

Colombes, 27 February 2025

ARKEMA: FULL-YEAR 2024 RESULTS

Solid performance in 2024, with EBITDA slightly up at €1.53 billion and an EBITDA margin of 16.1%, reflecting the Group's resilience and capacity to adapt in a challenging macroeconomic environment.

- **Sales of €9.5 billion**, stable compared with 2023:
 - Volumes up 2.4% supported by growth in Specialty Materials in Asia
 - More favorable volume dynamics in certain markets such as sports, packaging, batteries and energy
 - Negative 3.0% price effect, reflecting a slight decrease in raw materials prices
- **EBITDA of €1,532 million and EBITDA margin at 16.1%**, slightly up compared to last year, benefiting from the Group's balanced geographical footprint and the quality of its portfolio of technologies:
 - Significant growth in Adhesive Solutions and High Performance Polymers, while results of Performance Additives and Coating Solutions were down
 - Contrasting trends between regions, with very strong growth in Asia, a relative stability in North America and a decline in Europe
- **Adjusted net income of €616 million**, representing €8.23 per share (€8.75 in 2023) and **recurring cash flow of €419 million. Net debt and hybrid bonds of €3.2 billion** at end-December, representing **2.1x EBITDA** for the year
- A proposed **dividend** up 2.9% at **€3.60 per share** (€3.50 in 2023)
- **Finalization** on 2 December 2024 of the acquisition of Dow's flexible packaging laminating adhesives business, another important milestone in the development of the Adhesive Solutions segment
- **Continued progress of CSR indicators**, leading the Group to strengthen several 2030 targets, notably relating to Scope 3 greenhouse gas emissions

Chairman and CEO Thierry Le Hénaff said:

"I would like first of all to thank Arkema's teams who were able to adapt to a demanding macroeconomic and geopolitical context last year. The Group thus once again achieved a solid financial performance in 2024 and continued to implement its innovation strategy for more sustainable solutions and the execution of large-scale projects in Asia and North America which will have a strong contribution in the future. 2024 was also a year of progress in terms of CSR, notably in the areas of safety, climate and diversity, with several achievements ahead of long-term objectives. We are also pleased to have finalized the acquisition of Dow's flexible packaging adhesives last December, a new step in the growth strategy of our Adhesive Solutions segment in high value-added technologies."

Outlook

In a macroeconomic environment which remains uncertain and marked by weak demand at the start of the year, the Group aims for its EBITDA to grow in 2025 and reach between €1.53 billion and €1.67 billion, supported by a significant additional contribution from its major projects in Specialty Materials of around €100 million EBITDA compared to 2024, while Intermediates are expected to decrease. The Group also plans to strongly increase its recurring cash flow to around 600 million euros in 2025.

KEY FIGURES FOR 2024

<i>in millions of euros</i>	2024	2023	Change
Sales	9,544	9,514	+0.3%
EBITDA ^(a)	1,532	1,501	+2.1%
Specialty Materials	1,420	1,373	+3.4%
Intermediates	198	213	-7.0%
Corporate	-86	-85	
EBITDA margin ^(a)	16.1%	15.8%	
Specialty Materials	16.2%	15.8%	
Intermediates	25.8%	26.7%	
Recurring operating income (REBIT) ^(a)	895	939	-4.7%
REBIT margin ^(a)	9.4%	9.9%	
Adjusted net income ^(a)	616	653	-5.7%
Adjusted net income per share (in €) ^(a)	8.23	8.75	-5.9%
Operating income	586	681	-14.0%
Net income - Group share	354	418	-15.3%
Recurring cash flow ^(a)	419	761	-44.9%
Free cash flow ^(a)	358	625	-42.7%
Net debt and hybrid bonds ^(a)	3,241	2,930	

(a) Alternative performance indicator : refer to the consolidated financial information at the end of December 2024 available at the end of the document for the reconciliation tables and the definitions, detailed in sections 6 and 8

2024 BUSINESS PERFORMANCE

Group **sales** were stable compared with 2023, at **€9,544 million** (+0.3%) in a macroeconomic context marked by globally weak demand. Group volumes were nevertheless up 2.4% on the previous year, led by Specialty Materials (+3.1%), up in each segment. They benefited in particular from sustained growth in Asia and improved momentum in certain markets such as sports, packaging, batteries and energy. On the other hand, the construction and automotive sectors operated in a more difficult environment. Intermediates volumes were down by 4.8%, impacted mechanically by the reduction in existing quotas of refrigerant gases. The negative 3.0% price effect reflected the slight decrease in raw materials prices, that stabilized in the second half, as well as the unfavorable market conditions in upstream acrylics. The 2.0% positive scope effect corresponded essentially to the acquisition of PIAM in Advanced Materials and Arc Building Products in Adhesive Solutions. The currency effect was a negative 1.1%, mainly due to the depreciation of Latin American currencies and Chinese yuan against the euro, while the US dollar appreciated towards the year-end.

