

Colombes, 23 February 2023

## **ARKEMA: FULL-YEAR 2022 RESULTS**

- **With sales of €11.5 billion, strong earnings growth in the year and excellent cash generation including the slowdown in demand in Q4**
  - **Acceleration of opportunities in innovative materials for sustainable development**
  - **Strengthening of the climate plan and further progress made in the CSR area**
- Group **sales** of **€11.5 billion**, up by 21.3% compared with 2021:
- Organic sales growth of 13.6%, reflecting price increases in the face of significant raw materials and energy cost inflation and the improved product mix, as well as the slowdown in demand and significant destocking observed in the fourth quarter
  - Acceleration in opportunities for innovative, high value-added solutions, particularly in low-carbon mobility, lightweighting, the circular economy and 3D printing
- **EBITDA** at a historic high of **€2,110 million**, up by a strong 22.2% year-on-year, and **EBITDA margin** at **18.3%** (18.1% in 2021):
- Specialty Materials' EBITDA up in each of the segments, to €1,900 million (€1,512 million in 2021) and Intermediates' EBITDA stable at €306 million (€307 million in 2021)
  - Q4'22 EBITDA at €291 million (€417 million in Q4'21), in line with the Group's guidance and including the strong destocking at year-end
- **Adjusted net income** up by 30.2% to **€1,167 million**, representing €15.75 per share (€11.88 in 2021)
- Very high **recurring cash flow** at **€933 million** (€756 million in 2021), reflecting notably strict management of working capital
- Proposed **dividend** of **€3.40 per share** (€3.0 in 2021), in line with the policy of increasing progressively the dividend
- **Continued progress in CSR performance**, with in particular a 16% decrease in Scopes 1 and 2 greenhouse gas (GHG) emissions at constant perimeter and an increase in the share of women in senior management positions to 26% in 2022 (24% in 2021)
- **Outlook for 2023**: in a context at the beginning of the year marked by a lack of visibility and ongoing weak demand, and in the expectation of a progressive improvement in the economic environment from the spring, the Group aims to achieve in 2023 an EBITDA of around €1.5 billion to €1.6 billion and maintain a high EBITDA to cash conversion rate of over 40%.

Following Arkema's Board of Directors' meeting, held on 22 February 2023 to approve the Group's consolidated financial statements for 2022, Chairman and CEO Thierry Le Hénaff said:

*“Arkema achieved an excellent year in 2022 in many respects, first of all in terms of its financial performance, with EBITDA of over €2 billion, reflecting the efforts of all our employees, whom I would like to thank for their commitment in a demanding environment. We also finalized a high-quality acquisition, with Ashland's adhesives, and entered the start-up phase at our production site in Singapore for polyamide 11 and its monomer, thus strengthening the Group's profile, resolutely focused on innovative materials. It is also a great source of pride for the teams to be recognized by rating agencies as one of the leaders in our industry in terms of CSR.*

*2023 has begun in an economic context of weak demand, which requires us to be strict in managing our costs and working capital, while preparing for an improvement of the environment during the course of the second quarter. We have full confidence in the long-term prospects offered by our new developments focused on decarbonization and sustainable development, and we will continue to invest in these opportunities. We will leverage our cutting-edge innovation to continue to support our customers in their quest for sustainable performance.”*

**KEY FIGURES FOR 2022**

<i>in millions of euros</i>		2022	2021 <sup>(1)</sup>	Change
<b>Sales</b>		<b>11,550</b>	<b>9,519</b>	<b>+21.3%</b>
<b>EBITDA</b>		<b>2,110</b>	<b>1,727</b>	<b>+22.2%</b>
	Specialty Materials	1,900	1,512	+25.7%
	Intermediates	306	307	-0.3%
	Corporate	-96	-92	
<b>EBITDA margin</b>		<b>18.3%</b>	<b>18.1%</b>	
	Specialty Materials	18.1%	18.1%	
	Intermediates	30.0%	26.5%	
<b>Recurring operating income (REBIT)</b>		<b>1,560</b>	<b>1,184</b>	<b>+31.8%</b>
	REBIT margin	13.5%	12.4%	
<b>Adjusted net income</b>		<b>1,167</b>	<b>896</b>	<b>+30.2%</b>
	Adjusted net income per share (in €)	15.75	11.88	+32.6%
<b>Recurring cash flow</b>		<b>933</b>	<b>756</b>	<b>+23.4%</b>
<b>Free cash flow</b>		<b>784</b>	<b>479</b>	<b>+63.7%</b>
<b>Net debt</b> including hybrid bonds		<b>2,366</b>	<b>1,177</b>	

**2022 BUSINESS PERFORMANCE**

Group **sales** came in at **€11,550 million** in 2022, up by 21.3% year-on-year. At constant scope and currency, organic growth was 13.6%, driven by a positive price effect of 21.4%, reflecting price increase initiatives in the face of high raw materials and energy cost inflation and, in the first half of the year, favorable market conditions in upstream acrylics and the significant tightness observed in some product lines. The Group also benefited from continued product mix improvement toward higher value-added solutions, driven by the accelerated pace of innovation in sustainable megatrends, for example in batteries, lightweighting, bio-based and recycled solutions and 3D printing. Volumes nevertheless declined by 7.8%, impacted mainly by the clear slowdown and significant destocking in Europe in the second half, particularly in the construction market. Although still slightly down, volumes held up better in North America, supported by resilient business activity in most end markets, but impacted by some destocking in the fourth quarter. In China, demand remained subdued for most of the year, affected successively by lockdowns and the resurgence of Covid. The 1.2% positive scope effect included the positive contribution of acquisitions in Specialty Materials, particularly Ashland's performance adhesives since 28 February 2022, partly offset by divestments, notably of PMMA finalized on 3 May 2021. The currency effect was a positive 6.5%, reflecting the appreciation of the US dollar and the Chinese yuan against the euro, particularly over the first nine months of the year.

The share of Specialty Materials continued to increase and represented 91% of Group sales in 2022 (88% in 2021 <sup>(1)</sup>). Lastly, the evolution in the geographic breakdown of sales reflects the strength of the Group's positioning in North America and the resilience of this region, which accounted for 35% of Group sales in 2022 *versus* 31% in 2021. The change in Europe's share in sales reflects the economic slowdown observed in this region (33% of sales in 2022 *versus* 36% in 2021), while Asia and the rest of the world remained broadly stable at 32% of sales *versus* 33% in 2021.

