Revenue in Q1 was 8% and 14% higher in constant currencies (compared with Q1 2019: €190 million) and excludes identified items of €2 million negative, mainly related to transformation initiatives.

Key financial figures
First quarter
in € millions / %

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
<th>∆%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td>182</td>
<td>194</td>
<td>7%</td>
</tr>
<tr>
<td>Identified items*</td>
<td>89</td>
<td>21</td>
<td></td>
</tr>
<tr>
<td>Adjusted operating income*</td>
<td>190</td>
<td>196</td>
<td>3%</td>
</tr>
<tr>
<td>OPI margin (%)*</td>
<td>14.1</td>
<td>14.6</td>
<td></td>
</tr>
<tr>
<td>ROS (%)*</td>
<td>14.7</td>
<td>14.7</td>
<td></td>
</tr>
<tr>
<td>Average invested capital*</td>
<td>3,368</td>
<td>3,394</td>
<td></td>
</tr>
<tr>
<td>ROI (%)*</td>
<td>22.0</td>
<td>20.8</td>
<td></td>
</tr>
</tbody>
</table>

* Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 12 and 13.

Leading the charge for e-mobility powder coatings
As global demand for electric vehicles – and e-mobility in general – continues to accelerate, our Powder Coatings business has switched on to the growing needs of its customers by developing advanced technologies to help power the industry into the future. We now offer a dedicated powder coatings portfolio for manufacturers of electric vehicles and components, who are increasingly looking for world class solutions to help protect motors, battery systems and electrical storage units.
## Condensed consolidated financial statements

### Condensed consolidated statement of income

<table>
<thead>
<tr>
<th>First quarter</th>
<th>in € millions</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
<td>2,058</td>
<td>2,263</td>
</tr>
<tr>
<td>Revenue</td>
<td>1,142</td>
<td>(1,278)</td>
<td></td>
</tr>
<tr>
<td>Cost of sales</td>
<td>916</td>
<td>985</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>729</td>
<td>(683)</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A costs</td>
<td>–</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Other results</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td>187</td>
<td>303</td>
</tr>
<tr>
<td>Net financing expenses</td>
<td>(13)</td>
<td>(6)</td>
<td></td>
</tr>
<tr>
<td>Results from associates and joint ventures</td>
<td>7</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td>181</td>
<td>302</td>
</tr>
<tr>
<td>Income tax</td>
<td>54</td>
<td>(79)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit for the period from continuing operations</strong></td>
<td></td>
<td>127</td>
<td>229</td>
</tr>
<tr>
<td><strong>Discontinued operations</strong></td>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Profit / (loss) for the period from discontinued operations</td>
<td></td>
<td>126</td>
<td>227</td>
</tr>
</tbody>
</table>

**Attributable to**

|  | Shareholders of the company | Non-controlling interests | Total |
|  | 114 | 12 | 126 |

**Profit for the period**

|  | 217 | 10 | 227 |

### Condensed consolidated statement of comprehensive income

<table>
<thead>
<tr>
<th>First quarter</th>
<th>in € millions</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Continuing operations</strong></td>
<td></td>
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<tr>
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<td>916</td>
<td>985</td>
<td></td>
</tr>
<tr>
<td>Gross profit</td>
<td>729</td>
<td>(683)</td>
<td></td>
</tr>
<tr>
<td>SG&amp;A costs</td>
<td>–</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Other results</td>
<td>1</td>
<td>1</td>
<td></td>
</tr>
<tr>
<td><strong>Operating income</strong></td>
<td></td>
<td>187</td>
<td>303</td>
</tr>
<tr>
<td>Net financing expenses</td>
<td>(13)</td>
<td>(6)</td>
<td></td>
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<tr>
<td>Results from associates and joint ventures</td>
<td>7</td>
<td>7</td>
<td></td>
</tr>
<tr>
<td><strong>Profit before tax</strong></td>
<td></td>
<td>181</td>
<td>302</td>
</tr>
<tr>
<td>Income tax</td>
<td>54</td>
<td>(79)</td>
<td></td>
</tr>
<tr>
<td><strong>Profit for the period from continuing operations</strong></td>
<td></td>
<td>127</td>
<td>229</td>
</tr>
<tr>
<td><strong>Discontinued operations</strong></td>
<td></td>
<td>(1)</td>
<td>(2)</td>
</tr>
<tr>
<td>Profit / (loss) for the period from discontinued operations</td>
<td></td>
<td>126</td>
<td>227</td>
</tr>
</tbody>
</table>

