

Colombes, 29 February 2024

ARKEMA: FULL-YEAR 2023 RESULTS

The Group delivered a solid financial performance in 2023 in a demanding macroeconomic environment, with €1.5 billion in EBITDA, in line with its full-year guidance, and excellent cash generation. Arkema expects EBITDA to grow in 2024, mainly weighted to the second half of the year with the ramp-up of its major projects and a gradual improvement in market conditions.

- **Group sales of €9.5 billion**, down 16.1% on 2022 at constant scope and currency:
 - Volumes down by 10.0%, reflecting the overall slowdown in demand and destocking, although volumes were slightly higher in the fourth quarter relative to last year
 - Positive dynamic in innovation-driven high performance solutions addressing sustainable megatrends
 - Negative price effect of 6.1% reflecting lower prices for certain raw materials and the progressive price normalization of PVDF and upstream acrylics, which had benefited from particularly favorable conditions in 2022
- **EBITDA at €1,501 million**, down compared with last year's very high comparison base (€2,110 million), and solid **EBITDA margin** in this context of low demand at **15.8%** (18.3% in 2022). **Q4'23 EBITDA** up by 14% year-on-year to **€331 million** (€291 million in Q4'22), driven by the good performance of Adhesive Solutions and the resilience of the other segments
- **Adjusted net income of €653 million**, representing €8.75 per share (€15.75 in 2022)
- Excellent **recurring cash flow of €761 million**, reflecting the strict management of working capital and tight control of capital expenditure, and **net debt of €2,930 million** at end-December, representing 1.95x full-year EBITDA
- Proposed **dividend of €3.50 per share** (€3.40 in 2022), in line with the policy of a gradual increase, and corresponding to a payout ratio of 40%
- **Finalization** on 1 December 2023 of the acquisition of 54% of **PI Advanced Materials**, marking a key step in the strengthening of Arkema's very high performance polymers portfolio
- **Continued progress in CSR performance** with, in particular, reductions in greenhouse gas emissions of 7% for Scopes 1 and 2 and 9% for Scope 3 compared with 2022. Moreover, the share of women in senior management positions rose to 29% (26% in 2022)
- **Outlook for 2024:** the Group aims for EBITDA to grow in 2024 and reach between €1.5 billion and €1.7 billion. The start of the year should be in the continuity of the low demand of fourth-quarter 2023. EBITDA growth should be weighted mainly to the second half of the year with the ramp-up of the main growth projects from the second quarter onwards and the progressive improvement of market conditions.

Following Arkema's Board of Directors' meeting held on 28 February 2024 to approve the Group's consolidated financial statements for 2023, Chairman and CEO Thierry Le Hénaff said:

"Arkema recorded a solid financial performance in 2023 in a particularly demanding macroeconomic context. I would like to thank our teams, who once again demonstrated their agility and unwavering commitment, enabling Arkema to deliver some important achievements in 2023, notably in terms of cash generation, CSR performance and the strengthening of the Group's profile in Specialty Materials.

As 2024 has started in the continuity of the previous quarter, in a context of ongoing weak demand, we will continue to manage our operations tightly. We will benefit from the growing contribution, from spring onwards, of several major industrial projects in Asia and the United States, as well as from the integration of PI Advanced Materials' activities.

In addition to managing the short-term, our teams are fully mobilized on our 2028 objectives which we unveiled at the Capital Markets Day last September."

KEY FIGURES FOR 2023

<i>in millions of euros</i>		2023	2022	Change
Sales		9,514	11,550	-17.6%
EBITDA		1,501	2,110	-28.9%
	Specialty Materials	1,373	1,900	-27.7%
	Intermediates	213	306	-30.4%
	Corporate	-85	-96	
EBITDA margin		15.8%	18.3%	
	Specialty Materials	15.8%	18.1%	
	Intermediates	26.7%	30.0%	
Recurring operating income (REBIT)		939	1,560	-39.8%
	REBIT margin	9.9%	13.5%	
Adjusted net income		653	1,167	-44.0%
	Adjusted net income per share (in €)	8.75	15.75	-44.4%
Recurring cash flow		761	933	-18.4%
Free cash flow		625	784	-20.3%
Net debt including hybrid bonds		2,930	2,366	

2023 BUSINESS PERFORMANCE

Group **sales** came in at **€9,514 million** in 2023, down 17.6% on the previous year in a more challenging macroeconomic context, marked by lower underlying demand and destocking, first in Europe and then spreading to other regions of the world. The decline in volumes came in at 10% overall, affecting most of the Group's important end markets like construction, industry and consumer goods. Some markets such as automotive and energy resisted much better, and the dynamic remained positive in high performance solutions addressing sustainable megatrends, particularly in new energies, bio-based and recycled products, as well as in the areas of energy efficiency and lightweighting. The negative 6.1% price effect reflects the decline of certain raw materials and the normalization of PVDF and upstream acrylics relative to the particularly favorable conditions of 2022. Moreover, Arkema benefited from the repositioning of its portfolio towards higher value-added solutions. The scope effect was small, standing at a positive 0.7%, and included mainly two months' additional contribution from Ashland's adhesives business and three small acquisitions, partially offset by the divestment of Febex at the beginning of the year. The currency effect was a negative 2.2%, mainly as a result of the depreciation of the US dollar and Chinese yuan against the euro.