In 2024, the share of Specialty Materials was stable compared with 2023, and represented 92% of Group's sales. In addition, the geographic breakdown of sales reflected observed market trends in the various regions, with Asia and the rest of the world accounting now for 32% of the Group's sales (29% in 2023), North America 35% (37% in 2023) and Europe 33% (34% in 2023).

At **€1,532 million** (€1,501 million in 2023), **EBITDA** was up 2.1% on the previous year, led by very strong growth in Asia, partly offset by a marked downturn in Europe while North America remained stable. Specialty Materials EBITDA was up 3.4% on 2023, benefiting from a strong increase in Adhesive Solutions and High Performance Polymers, while Performance Additives were down on the previous year's high basis of comparison and Coating Solutions were affected by low cycle market conditions in upstream acrylics. This performance included the contribution of around €50 million from major organic growth projects that will continue to ramp up over the coming years. Intermediates were down, reflecting the effect of existing quota mechanisms in refrigerant gases in Europe and North America.

In a lackluster market environment, the Group achieved a good level of **EBITDA margin at 16.1%** (15.8% in 2023), benefiting from its balanced geographical footprint and reflecting the quality of its portfolio of technologies, the improved product mix, the strict control of its operations and the dynamic price management.

At €637 million, recurring depreciation and amortization were up compared to previous year (€562 million in 2023), mainly due to the consolidation of PIAM and the start-up of new production units in Advanced Materials. **Recurring operating income** (REBIT) therefore amounted to **€895 million** (€939 million in 2023) and **REBIT margin** came in at **9.4%** (9.9% in 2023).

The **financial result** was stable compared to 2023, representing a net expense of **€73 million** (net expense of €70 million in 2023).

Excluding exceptional items, the effective tax rate stood at 22% of recurring operating income in 2024. **Adjusted net income** thus amounted to **€616 million**, representing **€8.23 per share** (€8.75 per share in 2023).

In line with the policy of gradually increasing the dividend and given last year's results, the Board of Directors has decided that it would recommend, at the annual general meeting of 22 May 2025, a 2.9% increase in the **dividend at €3.60 per share** for 2024, representing a payout ratio of 44% in line with the Group's long-term objectives. The dividend will be paid entirely in cash as from 28 May 2025, with an ex-dividend date on 26 May 2025.

CASH FLOW AND NET DEBT AT 31 DECEMBER 2024

Operating cash flow amounted to **€1,180 million** (€1,369 million in 2023), including a €60 million outflow linked to changes in working capital and in fixed assets payables (€127 million inflow in 2023, benefiting from a favorable price effect). Working capital remained well controlled and represented 13.8% of the Group's annual sales at 31 December 2024, excluding the working capital of Dow's laminating adhesives business consolidated at the very end of the year (13.1% at 31 December 2023 excluding PIAM). The EBITDA to operating cash conversion rate stood at 77%, in line with the 70% target announced by the Group at the Capital Markets Day in September 2023.

Recurring cash flow amounted to **€419 million** (€761 million in 2023), including an increase in recurring capital expenditure to €761 million (€608 million in 2023), in line with the guidance and reflecting the progress of several major projects. After fine-tuning its analysis of potential future capital expenditure and taking into account a projected slower ramp-up of the electric vehicle market, the Group adjusted the capital expenditure envelop that was announced at the September 2023 Capital Markets Day, and now plans to spend between €650 million and €700 million a year over the 2025-28 period, and the amount for 2025 should be in the middle of this range.

Free cash flow stood at **€358 million** on the year (€625 million in 2023), including a non-recurring cash outflow of €61 million in 2024 corresponding essentially to start-up costs for the Singapore platform and restructuring costs.

Net cash flow from portfolio management operations represented a net outflow of €177 million in 2024, reflecting mainly the acquisition of Dow's flexible packaging laminating adhesives business and of Arc Building Products. The €708 million net outflow in 2023 reflected essentially the acquisition of a 54% majority stake in PI Advanced Materials.