**Attributable to**

|  | Shareholders of the company | Non-controlling interests | Total |
|  | 114 | 12 | 126 |

**Profit for the period**

|  | 217 | 10 | 227 |

### Condensed consolidated balance sheet

| December 31, | March 31, |
| 2020 | 2021 |
| Assets | | |
| **Non-current assets** | | |
| Intangible assets | 3,554 | 3,628 |
| Property, plant and equipment | 1,621 | 1,707 |
| Right-of-use assets | 324 | 317 |
| Other non-current assets | 2,614 | 2,573 |
| **Total non-current assets** | 8,113 | 8,225 |
| **Current assets** | | |
| Inventories | 1,159 | 1,303 |
| Trade and other receivables | 1,994 | 2,304 |
| Other current assets | 65 | 64 |
| Short-term investments | 250 | 301 |
| Cash and cash equivalents | 1,608 | 1,197 |
| **Total current assets** | 5,064 | 5,169 |
| **Total assets** | 13,177 | 13,394 |
| **Equity and liabilities** | | |
| **Group equity** | 5,950 | 6,104 |
| **Non-current liabilities** | | |
| Provisions and deferred tax liabilities | 1,963 | 1,294 |
| Long-term borrowings | 2,771 | 2,765 |
| **Total non-current liabilities** | 4,134 | 4,059 |
| **Current liabilities** | | |
| Short-term borrowings | 119 | 141 |
| Trade and other payables | 2,580 | 2,735 |
| Other short-term liabilities | 394 | 355 |
| **Total current liabilities** | 3,083 | 3,231 |
| **Total equity and liabilities** | 13,177 | 13,394 |
Shareholders’ equity
Shareholders’ equity increased from €5.7 billion at year-end 2020 to €5.9 billion at March 31, 2021, mainly due to the net effect of:
• Profit for the period of €217 million
• Currency effects of €210 million positive (including taxes)
• Share repurchase of €236 million (including taxes)
• Post-retirement benefits of €51 million negative (including taxes)

Dividend
The company’s dividend policy is to pay a stable to rising dividend. A final 2020 dividend of €1.52 per common share is proposed for approval at the AGM, which means a total 2020 dividend of €1.95 per common share (2019: €1.90).

Please refer to the final page of this report for the dividend payment dates.

Outstanding share capital
The outstanding share capital was 190.8 million common shares at the end of March 2021. This included 3.1 million shares acquired in the share buyback program, which had not yet been cancelled. The weighted average number of shares in Q1 2021 was 188.8 million. This weighted average number of shares excludes shares bought back not yet cancelled and were the basis for the calculation of earnings per share in Q1 2021.

On October 21, 2020, a €300 million share buyback program was announced. This program was completed on April 16, 2021. A total of 3.4 million shares have been acquired and will be cancelled.

On February 16, 2021, a further €1 billion share buyback program was announced, to be completed in Q1 2022. This program will be started on April 27, 2021.

Changes in equity

<table>
<thead>
<tr>
<th>in € millions</th>
<th>Subscribed share capital</th>
<th>Additional paid-in capital</th>
<th>Cumulative translation reserves</th>
<th>Other (legal) reserves and undistributed profit</th>
<th>Shareholders’ equity</th>
<th>Non-controlling interests</th>
<th>Group equity</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Balance at December 31, 2019</strong></td>
<td>100</td>
<td>–</td>
<td>(469)</td>
<td>6,719</td>
<td>6,350</td>
<td>218</td>
<td>6,568</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td>–</td>
<td>–</td>
<td>(229)</td>
<td>684</td>
<td>450</td>
<td>0</td>
<td>451</td>
</tr>
<tr>
<td><strong>Comprehensive income for the period</strong></td>
<td>–</td>
<td>–</td>
<td>(229)</td>
<td>802</td>
<td>573</td>
<td>0</td>
<td>577</td>
</tr>
<tr>
<td>Dividend</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Share buyback</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(420)</td>
<td>(420)</td>
</tr>
<tr>
<td>Equity-settled transactions</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>4</td>
<td>4</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Acquisitions and divestments</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>(22)</td>
<td>(22)</td>
<td>0</td>
<td>(29)</td>
</tr>
<tr>
<td><strong>Balance at March 31, 2020</strong></td>
<td>100</td>
<td>–</td>
<td>(698)</td>
<td>7,075</td>
<td>6,477</td>
<td>214</td>
<td>6,691</td>
</tr>
</tbody>
</table>