The share of Specialty Materials within total sales grew slightly and represented 92% of the Group's sales in 2023. Moreover, the geographic sales split saw the share of North America increase (37% of the Group's sales in 2023 *versus* 35% in 2022), Asia and the rest of the world decline to 29% *versus* 32% in 2022, and Europe remain steady (34% of sales in 2023 *versus* 33% in 2022).

At **€1,501 million** (€2,110 million in 2022), **EBITDA** held up well in view of the economic context, while reflecting the absence of the exceptional contribution in the prior year of around €400 million from PVDF and upstream acrylics. The dynamics were mixed between the various product lines, with Adhesive Solutions and Performance Additives reporting good growth in the second half of the year, driven by the product mix, dynamic management of sales prices and continued operational excellence actions.

In this less buoyant context than in the prior year, Arkema's **EBITDA margin** came in at a good level at **15.8%** (18.3% in 2022), reflecting notably the quality of the product mix in higher value-added solutions and appropriate management of pricing in a more normalized raw materials context.

At €562 million, recurring depreciation and amortization rose marginally year-on-year (€550 million in 2022). **Recurring operating income** (REBIT) therefore amounted to **€939 million** (€1,560 million in 2022) and **REBIT margin** came in at **9.9%** (13.5% in 2022).

The **financial result** represented a net expense of **€70 million** (€61 million in 2022), up by €9 million relative to 2022, reflecting mainly the impact of the bond issues carried out in 2023.

Excluding exceptional items, the tax rate amounted to 21% of recurring operating income in 2023.

Adjusted net income thus amounted to **€653 million**, representing **€8.75 per share** (€15.75 per share in 2022).

The Board of Directors decided that it would recommend, at the annual general meeting of 15 May 2024, a 3% increase in the dividend at **€3.50 per share** for 2023, in line with the policy of a gradual increase and representing a payout ratio of 40%. The dividend will be paid entirely in cash as from 21 May 2024, with an ex-dividend date on 17 May 2024.

CASH FLOW AND NET DEBT AT 31 DECEMBER 2023

Recurring cash flow reached the high level of **€761 million** (€933 million in 2022). It includes a €170 million cash inflow linked to working capital, which reflects the price effect and strict management of inventories. Excluding PI Advanced Materials, working capital thus represented 13.1% of the Group's annual sales at 31 December 2023 (12.6% at 31 December 2022). Recurring capital expenditure amounted to €608 million (€584 million in 2022) and represented 6.4% of Group sales in 2023. Calculated based on recurring cash flow, the EBITDA to cash conversion rate was 50.7%, exceeding the target of 40%.

Free cash flow totaled **€625 million** in the year (€784 million in 2022) and included residual exceptional capital expenditure of €26 million (€123 million in 2022) related to the bio-based polyamides project in Singapore and the hydrofluoric acid supply project with Nutrien in the United States. Thus, for full-year 2023, recurring and exceptional capital expenditure reached €634 million.

Free cash flow also included a non-recurring outflow of €110 million in 2023, mainly corresponding to start-up costs for the Singapore platform and restructuring costs in order to adapt the cost structure to the economic context.

Net cash flow from portfolio management operations primarily reflected the acquisition of a 54% majority stake in PI Advanced Materials and amounted to a **net outflow of €708 million** in 2023.

Net debt including hybrid bonds stood at **€2,930 million** at end-2023, including the payment of a €3.40 dividend per share for 2022 for a total payout of €253 million, the €32 million cost of share buybacks carried out by the Group, and €16 million in interest paid on hybrid bonds. This net debt figure represents 1.95x last-twelve-months EBITDA.

CONTINUOUS PROGRESS IN CSR PERFORMANCE

The Group continued to implement its CSR actions in 2023 to support the sustainable and responsible growth of its activities and by offering its customers solutions that contribute to their sustainable performance.

Arkema thus reduced its Scope 1 and 2 greenhouse gas emissions by 7% in 2023 compared with 2022 (-39% vs 2019) and by 9% for Scope 3 (-53% vs 2019). These results reflect the ongoing proactive initiatives taken by Arkema as part of the roll-out of its climate plan, accentuated by the temporary decrease in production volumes, in line with its 1.5°C trajectory by 2030 validated by the SBTi. In addition, on 26 February 2024, Arkema announced that it had signed long-term renewable energy supply contracts in the United States for the Calvert City, Beaumont, Chatham and West Chester sites, as well as for all Bostik sites, allowing it, with existing contracts for the Clear Lake and Bayport sites, to cover 40% of the electricity needs for the Group's operations in the United States by the end of 2024.