The Group's **EBITDA** reached a historical high of **€2,110 million**, up by 22.2% year-on-year. Recording growth across all three segments, Specialty Materials' EBITDA was up by a strong 25.7% to €1,900 million, driven notably by Advanced Materials, with the Adhesive Solutions and Coating Solutions segments being more particularly impacted by the slowdown and destocking observed in European construction. Moreover, Specialty Materials benefited from particularly favorable market conditions in some product lines, notably in upstream acrylics and PVDF, for which the positive impact on 2022 EBITDA is estimated at around €400

<sup>(1)</sup> Includes the reclassification of upstream PVDF to the Advanced Materials segment (from the Intermediates segment).

million. Intermediates' EBITDA was stable at €306 million (€307 million in 2021) despite a negative scope effect related to the divestment of PMMA, reflecting good market conditions in refrigerant gases in the United States and including the clear deterioration in market conditions in acrylics in Asia during the second half of the year. The Group also benefited from its balanced geographic footprint and in particular its strong positioning in North America.

In this context, the Group's **EBITDA margin** reached the high level of **18.3%**, a slight 20 bp increase compared with the prior year, reflecting in particular Arkema's ability to pass on higher raw materials and energy costs in its selling prices, as well as the continued evolution of the product mix toward higher value-added solutions.

Recurring depreciation and amortization amounted to €550 million, broadly stable year-on-year (€543 million in 2021). Consequently, **recurring operating income** (REBIT) grew by 31.8% year-on-year to **€1,560 million**, and the **REBIT margin** improved by 110 bps to **13.5%**.

The **financial result** represented a net expense of **€61 million** (€56 million in 2021), a slight increase of €5 million compared with 2021, reflecting the increased portion of the Group's debt converted into US dollars and an unfavorable evolution of the interest rate differential, partly offset by some lower provisions for employee benefits, due to actuarial gains.

Excluding exceptional items, the tax rate amounted to 21% of recurring operating income in 2022. In 2023, this tax rate is expected to come to around 21% of recurring operating income.

**Adjusted net income** thus amounted to **€1,167 million**, up by 30.2% year-on-year, representing **€15.75 per share** (€11.88 per share in 2021).

#### CASH FLOW AND NET DEBT AT 31 DECEMBER 2022

**Recurring cash flow** grew by a strong 23.4% year-on-year to **€933 million**, in line with the Group's operating performance and reflecting the strict management of working capital in an environment of high raw materials cost inflation and a marked slowdown in business activity at the end of the year, especially in Europe. Thus, working capital represented 12.6% of the Group's annual sales at 31 December 2022 (12.7% at 31 December 2021), below its normative level of around 14%. Recurring capital expenditure amounted to €584 million (€506 million in 2021), representing 5.1% of Group sales in 2022. Calculated based on recurring cash flow, the EBITDA to cash conversion rate was 44.2%, in line with the Group's long-term objective of 40%.

**Free cash flow** reached the high level of **€784 million** for the year (€479 million in 2021), and included exceptional capital expenditure of €123 million (€252 million in 2021), corresponding to the bio-based polyamides project in Asia and the hydrofluoric acid supply project with Nutrien in the United States, both of which are nearing completion. Thus, for full-year 2022, recurring and exceptional capital expenditure amounted to €707 million. The Group estimates that in 2023, given decarbonization investments and ongoing organic growth projects, recurring capital expenditure should come to around 6% of sales, and the amount needed to finalize exceptional capital expenditure should amount to around €30 million.

Free cash flow also included a non-recurring cash outflow of €26 million in 2022, stable year-on-year, mainly corresponding to restructuring costs and start-up costs for the Singapore platform.

**Net cash flow from portfolio management operations** amounted to a **net outflow of €1,629 million** in 2022 and mainly included the acquisition of Ashland's performance adhesives, as well as the bolt-on acquisitions of Permoseal in South Africa and Polimeros Especiales in Mexico. In 2021, this figure was a net inflow of €909 million and included in particular proceeds from the divestment of PMMA.

Including also the payment of the 2021 dividend of €3.0 per share for a total amount of €222 million, the cost of share buybacks carried out by the Group for €22 million and the interest paid on hybrid bonds of €16 million, **net debt** including hybrid bonds remained well under control at **€2,366 million**, representing 1.1x last-twelve-months EBITDA.

The Board of Directors has decided that, at the annual general meeting of 11 May 2023, it will recommend a dividend payment of €3.40 per share in respect of 2022, a 13.3% increase *versus* the prior year, in line with the policy of increasing progressively the dividend and thus attesting to its confidence in the Group's prospects. The dividend will be paid entirely in cash as from 17 May 2023, with an ex-dividend date on 15 May 2023.

**CONTINUATION OF THE GROUP’S SUSTAINABLE GROWTH STRATEGY**

Committed to a more sustainable world with its innovative materials, responsible management of its operations and strong societal commitment, the Group is recognized by rating agencies as one of the best performers in the chemical industry in terms of social responsibility. Thus, Arkema improved its score which reached 83 out of 100 in Standard & Poor’s Corporate Sustainability Assessment (CSA) and once again ranked third in the Dow Jones Sustainability Index (DJSI) World and second in the DJSI Europe in the chemicals sector. The Group was also included in the CAC40® ESG index for the second year running and saw its Moody’s ESG Solutions score increase once again.

These results are a testimony to Arkema’s commitments and continuous progress over many years. Notable developments in 2022 included:

- Reinforced commitment to decarbonization, with a new climate plan aligned with a 1.5°C Science Based Target trajectory across the entire value chain. The Group has thus set itself the target of reducing its greenhouse gas (GHG) emissions by 46% for Scopes 1 and 2 as well as Scope 3 by 2030 relative to 2019. This plan is supported by investments in decarbonization estimated at €400 million by 2030. During 2022, the Group’s GHG emissions at constant perimeter fell significantly relative to 2021, by 16% for Scopes 1 and 2 and by 15% for Scope 3.
- Expansion of its sustainable offering, with 53% of sales significantly contributing to the United Nations’ Sustainable Development Goals in 2022 <sup>(2)</sup> (versus 51% in 2021) and the ambition to increase this share to 65% by 2030 (ImpACT+ target).
- Continued progress in the area of safety, with a total recordable injury rate (TRIR) per million hours worked of 0.9 (1.0 in 2021) and a process safety event rate (PSER) per million hours worked of 2.8 (3.1 in 2021).
- Stepped up commitment to diversity and equal opportunity, allowing in particular to enhance well-being within the company. The Group thus joined the Women Empowerment Principles program alongside UN Women and continued to increase the share of women in senior management and executive positions to 26% in 2022 (versus 24% in 2021), with a target of 30% by 2030. Arkema was also certified as a Top Employer for the second year running in France, the United States, China and Brazil, countries that account for two-thirds of the Group’s employees and recruitments worldwide.