| **Balance at December 31, 2020** | 95 | – | (873) | 6,524 | 5,746 | 204 | 5,950 |
| Profit for the period | – | – | – | 217 | 217 | 10 | 227 |
| Other comprehensive income | – | – | – | 210 | 159 | 4 | 163 |
| **Comprehensive income for the period** | – | – | 210 | 166 | 376 | 14 | 390 |
| Dividend | – | – | – | – | – | (3) | (3) |
| Share buyback | – | – | – | – | – | (236) | (236) |
| Equity-settled transactions | – | – | – | 3 | 3 | – | – |
| Acquisitions and divestments | – | – | – | – | – | – | – |
| **Balance at March 31, 2021** | 95 | – | (663) | 6,457 | 5,889 | 215 | 6,104 |
Cash flows and net debt

Net cash from operating activities in Q1 2021 resulted in an outflow of €31 million (2020: outflow of €160 million). This decrease in outflow was mainly driven by increased profit for the period and a lower outflow from changes in working capital, which was partly offset by higher outflow from changes in other provisions.

Net cash from investing activities in Q1 2021 resulted in an outflow of €170 million (2020: inflow of €102 million). Net cash from investing activities in Q1 2021 was mainly related to an outflow for capital expenditures (€57 million, including investments in growth) and an outflow for acquisitions and divestments (net outflow of €65 million).

Net cash from financing activities in Q1 2021 resulted in an outflow of €240 million (2020: outflow of €395 million). Net cash from financing activities mainly related to an outflow for the share buyback (€209 million) and changes from borrowings (outflow of €28 million).

At March 31, 2021, net debt was €1,408 million versus €1,034 million at year-end 2020. The increase in net debt was mainly due to the share buyback (€209 million), an outflow of the net cash from operating activities (€31 million), capital expenditures (€57 million) and movements from acquisitions and divestments (€65 million). The net debt/EBITDA leverage ratio at March 31, 2021, was 1.0 (March 31, 2020: 1.2).

Free cash flows

The cash generation in Q1 2021 improved compared with Q1 2020, mainly due to higher EBITDA and lower outflow from changes in working capital.

### Condensed consolidated statements of cash flows

<table>
<thead>
<tr>
<th>First quarter in € millions</th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash and cash equivalents at beginning of period</td>
<td>1,210</td>
<td>1,581</td>
</tr>
</tbody>
</table>

Adjustments to reconcile earnings to cash generated from operating activities

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit for the period from continuing operations</td>
<td>127</td>
<td>229</td>
</tr>
<tr>
<td>Amortization and depreciation</td>
<td>90</td>
<td>85</td>
</tr>
<tr>
<td>Financing income and expenses</td>
<td>13</td>
<td>8</td>
</tr>
<tr>
<td>Results from associates and joint ventures</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Pre-tax results on acquisitions and divestments</td>
<td>(1)</td>
<td>(1)</td>
</tr>
<tr>
<td>Income tax</td>
<td>54</td>
<td>73</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>(353)</td>
<td>(291)</td>
</tr>
<tr>
<td>Changes in post-retirement benefit provisions</td>
<td>9</td>
<td>11</td>
</tr>
<tr>
<td>Changes in other provisions</td>
<td>293</td>
<td>559</td>
</tr>
<tr>
<td>Interest paid</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>Income tax paid</td>
<td>34</td>
<td>44</td>
</tr>
<tr>
<td>Other changes</td>
<td>(7)</td>
<td>(9)</td>
</tr>
<tr>
<td>Net cash generated from/(used for) operating activities</td>
<td>(160)</td>
<td>(31)</td>
</tr>
<tr>
<td>Capital expenditures</td>
<td>(44)</td>
<td>(57)</td>
</tr>
<tr>
<td>Acquisitions and divestments net of cash acquired/divested</td>
<td>1</td>
<td>65</td>
</tr>
<tr>
<td>Investment in short-term investments</td>
<td>(51)</td>
<td></td>
</tr>
<tr>
<td>Repayments of short-term investments</td>
<td>135</td>
<td></td>
</tr>
<tr>
<td>Other changes</td>
<td>12</td>
<td>3</td>
</tr>
<tr>
<td>Net cash generated from/(used for) operating activities</td>
<td>(102)</td>
<td>(170)</td>
</tr>
<tr>
<td>Changes from borrowings</td>
<td>47</td>
<td>28</td>
</tr>
<tr>
<td>Dividend paid</td>
<td>(1)</td>
<td>(3)</td>
</tr>
<tr>
<td>Share buyback</td>
<td>(413)</td>
<td>(209)</td>
</tr>
<tr>
<td>Buy-out of non-controlling interests</td>
<td>(33)</td>
<td></td>
</tr>
<tr>
<td>Net cash generated from/(used for) investing activities</td>
<td>(395)</td>
<td>(240)</td>
</tr>
<tr>
<td>Net cash generated from/(used for) continuing operations</td>
<td>(453)</td>
<td>(441)</td>
</tr>
<tr>
<td>Cash flows from discontinued operations</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Net change in cash and cash equivalents of continued and discontinued operations</td>
<td>(454)</td>
<td>(441)</td>
</tr>
<tr>
<td>Effect of exchange rate changes on cash and cash equivalents</td>
<td>(37)</td>
<td>16</td>
</tr>
<tr>
<td>Net cash and cash equivalents at March 31</td>
<td>719</td>
<td>1,156</td>
</tr>
</tbody>
</table>
Invested capital
Invested capital at March 31, 2021, totaled €6.8 billion, up €0.4 billion from year-end 2020, mainly due to higher operating working capital (trade) as a result of seasonality.