Moreover, in order to encourage eco-design and develop the circular economy, the Group increased the proportion of its sales covered by a life-cycle assessment to 56% of Group sales in 2023 (41% in 2022), in line with its long-term target of 90%.

The Group also maintained its high safety standards, with an accident rate per million hours worked stable at 0.9, among the leaders of the industry, and the process safety event rate per million hours worked also stable at 2.8.

Lastly, as a certified Top Employer 2024 in ten countries and a holder of the Top Employer Europe certification, Arkema continued to promote inclusion and diversity, as illustrated notably by the percentage of women in senior management and executive positions reaching 29% at end-2023.

On the strength of the Group's results and long-term commitments, its CDP climate change score was raised to A-. Its Sustainalytics score was also increased and the Group now ranks among the best in its sector. In addition, Arkema was once again included in S&P's Global Sustainability Yearbook.

2023 PERFORMANCE BY SEGMENT

ADHESIVE SOLUTIONS (29% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2023	2022	Change
Sales	2,714	2,898	-6.3%
EBITDA	380	366	+3.8%
EBITDA margin	14.0%	12.6%	
Recurring operating income (REBIT)	293	288	+1.7%
REBIT margin	10.8%	9.9%	

Sales in the Adhesive Solutions segment fell by 6.3% compared with 2022 to **€2,714 million**. This figure reflects mainly a 7.5% reduction in volumes linked to weak demand, as well as to destocking in the construction sector and certain industrial markets, which nevertheless subsided in the second half of the year. Sales also included a negative 2.8% currency effect. The price effect was slightly positive over the year, amounting to 0.9% and reflected on the one hand, during the first part of the year, the increased sales prices implemented in 2022 in response to cost inflation, and on the other hand, a negative price effect in the second half linked to the normalization of certain raw materials. The 3.1% positive scope effect corresponds to the integration of Polytec PT and Permoseal, as well as to the additional contribution from Ashland's adhesives business in the first two months of the year.

Recording robust growth of 16% in the second half of the year, **EBITDA** grew 3.8% in 2023 compared with 2022 and reached **€380 million**. This higher year-on-year performance despite lower volumes reflects the dynamic management of sales prices in an evolving environment of raw materials, as well as operational excellence and cost control actions. It also incorporates the contribution of acquisitions. **EBITDA margin** improved significantly by 140 bps to **14.0%**, also benefiting from the evolution in the product mix towards higher value-added applications.

ADVANCED MATERIALS (38% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2023	2022	Change
Sales	3,562	4,341	-17.9%
EBITDA	666	941	-29.2%
EBITDA margin	18.7%	21.7%	
Recurring operating income (REBIT)	366	663	-44.8%
REBIT margin	10.3%	15.3%	

At **€3,562 million**, **sales** of the Advanced Materials segment were down 17.9% year-on-year. Reflecting lower demand, volumes declined by 8.0%, also impacted by destocking, mostly in the first half for High Performance Polymers, and throughout the whole year for Performance Additives, mainly in Europe. The

business areas linked to sustainable megatrends grew, notably new energies and bio-based and recycled products, and the automotive and energy markets remained well oriented. In the second half of the year, High Performance Polymers volumes were up relative to the prior year, supported in particular by higher demand in batteries in China. The price effect was a negative 7.2%, essentially reflecting the normalization of PVDF in batteries following the significant tightness observed in the prior year. For the segment's other activities, the price effect was broadly positive, demonstrating the strength of their positioning and an improved product mix towards higher value-added solutions. The scope effect was a negative 0.6%, corresponding to the divestment of Febex, and the currency effect was a negative 2.1%.

In this context, **EBITDA** of **€666 million** was down 29.2% relative to the prior year's particularly high comparison base. Driven by significant growth in the second half, EBITDA for Performance Additives was up year-on-year despite lower volumes, supported by growth in high value-added applications in areas linked to sustainable megatrends, in particular new energies. The segment's **EBITDA margin** thus came to **18.7%** versus 21.7% in 2022.

COATING SOLUTIONS (25% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2023	2022	Change
Sales	2,402	3,250	-26.1%
EBITDA	327	593	-44.9%
EBITDA margin	13.6%	18.2%	
Recurring operating income (REBIT)	201	466	-56.9%
REBIT margin	8.4%	14.3%	

Sales of the Coating Solutions segment fell sharply by 26.1% year-on-year and amounted to **€2,402 million**, around 30% of which were in acrylic monomers. Volumes in this segment were down 12.4% overall, reflecting subdued demand and destocking in Europe and the United States in the decorative paints and industrial markets. The price effect of negative 13.1% reflects mainly the progressive normalization of market conditions in upstream acrylics after an exceptional 2022, as well as the pass-through of certain lower raw materials prices in downstream product lines. The scope effect of positive 0.7% is linked to the integration of Polimeros Especiales, and the currency effect was limited at a negative 1.3%.