**2022 PERFORMANCE BY SEGMENT**

**ADHESIVE SOLUTIONS (25% OF TOTAL GROUP SALES)**

<i>in millions of euros</i>	<b>2022</b>	<b>2021</b>	<b>Change</b>
<b>Sales</b>	<b>2,898</b>	<b>2,278</b>	<b>+27.2%</b>
<b>EBITDA</b>	<b>366</b>	<b>316</b>	<b>+15.8%</b>
<b>EBITDA margin</b>	<b>12.6%</b>	<b>13.9%</b>	
<b>Recurring operating income (REBIT)</b>	<b>288</b>	<b>250</b>	<b>+15.2%</b>
<b>REBIT margin</b>	9.9%	11.0%	

**Sales** in the Adhesive Solutions segment totaled **€2,898 million**, up by 27.2% compared with 2021. The 14.9% positive scope effect corresponds to the integration of Ashland’s adhesives and to a lesser extent Permoseal. The segment’s organic growth reached 7.0%, driven by a 14.8% positive price effect resulting from the segment’s policy of increasing selling prices in response to raw materials, energy and transportation cost inflation. Volumes fell by 7.8%, affected in particular by the slowdown in the European construction market, reinforced by significant destocking in the second half of the year following the growth of this market since summer 2020. The currency effect was a positive 5.3%.

<sup>(2)</sup> Based on 86% of sales assessed against sustainability criteria in 2022 and 85% in 2021, excluding Ashland’s adhesives

**EBITDA** was up by 15.8% year-on-year to **€366 million**. The figure includes in particular the contribution of Ashland's performance adhesives, whose acquisition was finalized on 28 February 2022 and which benefited from solid momentum throughout the year, as well as the evolution in the product mix toward higher value-added applications, but EBITDA was nevertheless impacted by the decline in volumes. Despite the mechanical dilutive impact of price increases of close to 2 points, the **EBITDA margin** held up well at **12.6%** (versus 13.9% in 2021).

**ADVANCED MATERIALS (38% OF TOTAL GROUP SALES)**

<i>in millions of euros</i>	<b>2022</b>	<b>2021 <sup>(1)</sup></b>	<b>Change</b>
<b>Sales</b>	<b>4,341</b>	<b>3,307</b>	<b>+31.3%</b>
<b>EBITDA</b>	<b>941</b>	<b>671</b>	<b>+40.2%</b>
<b>EBITDA margin</b>	<b>21.7%</b>	<b>20.3%</b>	
<b>Recurring operating income (REBIT)</b>	<b>663</b>	<b>388</b>	<b>+70.9%</b>
REBIT margin	15.3%	11.7%	

**Sales** in the Advanced Materials segment rose by a strong 31.3% compared with 2021 to **€4,341 million**. Demand remained solid in business areas linked to sustainable megatrends such as batteries, bio-based consumer goods and 3D printing. However, segment volumes declined by 5.5% year-on-year, impacted mainly by the slowdown and destocking in Europe in Performance Additives in the second half of the year, as well as by the health situation in China. The 31.1% positive price effect, which was fairly homogeneous across the segment's two Business Lines, reflects both the selling price increases in a context of high raw materials, energy and logistics cost inflation, and the improvement of the product mix toward higher value-added solutions. It also reflects the specific situation of PVDF in the first nine months of the year which benefited from particularly significant tightness in the batteries area. The negative scope effect of 0.9% corresponds to the divestment of the epoxides business in late 2021, and the currency effect was a positive 6.6%.

**EBITDA** rose by a sharp 40.2% year-on-year to **€941 million**. It was supported, in High Performance Polymers, by the excellent momentum of solutions that have a high technological content, and by the tightness observed in PVDF. EBITDA of Performance Additives progressed to a very good level, supported by high value-added developments but impacted by the decline in volumes in the second half of the year. In this context, the **EBITDA margin** came to **21.7%** compared with 20.3% in 2021.

**COATING SOLUTIONS (28% OF TOTAL GROUP SALES)**

<i>in millions of euros</i>	<b>2022</b>	<b>2021</b>	<b>Change</b>
<b>Sales</b>	<b>3,250</b>	<b>2,746</b>	<b>+18.4%</b>
<b>EBITDA</b>	<b>593</b>	<b>525</b>	<b>+13.0%</b>
<b>EBITDA margin</b>	<b>18.2%</b>	<b>19.1%</b>	
<b>Recurring operating income (REBIT)</b>	<b>466</b>	<b>407</b>	<b>+14.5%</b>
REBIT margin	14.3%	14.8%	

**Sales** in the Coating Solutions segment grew by 18.4% to **€3,250 million**, around one-third of which were in acrylic monomers. In a context of high raw materials and energy cost inflation, sales growth was supported by a 19.1% positive price effect, driven by price increases in downstream products as well as in upstream acrylics. While volumes benefited from new business developments in more eco-friendly solutions, they

<sup>(1)</sup> Includes the reclassification of upstream PVDF to the Advanced Materials segment (from the Intermediates segment).

were nevertheless down by 8.3% for the year, impacted primarily by the slowdown and destocking in Europe, particularly in decorative paints, as well as by lockdowns in China, while demand in the United States proved more resilient. The integration of Polimeros Especiales in September 2022 added 0.4% to segment sales while the currency effect was a positive 7.2%.

At **€593 million**, **EBITDA** was up by 13.0%, supported by the resilience of downstream activities in a highly inflationary environment and by favorable conditions in upstream acrylics in the first half of the year. The **EBITDA margin** remained at a high level of **18.2%** (19.1% in 2021).

**INTERMEDIATES (9% OF TOTAL GROUP SALES)**

<i>in millions of euros</i>	<b>2022</b>	<b>2021 <sup>(1)</sup></b>	<b>Change</b>
<b>Sales</b>	<b>1,020</b>	<b>1,158</b>	<b>-11.9%</b>
<b>EBITDA</b>	<b>306</b>	<b>307</b>	<b>-0.3%</b>
<b>EBITDA margin</b>	<b>30.0%</b>	<b>26.5%</b>	
<b>Recurring operating income (REBIT)</b>	<b>245</b>	<b>239</b>	<b>+2.5%</b>
REBIT margin	24.0%	20.6%	

**Sales** in the Intermediates segment declined by 11.9% year-on-year to **€1,020 million**, impacted by a negative scope effect of 17.9% related to the PMMA divestment in May 2021 and a 14.0% fall in volumes. This decline is attributable to the mechanical effect of refrigerant gas quotas in the United States and to the Covid situation in China, which affected demand for acrylics in Asia. The positive 12.8% price effect was supported by solid momentum in refrigerant gases, particularly in the United States, and also takes into account the clear deterioration in market conditions for acrylics in Asia in the second half of the year. The currency effect was a positive 7.2%.