Operating working capital (trade)
Operating working capital (trade) as percentage of revenue decreased to 13.4% in Q1 2021, compared with 16.5% in Q1 2020, mainly due to higher trade payables which reflect increased demand and production levels.

Pension
The net balance sheet position (according to IAS19) of the pension plans at the end of Q1 2021 was a surplus of €1.0 billion (year-end 2020: surplus of €1.0 billion). The development during the quarter was the result of the net effect of:
- Higher discount rates in key countries
- Top-up contributions into funds
- Foreign exchange translation gains
  Offset by:
- Lower plan asset returns in key countries
- Higher inflation rates in key countries

Workforce
At March 31, 2021, the number of people employed was 32,700 (December 31, 2020: 32,200). Acquisitions in Q1 2021 added around 400 people.

---

### Invested capital

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2020</th>
<th>December 31, 2020</th>
<th>March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>1,934</td>
<td>1,751</td>
<td>2,027</td>
</tr>
<tr>
<td>Inventories</td>
<td>1,210</td>
<td>1,153</td>
<td>1,303</td>
</tr>
<tr>
<td>Trade payables</td>
<td>(1,789)</td>
<td>(2,032)</td>
<td>(2,119)</td>
</tr>
<tr>
<td>Operating working capital (trade)</td>
<td>1,355</td>
<td>878</td>
<td>1,211</td>
</tr>
<tr>
<td>Other working capital items</td>
<td>(343)</td>
<td>(412)</td>
<td>(437)</td>
</tr>
<tr>
<td>Non-current assets</td>
<td>8,812</td>
<td>8,113</td>
<td>8,225</td>
</tr>
<tr>
<td>Less investments in associates and joint ventures</td>
<td>(159)</td>
<td>(166)</td>
<td>(178)</td>
</tr>
<tr>
<td>Less pension assets</td>
<td>(2,155)</td>
<td>(1,540)</td>
<td>(1,548)</td>
</tr>
<tr>
<td>Deferred tax liabilities</td>
<td>(464)</td>
<td>(467)</td>
<td>(476)</td>
</tr>
<tr>
<td><strong>Invested capital</strong></td>
<td><strong>7,052</strong></td>
<td><strong>6,403</strong></td>
<td><strong>6,800</strong></td>
</tr>
</tbody>
</table>

### Operating working capital (trade)

<table>
<thead>
<tr>
<th></th>
<th>Q1 20</th>
<th>Q2 20</th>
<th>Q3 20</th>
<th>Q4 20</th>
<th>Q1 21</th>
</tr>
</thead>
<tbody>
<tr>
<td>% of revenue</td>
<td>16.5</td>
<td>17.4</td>
<td>13.5</td>
<td>9.9</td>
<td>13.4</td>
</tr>
</tbody>
</table>

---

Engaging programs secure Top Employer status
Our continued focus on engagement and employee well-being has seen us receive Top Employer recertification in five key markets – the UK, China, Brazil, the US and the Netherlands. It marks the second year in a row for the Netherlands and the US, the fifth year running for Brazil, the eighth consecutive year for China and the ninth for the UK. Throughout our ongoing transformation journey, the company’s success in retaining – and increasing – Top Employer status has been based on prioritizing organizational health.
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 financial statements of Akzo Nobel N.V. and its consolidated subsidiaries (in this document referred to as “AkzoNobel”, “Group” or “the company”).