In this context, **EBITDA** declined 44.9% on 2022 to **€327 million**. Downstream activities nevertheless held up better than upstream acrylics, driven by the benefits of an improved product mix towards higher value-added solutions and by dynamic price management. In this context of low volumes, **EBITDA margin** held up relatively well at **13.6%** (18.2% in 2022).

INTERMEDIATES (8% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2023	2022	Change
Sales	797	1,020	-21.9%
EBITDA	213	306	-30.4%
EBITDA margin	26.7%	30.0%	
Recurring operating income (REBIT)	170	245	-30.6%
REBIT margin	21.3%	24.0%	

At **€797 million**, **sales** in the Intermediates segment fell by 21.9% year-on-year, impacted by an 18.7% drop in volumes linked notably to low demand for acrylics in Asia. The price effect was a positive 0.1%, reflecting

good momentum for refrigerant gases in Europe and the United States, which offset less favorable market conditions for acrylics in Asia. The currency effect was a negative 3.3%.

In this context, **EBITDA** declined by 30.4% to **€213 million** and **EBITDA margin** remained at a high level of **26.7%** (30.0% in 2022).

KEY FIGURES FOR FOURTH-QUARTER 2023

<i>in millions of euros</i>	Q4'23	Q4'22	Change
Sales	2,222	2,507	-11.4%
EBITDA	331	291	+13.7%
Specialty Materials	312	286	+9.1%
Adhesive Solutions	94	75	+25.3%
Advanced Materials	149	148	+0.7%
Coating Solutions	69	63	+9.5%
Intermediates	40	24	+66.7%
Corporate	-21	-19	
EBITDA margin	14.9%	11.6%	
Specialty Materials	15.2%	12.3%	
Adhesive Solutions	14.6%	10.8%	
Advanced Materials	17.4%	14.5%	
Coating Solutions	12.5%	10.4%	
Intermediates	24.8%	13.3%	
Recurring operating income (REBIT)	174	146	+19.2%
REBIT margin	7.8%	5.8%	
Adjusted net income	107	88	+21.6%
Adjusted net income per share (in €)	1.43	1.16	+23.3%
Recurring cash flow	325	238	+36.6%
Free cash flow	283	199	+42.2%

Group **sales** declined 11.4% year-on-year to **€2,222 million**, impacted by a negative 10.5% price effect which reflected mainly a raw materials environment that was less tight. Volumes were up 2.0%, driven mainly by an improvement in Coating Solutions relative to the low comparison base of fourth-quarter 2022, and by the good performance of High Performance Polymers in Asia. The scope effect of positive 0.3% reflects the integration of Polytec PT in Adhesive Solutions and PI Advanced Materials in Advanced Materials in December, partially offset by the divestment of Febex. The currency effect of negative 3.2% was linked mainly to the appreciation of the euro against the US dollar.

At **€331 million**, **EBITDA** was 13.7% higher relative to fourth-quarter 2022, driven by the growth of Adhesive Solutions, the resilience of the other Specialty Materials segments and the good performance of refrigerant gases. **EBITDA margin** improved by 330 bps to **14.9%**.

Sales of the Adhesive Solutions segment totaled **€642 million**, down 7.2% compared with fourth-quarter 2022, impacted notably by a 3.2% negative currency effect. The negative 3.2% price effect reflects essentially the evolution of certain raw materials. Volumes were down slightly by 1.3%, reflecting ongoing soft demand and some residual destocking in Europe and the United States. The scope effect was a positive 0.5%, corresponding to the integration of Polytec PT.

At **€94 million**, the segment's **EBITDA** was up by a sharp 25.3% compared with fourth-quarter 2022, driven by the product mix, dynamic price management and ongoing operational excellence actions. **EBITDA margin** thus improved significantly to **14.6%** (10.8% in Q4'22), reflecting Bostik's teams' thorough work.

Sales of the Advanced Materials segment came in at **€857 million**, down 16.1% compared with fourth-quarter 2022, impacted by a 15.9% negative price effect which takes into account the evolution of raw materials. Volumes rose 2.3%, driven in particular by High Performance Polymers in Asia. Performance Additives volumes were down slightly as a result of weak demand in Europe, overshadowing the good performance of the United States. The scope effect was a positive 0.5%, corresponding to the contribution of PI Advanced Materials in December, partly offset by the divestment of Febex. The currency effect was a negative 3.0%. The segment's **EBITDA** was stable at **€149 million** (€148 million in Q4'22), and **EBITDA margin** improved by 290 bps to **17.4%**, benefiting also from a favorable product mix linked to stronger demand for higher value-added solutions.