In this context, **EBITDA** was stable at **€306 million** (€307 million in 2021) despite the negative scope effect linked to the divestment of PMMA, supported by the progress of refrigerant gases. The **EBITDA margin** rose to **30.0%** versus 26.5% in 2021.

<sup>(1)</sup> Includes the reclassification of upstream PVDF to the Advanced Materials segment (from the Intermediates segment).

**KEY FIGURES FOR FOURTH-QUARTER 2022**

<i>in millions of euros</i>	Q4'22	Q4'21 <sup>(1)</sup>	Change
<b>Sales</b>	<b>2,507</b>	<b>2,500</b>	<b>+0.3%</b>
<b>EBITDA</b>	<b>291</b>	<b>417</b>	<b>-30.2%</b>
<b>Specialty Materials</b>	<b>286</b>	<b>360</b>	<b>-20.6%</b>
Adhesive Solutions	75	69	+8.7%
Advanced Materials	148	169	-12.4%
Coating Solutions	63	122	-48.4%
<b>Intermediates</b>	<b>24</b>	<b>79</b>	<b>-69.6%</b>
<b>Corporate</b>	<b>-19</b>	<b>-22</b>	
<b>EBITDA margin</b>	<b>11.6%</b>	<b>16.7%</b>	
<b>Specialty Materials</b>	<b>12.3%</b>	<b>16.1%</b>	
Adhesive Solutions	10.8%	11.9%	
Advanced Materials	14.5%	18.1%	
Coating Solutions	10.4%	16.8%	
<b>Intermediates</b>	<b>13.3%</b>	<b>31.2%</b>	
<b>Recurring operating income (REBIT)</b>	<b>146</b>	<b>273</b>	<b>-46.5%</b>
REBIT margin	5.8%	10.9%	
<b>Adjusted net income</b>	<b>88</b>	<b>212</b>	<b>-58.5%</b>
Adjusted net income per share (in €)	1.16	2.86	-59.4%
<b>Recurring cash flow</b>	<b>238</b>	<b>222</b>	<b>+7.2%</b>
<b>Free cash flow</b>	<b>199</b>	<b>108</b>	<b>+84.3%</b>

Group **sales** were stable year-on-year at **€2,507 million** (€2,500 million in Q4'21). Volumes were down by 15.4%, impacted by weak demand in China, as well as a slowdown and significant destocking in Europe. Destocking was also observed in the United States, notably in construction. Supported by the Group's policy of increasing selling prices in the face of cost inflation, the price effect was a positive 8.2%. The 3.6% positive scope effect reflects mainly the integration of acquisitions in Specialty Materials, particularly Ashland's adhesives. The 3.8% positive currency effect was mainly linked to the appreciation of the US dollar against the euro.

Group **EBITDA** declined to **€291 million** relative to the very high comparison base of Q4'21 (€417 million), impacted mainly by lower volumes, as well as by much less favorable market conditions in acrylics in Asia. In this environment, the **EBITDA margin** came in at **11.6%** (16.7% in Q4'21).

**Sales** in the Adhesive Solutions segment rose by 19.3% compared with fourth-quarter 2021 to **€692 million**. They were virtually stable at constant scope and currency, supported by a positive price effect of 11.2% to deal with cost inflation. Volumes were down by 11.7%, impacted in particular by significant destocking in Europe, as well as in the construction market in the United States. The 16.0% positive scope effect corresponds to the integration of Ashland's adhesives and Permoseal, and the currency effect was a positive 3.8%.

At **€75 million**, segment **EBITDA** was 8.7% higher than in fourth-quarter 2021. **EBITDA margin** was **10.8%** (11.9% for Q4'21), impacted by the mechanical dilutive impact of price increases and lower volumes.

**Sales** in the Advanced Materials segment rose by 9.5% compared with Q4'21 to **€1,022 million**. Volumes declined by 9.8%, impacted in Performance Additives by high levels of destocking in Europe and in High Performance Polymers by weak activity in China while the United States remained well-oriented. There was a 16.9% positive price effect, reflecting in particular actions to increase prices and the improved product

<sup>(1)</sup> Includes the reclassification of upstream PVDF to the Advanced Materials segment (from the Intermediates segment).

mix. The divestment of the epoxides business in Q4'21 resulted in a 1.0% negative scope effect, and the currency effect was a positive 3.4%.

**EBITDA** for the segment was **€148 million** against the prior year's high comparison base (€169 million in Q4'21) and the **EBITDA margin** was **14.5%**, reflecting lower volumes in the quarter as well as reduced tightness in fluoropolymers.

**Sales** for the Coating Solutions segment totaled **€603 million**, down by 16.8% compared with the high level of fourth-quarter 2021. Volumes were down significantly by 23.6% due to weaker demand and significant destocking, particularly in Europe and to a lesser extent in the United States. The slightly positive 1.0% price effect reflects both continued price adjustments in downstream activities to offset raw materials cost inflation, and reduced tightness in upstream acrylics compared with the prior year. The currency effect was a positive 4.6%.

In this context, **EBITDA** came in at **€63 million** versus €122 million in fourth-quarter 2021, and **EBITDA margin** declined to **10.4%**.

At **€181 million**, **sales** in the Intermediates segment declined by 28.5% compared with the fourth quarter of 2021, impacted in particular by a 20.6% drop in volumes, which were affected in refrigerant gases by the mechanical effect of quotas in the United States, and in acrylics by Covid in China. The 9.9% negative price effect reflects clearly deteriorated market conditions in acrylics in Asia, partially offset by continued solid momentum in refrigerant gases in the United States. The slightly negative scope effect of 0.8% is linked to the final residual PMMA sales in Asia in the prior year. The currency effect for the quarter was a positive 2.8%.

**EBITDA** dropped sharply to **€24 million** (€79 million in Q4'21), due mainly to lower volumes and much less favorable market conditions in acrylics in Asia compared with the very high prior-year level. **EBITDA margin** thus amounted to **13.3%** (31.2% in Q4'21).