The company was incorporated under the laws of the Netherlands and is listed on Euronext Amsterdam.

Basis of preparation
All quarterly figures 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 2020 annual report as published on March 10, 2021. The financial statements are proposed for adoption by the Annual General Meeting of shareholders on April 22, 2021. 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 annual financial statements.

Accounting policies
The significant accounting policies applied in the condensed consolidated interim financial statements are consistent with those applied in AkzoNobel’s consolidated financial statements for the year ended December 31, 2020, except for IFRS standards and interpretations becoming effective on January 1, 2021. This includes among others amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 “Interest Rate Benchmark Reform – Phase 2”. 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”.

Revenue disaggregation*
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.

<table>
<thead>
<tr>
<th>Primary geographical markets</th>
<th>Decorative Paints</th>
<th>Performance Coatings</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>The Netherlands</td>
<td>60</td>
<td>25</td>
<td>1</td>
<td>86</td>
</tr>
<tr>
<td>Other EMEA countries</td>
<td>536</td>
<td>549</td>
<td></td>
<td>1,085</td>
</tr>
<tr>
<td>North Asia</td>
<td>104</td>
<td>270</td>
<td></td>
<td>374</td>
</tr>
<tr>
<td>South Asia Pacific</td>
<td>133</td>
<td>153</td>
<td></td>
<td>286</td>
</tr>
<tr>
<td>North America</td>
<td></td>
<td>278</td>
<td></td>
<td>278</td>
</tr>
<tr>
<td>South America</td>
<td>97</td>
<td>57</td>
<td></td>
<td>154</td>
</tr>
<tr>
<td>Total</td>
<td>930</td>
<td>1,332</td>
<td>1</td>
<td>2,263</td>
</tr>
</tbody>
</table>

Timing of revenue recognition
<table>
<thead>
<tr>
<th></th>
<th>Goods transferred at a point in time</th>
<th>Services transferred over time</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>918</td>
<td>1,285</td>
<td>2,203</td>
</tr>
<tr>
<td></td>
<td>12</td>
<td>47</td>
<td>60</td>
</tr>
<tr>
<td>Total</td>
<td>930</td>
<td>1,332</td>
<td>2,263</td>
</tr>
</tbody>
</table>

* The regional split has been changed compared to previous quarters to align to our new internal regional structure.
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.

AkzoNobel uses APM adjustments to the 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 this page and the next page.

ROS and OPI margin are used as performance measures. ROS is adjusted operating income as percentage of revenue; ROS excluding unallocated cost was reported in relation to the Winning together: 15 by 20 strategy and is no longer reported. 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.

### Operating income

<table>
<thead>
<tr>
<th></th>
<th>First quarter</th>
<th>2020</th>
<th>2021</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative Paints</td>
<td></td>
<td>64</td>
<td>148</td>
<td>131%</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td></td>
<td>190</td>
<td>196</td>
<td>3%</td>
</tr>
<tr>
<td>Other activities</td>
<td></td>
<td>(45)</td>
<td>(37)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>214</td>
<td>307</td>
<td>43%</td>
</tr>
</tbody>
</table>

### Identified items

<table>
<thead>
<tr>
<th></th>
<th>First quarter</th>
<th>2020</th>
<th>2021</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative Paints</td>
<td></td>
<td>(6)</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td>Performance Coatings</td>
<td></td>
<td>(6)</td>
<td>(2)</td>
<td></td>
</tr>
<tr>
<td>Other activities</td>
<td></td>
<td>(15)</td>
<td>(1)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>(27)</td>
<td>(4)</td>
<td></td>
</tr>
</tbody>
</table>

### Adjusted operating income

<table>
<thead>
<tr>
<th></th>
<th>First quarter</th>
<th>2020</th>
<th>2021</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Decorative Paints</td>
<td></td>
<td>64</td>
<td>148</td>
<td>131%</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td></td>
<td>190</td>
<td>196</td>
<td>3%</td>
</tr>
<tr>
<td>Other activities</td>
<td></td>
<td>(45)</td>
<td>(37)</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td></td>
<td>214</td>
<td>307</td>
<td>43%</td>
</tr>
</tbody>
</table>