At **€552 million, sales** for the Coating Solutions segment declined by 8.5% year-on-year, strongly impacted by a 17.3% negative price effect reflecting both less favorable market conditions in upstream acrylics and lower raw materials in downstream activities. Volumes were up 11.8%, benefiting from improved activity levels in view of the prior year's low point. The currency effect was a negative 3.0%. Driven notably by better volumes, **EBITDA** rose by 9.5% to **€69 million**, and **EBITDA margin** improved by 210 bps to **12.5%**.

At **€161 million, sales** of the Intermediates segment were 11.0% lower than in fourth-quarter 2022, impacted by a 21.0% drop in volumes which reflects lower demand for acrylics in Asia. The price effect of positive 14.4% reflected the solid momentum of refrigerant gases in Europe and the United States. The currency effect reduced the segment's sales by 4.4%. **EBITDA** rose sharply to **€40 million** (€24 million in Q4'22), driven by the good contribution of refrigerant gases. **EBITDA margin** thus grew to **24.8%** from 13.3% in fourth-quarter 2022.

FOURTH-QUARTER 2023 HIGHLIGHTS

On 1 December 2023, Arkema finalized the acquisition of Glenwood Private Equity's 54% stake in the listed South Korean company PI Advanced Materials (PIAM), for an enterprise value of €728 million. This acquisition completes Arkema's portfolio of high performance technologies for the fast-growing advanced electronics and electric mobility markets.

SUBSEQUENT EVENTS

On 2 January 2024, Arkema finalized the acquisition of Irish manufacturer Arc Building Products, specialized in construction adhesives and sealants and which generates around €15 million in annual sales.

OUTLOOK FOR 2024

In the first quarter, the macroeconomic context remains marked by a lack of visibility and soft demand in the continuity of fourth-quarter 2023. First-quarter EBITDA should thus be comparable to the fourth-quarter 2023 level and below the first-quarter 2023 level, which still benefited from favorable market conditions in PVDF and upstream acrylics, which progressively normalized during 2023.

Irrespective of a progressive rebound in demand, Arkema will benefit, starting in second-quarter 2024, from the ramp-up of several growth projects, which should contribute in the full year around €60 million to €70 million in terms of EBITDA. These projects include notably the hydrofluoric acid plant in partnership with Nutrien in the United States, the bio-based polyamide 11 unit in Singapore, the expansion of the Sartomer® plant in China and of the Pebax® plant in France, and the development of 1233zd fluorospecialties with low global warming potential. Arkema will also benefit from the contribution of the PIAM acquisition and from its associated growth synergies, in particular in the electronics and battery markets. Adhesive Solutions should achieve good growth in 2024, benefiting from the positive dynamic which started in second-half 2023.

Based on these factors, Arkema aims to achieve in 2024 a higher EBITDA, estimated at €1.5 billion to €1.7 billion depending on the level of recovery in demand, and with seasonality more weighted to the second half of the year.

Moreover, the Group will continue to implement its strategic roadmap unveiled at the Capital Markets Day of September 2023. It should notably confirm during the year its capital expenditure plan to support the growth of batteries for electric vehicles in the United States. It will continue to strengthen, in partnership with its customers, its innovation efforts in solutions for a less carbonized and more sustainable world, and pursue the implementation of its climate plan.

Further details concerning the Group's 2023 results are provided in the "Full-year 2023 results and highlights" presentation and the "Factsheet", both available on Arkema's website at: www.arkema.com/global/en/investor-relations/

The consolidated financial statements at 31 December 2023 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 are available on the Company's website at: www.arkema.com/global/en/investor-relations/

FINANCIAL CALENDAR

7 May 2024: Publication of first-quarter 2024 results

15 May 2024: Annual general meeting

1 August 2024: Publication of first-half 2024 results

6 November 2024: Publication of third-quarter 2024 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 a context of significant geopolitical tensions, where the outlook for the global economy remains 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, escalating geopolitical tensions, 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 2023 as reviewed by Arkema's Board of Directors on 28 February 2024. 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; and
- **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 a pure player in Specialty Materials in 2024, the Group is structured into three complementary, resilient and highly innovative segments dedicated to Specialty Materials – Adhesive Solutions, Advanced Materials, and Coating Solutions – accounting for some 92% of Group sales in 2023, 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 €9.5 billion in 2023, and operates in some 55 countries with 21,100 employees worldwide.

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ARKEMA financial statements

Consolidated financial information - At the end of December 2023

Consolidated financial statements as end of December 2022 and 2023 have been audited.