### SUBSEQUENT EVENTS

On 3 January 2023, Arkema finalized the divestment of Febex, a company specialized in phosphorus-based chemistry, to Belgian group Prayon, thus continuing its dynamic business portfolio management.

On 16 January 2023, Arkema successfully completed a €400 million bond issue with an eight-year maturity and an annual coupon of 3.50%, enabling the Group to extend the average maturity of its financial resources and initiate the refinancing of its upcoming bond maturities.

Moreover, Laurent Tellier joined Arkema as Senior Vice-President of Performance Additives and as a member of the Group's Executive Committee as of 16 February 2023, replacing Marie-Pierre Chevallier who has retired.

### OUTLOOK FOR 2023

At the beginning of the year, the macroeconomic context is marked by a lack of visibility and ongoing weak demand, in the continuity of fourth-quarter 2022. A progressive improvement is expected from the spring and should gather momentum in the second part of the year. In this demanding context, Arkema will draw on the responsiveness and commitment of its teams to adapt to changes in the macroeconomic environment and will continue to focus on cash generation and cost management.

Moreover, the Group will benefit from the contribution of its key expansion projects mainly in the second half of the year, namely the new bio-based PA11 plant in Singapore, the project with Nutrien in the United States, the PVDF units in China and France, and the expansion of the Sartomer® plant in China and the Pebax® plant in France, as well as from the ramp-up of Ashland's performance adhesives.

In this context, Arkema aims to achieve in 2023 an EBITDA of around €1.5 billion to €1.6 billion and maintain a high EBITDA to cash conversion rate of over 40%.

Moreover, the Group is confirming its 2024 targets and will continue the implementation of its strategic roadmap and priorities, in particular its cutting-edge innovation focused on sustainable development and decarbonization, its targeted investments to increase its capacities and support its customers in high-growth markets linked to sustainable megatrends, its policy of high value-added acquisitions and its strategic review of the Intermediates segment.

Lastly, the Group will continue to act for a more sustainable world, leveraging its cutting-edge innovation in materials, responsible growth of its businesses, and its strong societal commitments.

Further details concerning the Group's 2022 results are provided in the "Full-year 2022 results and outlook" presentation and the "Factsheet" document, both available on Arkema's website at: [www.arkema.com/global/en/investor-relations/](http://www.arkema.com/global/en/investor-relations/)

The consolidated financial statements at 31 December 2022 have been audited, and an unqualified certification report has been issued by the Company's statutory auditors. These financial statements and the statutory auditors' report will be available in late March 2023 in the 2022 Universal Registration Document, which will be posted on the Company's website at: [www.arkema.com/global/en/investor-relations/](http://www.arkema.com/global/en/investor-relations/)

**FINANCIAL CALENDAR**

- 5 May 2023: Publication of first-quarter 2023 results
- 11 May 2023: Annual general meeting
- 28 July 2023: Publication of first-half 2023 results
- 27 September 2023: Capital Markets Day - Paris
- 9 November 2023: Publication of third-quarter 2023 results

**DISCLAIMER**

*The information disclosed in this press release may contain forward-looking statements with respect to the financial position, results of operations, business and strategy of Arkema.*

*In the current context, where the Covid-19 pandemic persists across the world, and where the consequences of the Russian offensive in Ukraine and the resulting economic sanctions against Russia on geopolitical stability and the global economy remain uncertain, the retained assumptions and forward-looking statements could ultimately prove inaccurate.*

*Such statements are based on management's current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as (but not limited to) changes in raw materials prices, currency fluctuations, the pace at which cost-reduction projects are implemented, developments in the Russian offensive in Ukraine, developments in the Covid-19 situation, and changes in general economic and financial conditions. Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise.*

*Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des marchés financiers.*

*Balance sheet, income statement and cash flow statement data, as well as data relating to the statement of changes in shareholders' equity and information by segment included in this press release are extracted from the consolidated financial statements at 31 December 2022 as approved by Arkema's Board of Directors on 22 February 2023. Quarterly financial information is not audited. Information by segment is presented in accordance with Arkema's internal reporting system used by management.*

Details of the main alternative performance indicators used by the Group are provided in the tables appended to this press release. For the purpose of analyzing its results and defining its targets, the Group also uses EBITDA margin, which corresponds to EBITDA expressed as a percentage of sales, EBITDA equaling recurring operating income (REBIT) plus recurring depreciation and amortization of tangible and intangible assets, as well as REBIT margin, which corresponds to recurring operating income (REBIT) expressed as a percentage of sales.

For the purpose of tracking changes in its results, and particularly its sales figures, the Group analyzes the following effects (unaudited analyses):

- **scope effect:** the impact of changes in the Group’s scope of consolidation, which arise from acquisitions and divestments of entire businesses or as a result of the first-time consolidation or deconsolidation of entities. Increases or reductions in capacity are not included in the scope effect;
- **currency effect:** the mechanical impact of consolidating accounts denominated in currencies other than the euro at different exchange rates from one period to another. The currency effect is calculated by applying the foreign exchange rates of the prior period to the figures for the period under review;
- **price effect:** the impact of changes in average selling prices is estimated by comparing the weighted average net unit selling price of a range of related products in the period under review with their weighted average net unit selling price in the prior period, multiplied, in both cases, by the volumes sold in the period under review;
- **volume effect:** the impact of changes in volumes is estimated by comparing the quantities delivered in the period under review with the quantities delivered in the prior period, multiplied, in both cases, by the weighted average net unit selling price in the prior period.

Building on its unique set of expertise in materials science, **Arkema** offers a portfolio of first-class technologies to address ever-growing demand for new and sustainable materials. With the ambition to become in 2024 a pure player in Specialty Materials, the Group is structured into 3 complementary, resilient and highly innovative segments dedicated to Specialty Materials -Adhesive Solutions, Advanced Materials, and Coating Solutions- accounting for some 91% of Group sales in 2022, and a well-positioned and competitive Intermediates segment. Arkema offers cutting-edge technological solutions to meet the challenges of, among other things, new energies, access to water, recycling, urbanization and mobility, and fosters a permanent dialogue with all its stakeholders. The Group reported sales of around €11.5 billion in 2022, and operates in some 55 countries with 21,100 employees worldwide.

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# **ARKEMA financial statements**

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**Consolidated financial information - At the end of December 2022**

Consolidated financial statements as end of December 2021 and 2022 have been audited.

## CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>4<sup>th</sup> quarter 2022</u>	<u>4<sup>th</sup> quarter 2021</u>
<hr/>		
<b>Sales</b>	<b>2,507</b>	<b>2,500</b>
Operating expenses	(2,129)	(1,969)
Research and development expenses	(71)	(65)
Selling and administrative expenses	(219)	(210)
Other income and expenses	(70)	(92)
<b>Operating income</b>	<b>18</b>	<b>164</b>
Equity in income of affiliates	(2)	(1)
Financial result	(30)	(13)
Income taxes	23	(42)
<b>Net income</b>	<b>9</b>	<b>108</b>
Attributable to non-controlling interests	(2)	-4
<b>Net income - Group share</b>	<b>11</b>	<b>112</b>
<i>Earnings per share (amount in euros)</i>	<i>0.13</i>	<i>1.58</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>0.13</i>	<i>1.57</i>

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>
<hr/>		
<b>Sales</b>	<b>11,550</b>	<b>9,519</b>
Operating expenses	(8,970)	(7,376)
Research and development expenses	(270)	(243)
Selling and administrative expenses	(868)	(784)
Other income and expenses	(155)	617
<b>Operating income</b>	<b>1,287</b>	<b>1,733</b>
Equity in income of affiliates	(6)	(1)
Financial result	(61)	(56)
Income taxes	(254)	(369)
<b>Net income</b>	<b>966</b>	<b>1,307</b>
Attributable to non-controlling interests	1	(2)
<b>Net income - Group share</b>	<b>965</b>	<b>1,309</b>
<i>Earnings per share (amount in euros)</i>	<i>12.81</i>	<i>17.15</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>12.75</i>	<i>17.04</i>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

4<sup>th</sup> quarter 2022

4<sup>th</sup> quarter 2021

*(In millions of euros)*

<b>Net income</b>	<b>9</b>	<b>108</b>
Hedging adjustments	7	7
Other items	1	2
Deferred taxes on hedging adjustments and other items	1	-
Change in translation adjustments	(459)	104
<b>Other recyclable comprehensive income</b>	<b>(450)</b>	<b>113</b>
Impact of remeasuring unconsolidated investments	-	(3)
Actuarial gains and losses	(79)	14
Deferred taxes on actuarial gains and losses	15	(1)
<b>Other non-recyclable comprehensive income</b>	<b>(64)</b>	<b>10</b>
<b>Total income and expenses recognized directly in equity</b>	<b>(514)</b>	<b>123</b>
<b>Total comprehensive income</b>	<b>(505)</b>	<b>231</b>
Attributable to non-controlling interest	(5)	(3)
<b>Total comprehensive income - Group share</b>	<b>(500)</b>	<b>234</b>

*(In millions of euros)*

End of December 2022

End of December 2021

<b>Net income</b>	<b>966</b>	<b>1,307</b>
Hedging adjustments	26	(12)
Other items	1	2
Deferred taxes on hedging adjustments and other items	(2)	(1)
Change in translation adjustments	108	278
<b>Other recyclable comprehensive income</b>	<b>133</b>	<b>267</b>
Impact of remeasuring unconsolidated investments	(1)	(6)
Actuarial gains and losses	88	76
Deferred taxes on actuarial gains and losses	(14)	(15)
<b>Other non-recyclable comprehensive income</b>	<b>73</b>	<b>55</b>
<b>Total income and expenses recognized directly in equity</b>	<b>206</b>	<b>322</b>
<b>Total comprehensive income</b>	<b>1,172</b>	<b>1,629</b>
Attributable to non-controlling interest	-	1
<b>Total comprehensive income - Group share</b>	<b>1,172</b>	<b>1,628</b>

## INFORMATION BY SEGMENT

### 4<sup>th</sup> quarter 2022

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
<b>Sales</b>	692	1,022	603	181	9	2,507
<b>EBITDA</b>	75	148	63	24	(19)	291
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(21)	(74)	(32)	(16)	(2)	(145)
<b>Recurring operating income (REBIT)</b>	54	74	31	8	(21)	146
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(53)	(4)	(1)	-	-	(58)
Other income and expenses	(18)	(48)	(1)	0	(3)	(70)
<b>Operating income</b>	(17)	22	29	8	(24)	18
Equity in income of affiliates	-	(2)	-	-	-	(2)
<b>Intangible assets and property, plant, and equipment additions</b>	37	202	59	11	9	318
Of which: recurring capital expenditure	37	166	59	11	9	282

### 4<sup>th</sup> quarter 2021\*

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
<b>Sales</b>	580	933	725	253	9	2,500
<b>EBITDA</b>	69	169	122	79	(22)	417
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(18)	(78)	(30)	(15)	(3)	(144)
<b>Recurring operating income (REBIT)</b>	51	91	92	64	(25)	273
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(12)	(4)	(1)	-	-	(17)
Other income and expenses	(19)	(66)	0	(5)	(2)	(92)
<b>Operating income</b>	20	21	91	59	(27)	164
Equity in income of affiliates	-	(1)	-	-	-	(1)
<b>Intangible assets and property, plant, and equipment additions</b>	34	195	55	8	10	302
Of which: recurring capital expenditure	34	124	54	8	10	230

\* As of 1 st January 2022, upstream PVDF has been reclassified to the Advanced Materials segment (from the Intermediates segment). Data for 2021 has been restated accordingly.

## INFORMATION BY SEGMENT

### End of December 2022

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
<b>Sales</b>	2,898	4,341	3,250	1,020	41	11,550
<b>EBITDA</b>	366	941	593	306	(96)	2,110
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(78)	(278)	(127)	(61)	(6)	(550)
<b>Recurring operating income (REBIT)</b>	288	663	466	245	(102)	1,560
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(95)	(18)	(5)	-	-	(118)
Other income and expenses	(63)	(79)	0	23	(36)	(155)
<b>Operating income</b>	130	566	461	268	(138)	1,287
Equity in income of affiliates	-	(6)	-	0	-	(6)
<b>Intangible assets and property, plant, and equipment additions</b>	85	456	127	20	19	707
Of which: recurring capital expenditure	85	333	127	20	19	584

### End of December 2021\*

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
<b>Sales</b>	2,278	3,307	2,746	1,158	30	9,519
<b>EBITDA</b>	316	671	525	307	(92)	1,727
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(66)	(283)	(118)	(68)	(8)	(543)
<b>Recurring operating income (REBIT)</b>	250	388	407	239	(100)	1,184
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(48)	(15)	(5)	-	-	(68)
Other income and expenses	(53)	(209)	(13)	903	(11)	617
<b>Operating income</b>	149	164	389	1,142	(111)	1,733
Equity in income of affiliates	-	-	-	(1)	-	(1)
<b>Intangible assets and property, plant, and equipment additions</b>	77	535	102	27	22	763
Of which: recurring capital expenditure	77	283	97	27	22	506

\* As of 1 st January 2022, upstream PVDF has been reclassified to the Advanced Materials segment (from the Intermediates segment). Data for 2021 has been restated accordingly.