### EBITDA

<table>
<thead>
<tr>
<th></th>
<th>First quarter</th>
<th>2020</th>
<th>2021</th>
<th>Δ%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating income</td>
<td></td>
<td>187</td>
<td>303</td>
<td>62%</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td></td>
<td>90</td>
<td>85</td>
<td>6%</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td></td>
<td>277</td>
<td>388</td>
<td>40%</td>
</tr>
</tbody>
</table>

### Adjusted earnings per share from continuing operations

<table>
<thead>
<tr>
<th></th>
<th>2020</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Identified items</td>
<td>27</td>
<td>4</td>
</tr>
<tr>
<td>EBITDA</td>
<td>177</td>
<td>222</td>
</tr>
<tr>
<td>Adjusted earnings per share from continuing operations</td>
<td>0.71</td>
<td>1.18</td>
</tr>
</tbody>
</table>
ROI is adjusted operating income of the last 12 months as percentage of average invested capital.

### Average invested capital

<table>
<thead>
<tr>
<th></th>
<th>April 2019 - March 2020 / April 2020 - March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Decorative Paints</td>
<td>2,993</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td>3,368</td>
</tr>
<tr>
<td>Other activities/eliminations</td>
<td>710</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>7,071</td>
</tr>
</tbody>
</table>

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

### ROI

<table>
<thead>
<tr>
<th></th>
<th>April 2019 - March 2020 / April 2020 - March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Decorative Paints</td>
<td>14.1</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td>22.0</td>
</tr>
<tr>
<td>Other activities*</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>14.7</td>
</tr>
</tbody>
</table>

* 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

<table>
<thead>
<tr>
<th></th>
<th>April 2019 - March 2020 / April 2020 - March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Operating income</td>
<td>515</td>
</tr>
<tr>
<td>Depreciation and amortization</td>
<td>365</td>
</tr>
<tr>
<td><strong>EBITDA</strong></td>
<td>1,280</td>
</tr>
</tbody>
</table>

### Net debt

<table>
<thead>
<tr>
<th></th>
<th>March 31, 2020</th>
<th>March 31, 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td>Short-term investments</td>
<td>27</td>
<td>(301)</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>(832)</td>
<td>(1,197)</td>
</tr>
<tr>
<td>Long-term borrowings</td>
<td>2,036</td>
<td>2,765</td>
</tr>
<tr>
<td>Short-term borrowings</td>
<td>294</td>
<td>141</td>
</tr>
<tr>
<td><strong>Net debt</strong></td>
<td>1,496</td>
<td>1,408</td>
</tr>
</tbody>
</table>

### Leverage ratio

<table>
<thead>
<tr>
<th></th>
<th>April 2019 - March 2020 / April 2020 - March 2021</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2020</td>
</tr>
<tr>
<td>Net debt</td>
<td>1.496</td>
</tr>
<tr>
<td>EBITDA</td>
<td>1,280</td>
</tr>
<tr>
<td><strong>Leverage ratio</strong></td>
<td>1.2</td>
</tr>
</tbody>
</table>

Outlook 2021

AkzoNobel targets to grow at least in line with its relevant markets. Trends differ per region and segment with raw material disruption and inflation expected, especially in Q2 and Q3. Margin management and cost discipline are in place to deliver 50 basis points increase in return on sales. The company targets a leverage ratio of 1-2 times net debt/EBITDA and commits to retain a strong investment grade credit rating.

Amsterdam, April 20, 2021

The Board of Management

Thierry Vanlancker
Maarten de Vries
## Quarterly statistics

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>year in € millions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>754</td>
<td>1,093</td>
<td>1,004</td>
<td>907</td>
<td>3,599</td>
</tr>
<tr>
<td>Decorative Paints</td>
<td>930</td>
<td></td>
<td></td>
<td></td>
<td>3,599</td>
</tr>
<tr>
<td>Performance Coatings</td>
<td>1,332</td>
<td></td>
<td></td>
<td></td>
<td>1,332</td>
</tr>
<tr>
<td>Other activities</td>
<td>1</td>
<td></td>
<td></td>
<td></td>
<td>1</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>2,088</td>
<td>2,167</td>
<td>2,276</td>
<td>2,209</td>
<td>8,530</td>
</tr>
</tbody>
</table>

| **EBITDA** | 95 | 210 | 169 | 704 |
| Decorative Paints | 183 |
| Performance Coatings | 232 |
| Other activities | 27 |
| **Total** | 388 |