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>4th quarter 2023</u>	<u>4th quarter 2022</u>
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Sales	2,222	2,507
Operating expenses	(1,797)	(2,129)
Research and development expenses	(71)	(71)
Selling and administrative expenses	(213)	(219)
Other income and expenses	(59)	(70)
Operating income	82	18
Equity in income of affiliates	(2)	(2)
Financial result	(26)	(30)
Income taxes	(31)	23
Net income	23	9
Attributable to non-controlling interests	3	(2)
Net income - Group share	20	11
<i>Earnings per share (amount in euros)</i>	<i>0.27</i>	<i>0.13</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>0.27</i>	<i>0.13</i>

<i>(In millions of euros)</i>	<u>End of December 2023</u>	<u>End of December 2022</u>
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Sales	9,514	11,550
Operating expenses	(7,554)	(8,970)
Research and development expenses	(275)	(270)
Selling and administrative expenses	(874)	(868)
Other income and expenses	(130)	(155)
Operating income	681	1,287
Equity in income of affiliates	(9)	(6)
Financial result	(70)	(61)
Income taxes	(177)	(254)
Net income	425	966
Attributable to non-controlling interests	7	1
Net income - Group share	418	965
<i>Earnings per share (amount in euros)</i>	<i>5.39</i>	<i>12.81</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>5.36</i>	<i>12.75</i>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>4th quarter 2023</u>	<u>4th quarter 2022</u>
<i>(In millions of euros)</i>		
Net income	23	9
Hedging adjustments	6	7
Other items	0	1
Deferred taxes on hedging adjustments and other items	1	1
Change in translation adjustments	(155)	(459)
Other recyclable comprehensive income	(148)	(450)
Impact of remeasuring unconsolidated investments	—	—
Actuarial gains and losses	(41)	(79)
Deferred taxes on actuarial gains and losses	8	15
Other non-recyclable comprehensive income	(33)	(64)
Total income and expenses recognized directly in equity	(181)	(514)
Total comprehensive income	(158)	(505)
Attributable to non-controlling interest	(2)	(5)
Total comprehensive income - Group share	(156)	(500)

	<u>End of December 2023</u>	<u>End of December 2022</u>
<i>(In millions of euros)</i>		
Net income	425	966
Hedging adjustments	(45)	26
Other items	0	1
Deferred taxes on actuarial gains and losses	3	(2)
Change in translation adjustments	(189)	108
Other recyclable comprehensive income	(231)	133
Impact of remeasuring unconsolidated investments	—	(1)
Actuarial gains and losses	(22)	88
Deferred taxes on actuarial gains and losses	4	(14)
Other non-recyclable comprehensive income	(18)	73
Total income and expenses recognized directly in equity	(249)	206
Total comprehensive income	176	1,172
Attributable to non-controlling interest	0	—
Total comprehensive income - Group share	176	1,172

INFORMATION BY SEGMENT

4th quarter 2023

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	642	857	552	161	10	2,222
EBITDA	94	149	69	40	(21)	331
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(25)	(93)	(32)	(5)	(2)	(157)
Recurring operating income (REBIT)	69	56	37	35	(23)	174
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	(25)	(6)	(2)	—	—	(33)
Other income and expenses	(10)	(44)	(2)	1	(4)	(59)
Operating income	34	6	33	36	(27)	82
Equity in income of affiliates	—	(3)	—	1	—	(2)
Intangible assets and property, plant, and equipment additions	34	159	53	13	9	268
Of which: recurring capital expenditure	34	150	53	13	9	259

4th quarter 2022

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	692	1,022	603	181	9	2,507
EBITDA	75	148	63	24	(19)	291
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(21)	(74)	(32)	(16)	(2)	(145)
Recurring operating income (REBIT)	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)
Operating income	(17)	22	29	8	(24)	18
Equity in income of affiliates	—	(2)	—	—	—	(2)
Intangible assets and property, plant, and equipment additions	37	202	59	11	9	318
Of which: recurring capital expenditure	37	166	59	11	9	282

INFORMATION BY SEGMENT

End of december 2023

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	2,714	3,562	2,402	797	39	9,514
EBITDA	380	666	327	213	(85)	1,501
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(87)	(300)	(126)	(43)	(6)	(562)
Recurring operating income (REBIT)	293	366	201	170	(91)	939
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	(102)	(19)	(7)	—	—	(128)
Other income and expenses	(32)	(81)	(3)	—	(14)	(130)
Operating income	159	266	191	170	(105)	681
Equity in income of affiliates	—	(10)	—	1	—	(9)
Intangible assets and property, plant, and equipment additions	82	389	115	28	20	634
Of which: recurring capital expenditure	82	363	115	28	20	608

End of december 2022

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	2,898	4,341	3,250	1,020	41	11,550
EBITDA	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)
Recurring operating income (REBIT)	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)	—	23	(36)	(155)
Operating income	130	566	461	268	(138)	1,287
Equity in income of affiliates	—	(6)	—	—	—	(6)
Intangible assets and property, plant, and equipment additions	85	456	127	20	19	707
Of which: recurring capital expenditure	85	333	127	20	19	584

CONSOLIDATED CASH FLOW STATEMENT

End of december 2023

End of december 2022

(In millions of euros)