## CONSOLIDATED CASH FLOW STATEMENT

End of December 2022

End of December 2021

(In millions of euros)

### Operating cash flows

Net income	966	1,307
Depreciation, amortization and impairment of assets	707	817
Other provisions and deferred taxes	(45)	58
(Gains)/losses on sales of long-term assets	(38)	(991)
Undistributed affiliate equity earnings	6	1
Change in working capital	(137)	(290)
Other changes	37	13
<b>Cash flow from operating activities</b>	<b>1,496</b>	<b>915</b>

### Investing cash flows

Intangible assets and property, plant, and equipment additions	(707)	(763)
Change in fixed asset payables	(23)	78
Acquisitions of operations, net of cash acquired	(1,616)	(40)
Increase in long-term loans	(93)	(36)
<b>Total expenditures</b>	<b>(2,439)</b>	<b>(761)</b>
Proceeds from sale of intangible assets and property, plant, and equipment	18	18
Proceeds from sale of operations, net of cash transferred	19	1,161
Proceeds from sale of unconsolidated investments	-	8
Repayment of long-term loans	61	47
<b>Total divestitures</b>	<b>98</b>	<b>1,234</b>
<b>Cash flow from investing activities</b>	<b>(2,341)</b>	<b>473</b>

### Financing cash flows

Issuance (repayment) of shares and paid-in surplus	48	-
Purchase of treasury shares	(22)	(329)
Dividends paid to parent company shareholders	(222)	(191)
Interest paid to bearers of subordinated perpetual notes	(16)	(15)
Dividends paid to non-controlling interests	(4)	(4)
Increase in long-term debt	6	11
Decrease in long-term debt	(233)	(68)
Increase / (Decrease) in short-term debt	611	(56)
<b>Cash flow from financing activities</b>	<b>168</b>	<b>(652)</b>
Net increase/(decrease) in cash and cash equivalents	(677)	736
Effect of exchange rates and changes in scope	(16)	(38)
Cash and cash equivalents at beginning of period	2,285	1,587
<b>Cash and cash equivalents at end of the period</b>	<b>1,592</b>	<b>2,285</b>

## CONSOLIDATED BALANCE SHEET

31 December 2022

31 December 2021

(In millions of euros)

	<u>31 December 2022</u>	<u>31 December 2021</u>
<b>ASSETS</b>		
Goodwill	2,655	1,925
Intangible assets, net	2,178	1,517
Property, plant and equipment, net	3,429	3,031
Equity affiliates: investments and loans	24	29
Other investments	52	52
Deferred tax assets	166	144
Other non-current assets	245	218
<b>TOTAL NON-CURRENT ASSETS</b>	<b>8,749</b>	<b>6,916</b>
Inventories	1,399	1,283
Accounts receivable	1,360	1,432
Other receivables and prepaid expenses	202	181
Income tax receivables	130	91
Other current financial assets	57	109
Cash and cash equivalents	1,592	2,285
Assets held for sale	22	4
<b>TOTAL CURRENT ASSETS</b>	<b>4,762</b>	<b>5,385</b>
<b>TOTAL ASSETS</b>	<b>13,511</b>	<b>12,301</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Share capital	750	767
Paid-in surplus and retained earnings	6,218	5,598
Treasury shares	(20)	(305)
Translation adjustments	352	243
<b>SHAREHOLDERS' EQUITY - GROUP SHARE</b>	<b>7,300</b>	<b>6,303</b>
Non-controlling interests	39	47
<b>TOTAL SHAREHOLDERS' EQUITY</b>	<b>7,339</b>	<b>6,350</b>
Deferred tax liabilities	362	342
Provisions for pensions and other employee benefits	382	493
Other provisions and non-current liabilities	458	443
Non-current debt	2,560	2,680
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>3,762</b>	<b>3,958</b>
Accounts payable	1,149	1,274
Other creditors and accrued liabilities	437	430
Income tax payables	109	155
Other current financial liabilities	13	52
Current debt	698	82
Liabilities related to assets held for sale	4	0
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,410</b>	<b>1,993</b>
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>13,511</b>	<b>12,301</b>

**CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

<i>(In millions of euros)</i>	Shares issued			Hybrid bonds	Retained earnings	Translation adjustments	Treasury shares		Shareholders' equity - Group share	Non-controlling interests	Shareholders' equity
	Number	Amount	Paid-in surplus				Number	Amount			
<b>At 1 January 2022</b>	<b>76,736,476</b>	<b>767</b>	<b>1,272</b>	<b>700</b>	<b>3,626</b>	<b>243</b>	<b>(2,779,553)</b>	<b>(305)</b>	<b>6,303</b>	<b>47</b>	<b>6,350</b>
Cash dividend	—	—	—	—	(238)	—	—	—	(238)	(4)	(242)
Issuance of share capital	757,473	7	41	—	—	—	—	—	48	—	48
Capital decrease by cancellation of treasury shares	(2,450,435)	(24)	(246)	—	—	—	2,450,435	270	—	—	—
Purchase of treasury shares	—	—	—	—	—	—	(262,945)	(22)	(22)	—	(22)
Grants of treasury shares to employees	—	—	—	—	(37)	—	360,976	37	—	—	—
Share-based payments	—	—	—	—	37	—	—	—	37	—	37
Issuance of hybrid bonds	—	—	—	—	—	—	—	—	—	—	—
Redemption of hybrid bonds	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	—	—	—	—	—	(4)	(4)
<b>Transactions with shareholders</b>	<b>(1,692,962)</b>	<b>(17)</b>	<b>(205)</b>	<b>—</b>	<b>(238)</b>	<b>—</b>	<b>2,548,466</b>	<b>285</b>	<b>(175)</b>	<b>(8)</b>	<b>(183)</b>
Net income	—	—	—	—	965	—	—	—	965	1	966
Total income and expense recognized directly through equity	—	—	—	—	98	109	—	—	207	(1)	206
<b>Comprehensive income</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>—</b>	<b>1,063</b>	<b>109</b>	<b>—</b>	<b>—</b>	<b>1,172</b>	<b>—</b>	<b>1,172</b>
<b>At 31 December 2022</b>	<b>75,043,514</b>	<b>750</b>	<b>1,067</b>	<b>700</b>	<b>4,451</b>	<b>352</b>	<b>(231,087)</b>	<b>(20)</b>	<b>7,300</b>	<b>39</b>	<b>7,339</b>

## ALTERNATIVE PERFORMANCE INDICATORS

To monitor and analyse the financial performance of the Group and its activities, the Group management uses alternative performance indicators. These are financial indicators that are not defined by the IFRS. This note presents a reconciliation of these indicators and the aggregates from the consolidated financial statements under IFRS.