| **EBITDA margin (in %)** | 13.5 | 14.9 | 18.3 | 15.1 | 15.5 |
| **Adjusted EBITDA (excluding identified items)** | 100 | 211 | 242 | 160 | 714 |
| Decorative Paints | 183 |
| Performance Coatings | 234 |
| Other activities | 26 |
| **Total** | 391 |

| **Adjusted EBITDA margin (in %)** | 14.7 | 16.2 | 19.3 | 17.2 | 16.9 |
| **Depreciation / Amortization excluding identified items** | (32) / (31) | (96) / (97) | (93) / (94) | (93) / (94) | (134) / (122) |
| Decorative Paints | (31) / (30) |
| Performance Coatings | (29) / (28) |
| Other activities | (8) / (8) |
| **Total** | (68) / (67) |

| **Amortization / Asset impairment excluding identified items** | (5) / (5) | (5) / (5) | (5) / (5) | (5) / (5) |
| Decorative Paints | (5) / (5) |
| Performance Coatings | (5) / (5) |
| Other activities | (5) / (5) |
| **Total** | (10) / (10) |

*Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 12 and 13. Depreciation excluding identified items and amortization excluding identified items are presented to allow calculation of adjusted EBITDA.
## Quarterly statistics

<table>
<thead>
<tr>
<th></th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2020 year</th>
<th>2021 Q1</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating income</strong></td>
<td>58</td>
<td>169</td>
<td>202</td>
<td>122</td>
<td>551</td>
<td>147</td>
</tr>
<tr>
<td></td>
<td>187</td>
<td>82</td>
<td>176</td>
<td>215</td>
<td>665</td>
<td>194</td>
</tr>
<tr>
<td>(54)</td>
<td>(51)</td>
<td>(55)</td>
<td>(94)</td>
<td>(255)</td>
<td>(38)</td>
<td>(38)</td>
</tr>
<tr>
<td>187</td>
<td>207</td>
<td>326</td>
<td>243</td>
<td>963</td>
<td>303</td>
<td></td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9.1</td>
<td>10.4</td>
<td>14.3</td>
<td>11.0</td>
<td>11.3</td>
<td>13.4</td>
</tr>
<tr>
<td><strong>Identified items</strong></td>
<td>(6)</td>
<td>(6)</td>
<td>(6)</td>
<td>(4)</td>
<td>(22)</td>
<td>(1)</td>
</tr>
<tr>
<td></td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(1)</td>
<td>(2)</td>
<td>(2)</td>
</tr>
<tr>
<td>(13)</td>
<td>(11)</td>
<td>(9)</td>
<td>(54)</td>
<td>(76)</td>
<td>(136)</td>
<td>(4)</td>
</tr>
<tr>
<td>(27)</td>
<td>(31)</td>
<td>(27)</td>
<td>(61)</td>
<td>(61)</td>
<td>(61)</td>
<td>(61)</td>
</tr>
<tr>
<td>**Adjusted operating income (excluding identified items)**¹</td>
<td>64</td>
<td>175</td>
<td>208</td>
<td>126</td>
<td>572</td>
<td>148</td>
</tr>
<tr>
<td></td>
<td>190</td>
<td>103</td>
<td>195</td>
<td>212</td>
<td>700</td>
<td>196</td>
</tr>
<tr>
<td>(40)</td>
<td>(43)</td>
<td>(50)</td>
<td>(44)</td>
<td>(174)</td>
<td>(37)</td>
<td>(37)</td>
</tr>
<tr>
<td>214</td>
<td>238</td>
<td>353</td>
<td>294</td>
<td>1,099</td>
<td>307</td>
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<tr>
<td><strong>Reconciliation net financing income/(expenses)</strong></td>
<td>10.4</td>
<td>12.0</td>
<td>15.5</td>
<td>13.3</td>
<td>12.9</td>
<td>13.6</td>
</tr>
<tr>
<td><strong>Other interest movements</strong></td>
<td>14</td>
<td>3</td>
<td>3</td>
<td>3</td>
<td>5</td>
<td>3</td>
</tr>
<tr>
<td></td>
<td>(13)</td>
<td>(14)</td>
<td>(15)</td>
<td>(16)</td>
<td>(52)</td>
<td>(14)</td>
</tr>
<tr>
<td><strong>ROS²</strong></td>
<td>13.6</td>
<td></td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

¹ Alternative performance measures: please refer to reconciliation to the most directly comparable IFRS measures on pages 12 and 13.