Operating cash flows

Net income	425	966
Depreciation, amortization and impairment of assets	718	707
Other provisions and deferred taxes	(30)	(45)
(Gains)/losses on sales of long-term assets	(34)	(38)
Undistributed affiliate equity earnings	10	6
Change in working capital	158	(137)
Other changes	25	37
Cash flow from operating activities	1,272	1,496

Investing cash flows

Intangible assets and property, plant, and equipment additions	(634)	(707)
Change in fixed asset payables	(44)	(23)
Acquisitions of operations, net of cash acquired	(714)	(1,616)
Increase in long-term loans	(71)	(93)
Total expenditures	(1,463)	(2,439)
Proceeds from sale of intangible assets and property, plant and equipment	14	18
Change in fixed asset receivables	(1)	—
Proceeds from sale of operations, net of cash transferred	32	19
Repayment of long-term loans	63	61
Total divestitures	108	98
Cash flow from investing activities	(1,355)	(2,341)

Financing cash flows

Issuance (repayment) of shares and paid-in surplus	—	48
Purchase of treasury shares	(32)	(22)
Dividends paid to parent company shareholders	(253)	(222)
Interest paid to bearers of subordinated perpetual notes	(16)	(16)
Dividends paid to non-controlling interests and buyout of minority interests	(3)	(4)
Increase in long-term debt	1,096	6
Decrease in long-term debt	(85)	(233)
Increase / (Decrease) in short-term debt	(191)	611
Cash flow from financing activities	516	168
Net increase/(decrease) in cash and cash equivalents	433	(677)
Effect of exchange rates and changes in scope	20	(16)
Cash and cash equivalents at beginning of period	1,592	2,285
Cash and cash equivalents at end of the period	2,045	1,592

CONSOLIDATED BALANCE SHEET

31 december 2023

31 december 2022

(In millions of euros)

ASSETS	31 december 2023	31 december 2022
Goodwill	3,040	2,655
Other intangible assets, net	2,416	2,178
Property, plant and equipment, net	3,730	3,429
Equity affiliates: investments and loans	13	24
Other investments	52	52
Deferred tax assets	157	166
Other non-current assets	251	245
TOTAL NON-CURRENT ASSETS	9,659	8,749
Inventories	1,208	1,399
Accounts receivable	1,261	1,360
Other receivables and prepaid expenses	170	202
Income tax receivables	142	130
Other current financial assets	32	57
Cash and cash equivalents	2,045	1,592
Assets held for sale	—	22
TOTAL CURRENT ASSETS	4,848	4,762
TOTAL ASSETS	14,517	13,511
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	750	750
Paid-in surplus and retained earnings	6,304	6,218
Treasury shares	(21)	(20)
Translation adjustments	170	352
SHAREHOLDERS' EQUITY - GROUP SHARE	7,203	7,300
Non-controlling interests	252	39
TOTAL SHAREHOLDERS' EQUITY	7,455	7,339
Deferred tax liabilities	436	362
Provisions for pensions and other employee benefits	397	382
Other provisions and non-current liabilities	416	458
Non-current debt	3,734	2,560
TOTAL NON-CURRENT LIABILITIES	4,983	3,762
Accounts payable	1,036	1,149
Other creditors and accrued liabilities	392	437
Income tax payables	83	109
Other current financial liabilities	27	13
Current debt	541	698
Liabilities related to assets held for sale	—	4
TOTAL CURRENT LIABILITIES	2,079	2,410
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	14,517	13,511

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			
At 1st January 2023	75,043,514	750	1,067	700	4,451	352	(231,087)	(20)	7,300	39	7,339
Cash dividend	—	—	—	—	(269)	—	—	—	(269)	(3)	(272)
Issuance of share capital	—	—	—	—	—	—	—	—	—	—	—
Capital decrease by cancellation of treasury shares	—	—	—	—	—	—	—	—	—	—	—
Purchase of treasury shares	—	—	—	—	—	—	(357,726)	(32)	(32)	—	(32)
Grants of treasury shares to employees	—	—	—	—	(31)	—	359,912	31	0	—	0
Share-based payments	—	—	—	—	25	—	—	—	25	—	25
Issuance of hybrid bonds	—	—	—	—	—	—	—	—	—	—	—
Redemption of hybrid bonds	—	—	—	—	—	—	—	—	—	—	—
Other	—	—	—	—	3	—	—	—	3	216	219
Transactions with shareholders	—	—	—	—	(272)	—	2,186	(1)	(273)	213	(60)
Net income	—	—	—	—	418	—	—	—	418	7	425
Total income and expense recognized directly through equity	—	—	—	—	(60)	(182)	—	—	(242)	(7)	(249)
Comprehensive income	—	—	—	—	358	(182)	—	—	176	0	176
At 31 december 2023	75,043,514	750	1,067	700	4,537	170	(228,901)	(21)	7,203	252	7,455