### RECURRING OPERATING INCOME (REBIT) AND EBITDA

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>	<u>4<sup>th</sup> quarter 2022</u>	<u>4<sup>th</sup> quarter 2021</u>
<b>OPERATING INCOME</b>	<b>1,287</b>	<b>1,733</b>	<b>18</b>	<b>164</b>
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(118)	(68)	(58)	(17)
- Other income and expenses	(155)	617	(70)	(92)
<b>RECURRING OPERATING INCOME (REBIT)</b>	<b>1,560</b>	<b>1,184</b>	<b>146</b>	<b>273</b>
- Recurring depreciation and amortization of tangible and intangible assets	(550)	(543)	(145)	(144)
<b>EBITDA</b>	<b>2,110</b>	<b>1,727</b>	<b>291</b>	<b>417</b>

#### Details of depreciation and amortization of tangible and intangible assets:

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>	<u>4<sup>th</sup> quarter 2022</u>	<u>4<sup>th</sup> quarter 2021</u>
<b>Depreciation and amortization of tangible and intangible assets</b>	<b>(707)</b>	<b>(817)</b>	<b>(215)</b>	<b>(246)</b>
Of which: Recurring depreciation and amortization of tangible and intangible assets	(550)	(543)	(145)	(144)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(118)	(68)	(58)	(17)
Of which: Impairment included in other income and expenses	(39)	(206)	(12)	(85)

### ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>	<u>4<sup>th</sup> quarter 2022</u>	<u>4<sup>th</sup> quarter 2021</u>
<b>NET INCOME - GROUP SHARE</b>	<b>965</b>	<b>1,309</b>	<b>11</b>	<b>112</b>
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(118)	(68)	(58)	(17)
- Other income and expenses	(155)	617	(70)	(92)
- Other income and expenses - Non-controlling interests	-	-	-	-
- Taxes on depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	25	15	13	3
- Taxes on other income and expenses	27	(146)	22	16
- One-time tax effects	19	(5)	16	(10)
<b>ADJUSTED NET INCOME</b>	<b>1,167</b>	<b>896</b>	<b>88</b>	<b>212</b>
- Weighted average number of ordinary shares	74,095,040	75,409,368		
- Weighted average number of potential ordinary shares	74,420,933	75,859,550		
<b>ADJUSTED EARNINGS PER SHARE (in euros)</b>	<b>15.75</b>	<b>11.88</b>	<b>1.16</b>	<b>2.86</b>
<b>DILUTED ADJUSTED EARNINGS PER SHARE (in euros)</b>	<b>15.68</b>	<b>11.81</b>	<b>1.16</b>	<b>2.85</b>

### RECURRING CAPITAL EXPENDITURE

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>	<u>4<sup>th</sup> quarter 2022</u>	<u>4<sup>th</sup> quarter 2021</u>
<b>INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS</b>	<b>707</b>	<b>763</b>	<b>318</b>	<b>302</b>
- Exceptional capital expenditure	123	252	36	71
- Investments relating to portfolio management operations	-	-	-	-
- Capital expenditure with no impact on net debt	-	5	0	1
<b>RECURRING CAPITAL EXPENDITURE</b>	<b>584</b>	<b>506</b>	<b>282</b>	<b>230</b>

### CASH FLOWS AND EBITDA TO CASH CONVERSION RATE

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>	<u>4<sup>th</sup> quarter 2022</u>	<u>4<sup>th</sup> quarter 2021</u>
Cash flow from operating activities	1,496	915	457	308
+ Cash flow from investing activities	(2,341)	473	(259)	(177)
<b>NET CASH FLOW</b>	<b>(845)</b>	<b>1,388</b>	<b>198</b>	<b>131</b>
- Net cash flow from portfolio management operations	(1,629)	909	(1)	23
<b>FREE CASH FLOW</b>	<b>784</b>	<b>479</b>	<b>199</b>	<b>108</b>
Exceptional capital expenditure	(123)	(252)	(36)	(71)
- Non-recurring cash flow	(26)	(25)	(3)	(43)
<b>RECURRING CASH FLOW</b>	<b>933</b>	<b>756</b>	<b>238</b>	<b>222</b>

The net cash flow from portfolio management operations corresponds to the impact of acquisition and divestment operations.  
Non-recurring cash flow corresponds to cash flow from other income and expenses.

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>
<b>RECURRING CASH FLOW</b>	<b>933</b>	<b>756</b>
EBITDA	2,110	1,727
<b>EBITDA TO CASH CONVERSION RATE</b>	<b>44.2%</b>	<b>43.8%</b>

## NET DEBT

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>
Non-current debt	2,560	2,680
+ Current debt	698	82
- Cash and cash equivalents	1,592	2,285
<b>NET DEBT</b>	<b>1,666</b>	<b>477</b>
+ Hybrid bonds	700	700
<b>NET DEBT AND HYBRID BONDS</b>	<b>2,366</b>	<b>1,177</b>

## WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>
Inventories	1,399	1,283
+ Accounts receivable	1,360	1,432
+ Other receivables including income taxes	332	272
+ Other current financial assets	57	109
- Accounts payable	1,149	1,274
- Other liabilities including income taxes	546	585
- Other current financial liabilities	13	52
<b>WORKING CAPITAL</b>	<b>1,440</b>	<b>1,185</b>

## CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>
Goodwill, net	2,655	1,925
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	5,607	4,548
+ Investments in equity affiliates	24	29
+ Other investments and other non-current assets	297	270
+ Working capital	1,440	1,185
<b>CAPITAL EMPLOYED</b>	<b>10,023</b>	<b>7,957</b>
Elements of capital employed classified as assets held for sale	18	4
<b>ADJUSTED CAPITAL EMPLOYED</b>	<b>10,041</b>	<b>7,961</b>

## RETURN ON CAPITAL EMPLOYED (ROCE)

<i>(In millions of euros)</i>	<u>End of December 2022</u>	<u>End of December 2021</u>
Recurring operating income (REBIT)	1,560	1,184
Adjusted capital employed	10,041	7,961
<b>ROCE</b>	<b>15.5 %</b>	<b>14.9 %</b>