² ROS is adjusted operating income as percentage of revenue; ROS excluding unallocated cost was reported in relation to the Winning together: 15 by 20 strategy and is no longer reported.
## Quarterly statistics

<table>
<thead>
<tr>
<th>Year</th>
<th>Q1</th>
<th>Q2</th>
<th>Q3</th>
<th>Q4</th>
<th>2021</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Quarterly net income analysis (in € millions)</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>181</td>
<td>187</td>
<td>317</td>
<td>234</td>
<td>918</td>
</tr>
<tr>
<td></td>
<td>(54)</td>
<td>(53)</td>
<td>(83)</td>
<td>(52)</td>
<td>(241)</td>
</tr>
<tr>
<td></td>
<td>127</td>
<td>134</td>
<td>236</td>
<td>182</td>
<td>678</td>
</tr>
<tr>
<td></td>
<td>30</td>
<td>28</td>
<td>25</td>
<td>22</td>
<td>26</td>
</tr>
<tr>
<td><strong>Earnings per share from continuing operations (in €)</strong></td>
<td>0.59</td>
<td>0.67</td>
<td>1.11</td>
<td>0.88</td>
<td>3.32</td>
</tr>
<tr>
<td></td>
<td>0.59</td>
<td>0.67</td>
<td>1.11</td>
<td>0.88</td>
<td>3.32</td>
</tr>
<tr>
<td></td>
<td>(0.03)</td>
<td>(0.01)</td>
<td>(0.04)</td>
<td>Basic</td>
<td>(0.01)</td>
</tr>
<tr>
<td></td>
<td>(0.03)</td>
<td>(0.01)</td>
<td>(0.04)</td>
<td>Diluted</td>
<td>(0.01)</td>
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<tr>
<td><strong>Earnings per share from discontinued operations (in €)</strong></td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td></td>
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<td>1.15</td>
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<td></td>
<td></td>
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<td>1.15</td>
</tr>
<tr>
<td><strong>Number of shares (in millions)</strong></td>
<td>194.0</td>
<td>190.7</td>
<td>190.6</td>
<td>190.5</td>
<td>191.4</td>
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<td>190.6</td>
<td>190.5</td>
<td>190.5</td>
<td>190.8</td>
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<tr>
<td></td>
<td>191.4</td>
<td>190.6</td>
<td>190.5</td>
<td>190.5</td>
<td>190.5</td>
</tr>
<tr>
<td><strong>Adjusted earnings from continuing operations (in € millions)</strong></td>
<td>181</td>
<td>187</td>
<td>317</td>
<td>234</td>
<td>915</td>
</tr>
<tr>
<td></td>
<td>27</td>
<td>31</td>
<td>27</td>
<td>21</td>
<td>136</td>
</tr>
<tr>
<td></td>
<td>(54)</td>
<td>(53)</td>
<td>(83)</td>
<td>(52)</td>
<td>(241)</td>
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<tr>
<td></td>
<td>127</td>
<td>134</td>
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<td></td>
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<td>22</td>
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<td></td>
<td>0.71</td>
<td>0.60</td>
<td>1.30</td>
<td>1.08</td>
<td>3.85</td>
</tr>
<tr>
<td><strong>Adjusted earnings per share from continuing operations (in €)</strong></td>
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<td></td>
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</tr>
<tr>
<td></td>
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<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td>5.18</td>
</tr>
</tbody>
</table>

1. After share buyback
2. Alternative performance measures; please refer to reconciliation to the most directly comparable IFRS measures on pages 12 and 13.
**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.

**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 China, Japan, Mongolia and South Korea.

**Operating income** is defined as income excluding net financing expenses, results from associates and joint ventures, income tax and results 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. Note: ROS excluding unallocated cost was reported in relation to the Winning together: 15 by 20 strategy and is no longer reported.

**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.

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For more information:
The explanatory sheets used during the analyst call can be viewed on AkzoNobel’s corporate website www.akzonobel.com/en/investors/results-center

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Financial calendar
Annual General Meeting of shareholders April 22, 2021
Ex-dividend date of 2020 final dividend April 26, 2021
Record date of 2020 final dividend April 27, 2021
Payment of 2020 final dividend May 6, 2021
Report for the second quarter July 21, 2021

We’ve been pioneering a world of possibilities to bring surfaces to life for well over 200 years. As experts in making coatings, there’s a good chance you’re only ever a few meters away from one of our products. 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 the most sustainable paints company, which has been inventing the future for more than two centuries.

For more information please visit www.akzonobel.com.

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