* The "Other" line corresponds to the share of the PI Advanced Materials acquisition

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

(In millions of euros)	End of december 2023	End of december 2022	4 th quarter 2023	4 th quarter 2022
OPERATING INCOME	681	1,287	82	18
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(128)	(118)	(33)	(58)
- Other income and expenses	(130)	(155)	(59)	(70)
RECURRING OPERATING INCOME (REBIT)	939	1,560	174	146
- Recurring depreciation and amortization of tangible and intangible assets	(562)	(550)	(157)	(145)
EBITDA	1,501	2,110	331	291

Details of depreciation and amortization of tangible and intangible assets:

(In millions of euros)	End of december 2023	End of december 2022	4 th quarter 2023	4 th quarter 2022
Depreciation and amortization of tangible and intangible assets	(718)	(707)	(206)	(215)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(562)	(550)	(157)	(145)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(128)	(118)	(33)	(58)
Of which: Impairment included in other income and expenses	(28)	(39)	(16)	(12)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of december 2023	End of december 2022	4 th quarter 2023	4 th quarter 2022
NET INCOME - GROUP SHARE	418	965	20	11
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(128)	(118)	(33)	(58)
- Other income and expenses	(130)	(155)	(59)	(70)
- 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	30	25	7	13
- Taxes on other income and expenses	14	27	0	22
- One-time tax effects	(21)	19	(2)	16
ADJUSTED NET INCOME	653	1,167	107	88
Weighted average number of ordinary shares	74,647,205	74,095,040		
Weighted average number of potential ordinary shares	75,043,514	74,420,933		
ADJUSTED EARNINGS PER SHARE (in euros)	8.75	15.75	1.43	1.16
DILUTED ADJUSTED EARNINGS PER SHARE (in euros)	8.70	15.68	1.42	1.16

RECURRING CAPITAL EXPENDITURE

(In millions of euros)	End of december 2023	End of december 2022	4 th quarter 2023	4 th quarter 2022
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	634	707	268	318
- Exceptional capital expenditure	26	123	9	36
- Investments relating to portfolio management operations	—	—	—	—
- Capital expenditure with no impact on net debt	—	—	0	—
RECURRING CAPITAL EXPENDITURE	608	584	259	282

CASH FLOWS AND EBITDA TO CASH CONVERSION RATE

(In millions of euros)	End of december 2023	End of december 2022	4 th quarter 2023	4 th quarter 2022
Cash flow from operating activities	1,272	1,496	462	457
+ Cash flow from investing activities	(1,355)	(2,341)	(843)	(259)
NET CASH FLOW	(83)	(845)	(381)	198
- Net cash flow from portfolio management operations	(708)	(1,629)	(664)	(1)
FREE CASH FLOW	625	784	283	199
Exceptional capital expenditure	(26)	(123)	(9)	(36)
- Non-recurring cash flow	(110)	(26)	(33)	(3)
RECURRING CASH FLOW	761	933	325	238

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.

(In millions of euros)	End of december 2023	End of december 2022
RECURRING CASH FLOW	761	933
EBITDA	1,501	2,110
EBITDA TO CASH CONVERSION RATE	50.7%	44.2%

NET DEBT

<i>(In millions of euros)</i>	<u>End of december 2023</u>	<u>End of december 2022</u>
Non-current debt	3,734	2,560
+ Current debt	541	698
- Cash and cash equivalents	2,045	1,592
NET DEBT	2,230	1,666
+ Hybrid bonds	700	700
NET DEBT AND HYBRID BONDS	2,930	2,366

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of december 2023</u>	<u>End of december 2022</u>
Inventories	1,208	1,399
+ Accounts receivable	1,261	1,360
+ Other receivables including income taxes	312	332
+ Other current financial assets	32	57
- Accounts payable	1,036	1,149
- Other liabilities including income taxes	475	546
- Other current financial liabilities	27	13
WORKING CAPITAL	1,275	1,440

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of december 2023</u>	<u>End of december 2022</u>
Goodwill, net	3,040	2,655
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	6,146	5,607
+ Investments in equity affiliates	13	24
+ Other investments and other non-current assets	303	297
+ Working capital	1,275	1,440
CAPITAL EMPLOYED	10,777	10,023
Adjustment *	(1,038)	13
ADJUSTED CAPITAL EMPLOYED	9,739	10,036

* In 2022, elements of capital employed classified as assets held for sale (Febex).

In 2023, capital employed relating to PIAM, consolidated at the end of the year and with no material contribution to income for the year.

RETURN ON CAPITAL EMPLOYED (ROCE)

<i>(In millions of euros)</i>	<u>End of december 2023</u>	<u>End of december 2022</u>
Recurring operating income (REBIT)	939	1,560
Adjusted capital employed	9,739	10,036
ROCE	9.6 %	15.5 %