Net debt and hybrid bonds stood at **€3,241 million** at end-2024 (€2,930 million at end-2023), including notably the €3.50 dividend per share for 2023 for a total payout of €261 million, the €35 million cost of share buybacks carried out by the Group and €16 million in interest paid on hybrid bonds. The debt also included the renewal in 2024 of the 10-year lease commitments of the French and American head offices. At end-2024, net debt and hybrid bonds represented 2.1x last twelve months EBITDA.

CSR PERFORMANCE

In 2024, Corporate Social Responsibility remained at the heart of the Group's initiatives, with excellent results, ahead of long-term objectives in many fields.

In the area of safety, the accident rate per million hours worked continued to decrease to reach by 2024 the 2030 target of 0.8 (0.9 in 2023), which has led the Group to revise this objective to 0.7 accidents per million hours worked. The process safety event rate per million hours worked also improved to 2.5 (2.8 in 2023), in line with the 2030 objective.

Decarbonization efforts have continued to pay off, with a 42% reduction in Scopes 1 and 2 greenhouse gas emissions at the end of 2024 compared to the 2019 reference (39% at end-2023) and a 62% reduction in Scope 3 emissions (53% at end-2023). These excellent results reflect the continuation of the roll-out of the Group's climate plan, as well as the progressive decline of the most emissive activities. Arkema has thus already exceeded its 2030 objective for Scope 3 emissions defined as part of the 1.5°C trajectory validated by the Science Based Targets Initiative (SBTi) and has set a new, more ambitious target of a 67% reduction in Scope 3 emissions in 2030 compared to 2019 (against 54% previously).

Arkema has also significantly decreased its water withdrawals to 82 million cu.m. during the year, reaching already in 2024 the target originally set for 2030. The Group thus set a more ambitious target at 80 million cu.m in 2030, representing a 27% reduction compared to 2019. The 2030 target was also already exceeded for emissions to water, measured through the chemical oxygen demand, which fell by 69% compared with the 2012 baseline, with a 2030 reduction target revised to 70% (from 65% previously).

In addition, the portion of sales contributing significantly to Sustainable Development Goals increased again to reach 53% of sales (51% in 2023). However, the Group has revised its 2030 target to 60% (against 65% initially), to take into account the slower-than-expected growth of the electric vehicle market.

Finally, Arkema was once again certified Top Employer 2025 in ten countries and was awarded the Top Employer Europe label. Initiatives to promote diversity were pursued, enabling to meet already in 2024 the 2030 target of 30% of senior management and executive positions held by women and leading to raising this objective to 35%.

2024 PERFORMANCE BY SEGMENT

ADHESIVE SOLUTIONS (29% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2024	2023	Change
Sales	2,722	2,714	+0.3%
EBITDA ^(a)	412	380	+8.4%
EBITDA margin ^(a)	15.1%	14.0%	
Recurring operating income (REBIT) ^(a)	323	293	+10.2%
REBIT margin ^(a)	11.9%	10.8%	

(a) Alternative performance indicator : refer to the consolidated financial information at the end of December 2024 available the end of the document for reconciliation tables and definitions, detailed in sections 6 and 8

Sales in the Adhesive Solutions segment were stable compared with 2023 at **€2,722 million**. Volumes rose 2.4%, supported by industrial adhesives, notably in the packaging and labeling markets, as well as in durable goods in the first part of the year, while the construction market stabilized at a low level. The price effect was a negative 2.0%, primarily reflecting the decrease of certain raw materials prices, and the currency effect was a negative 1.2%. The 1.1% positive scope effect corresponded to the consolidation of Arc Building Products over the whole year, while the contribution of Dow's flexible packaging laminating adhesives business, acquired on 2 December 2024, was very limited.

Up sharply by 8.4% compared to last year, **EBITDA** stood at **€412 million** and the **EBITDA margin** improved significantly by 110 bps, reaching a record level of **15.1%** over the year (14.0% in 2023), which confirms the segment's full potential. Including the contribution of the latest bolt-on acquisitions and related synergies, this good performance also reflected the improvement in the product mix, the dynamic management of selling prices reflecting the high added-value of our high performance solutions, and operational excellence initiatives.

ADVANCED MATERIALS (37% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2024	2023	Change
Sales	3,562	3,562	-
EBITDA ^(a)	707	666	+6.2%
EBITDA margin ^(a)	19.8%	18.7%	
Recurring operating income (REBIT) ^(a)	336	366	-8.2%
REBIT margin ^(a)	9.4%	10.3%	

(a) Alternative performance indicator : refer to the consolidated financial information at the end of December 2024 available the end of the document for reconciliation tables and definitions, detailed in sections 6 and 8

Advanced Materials **sales** were stable compared with 2023 at **€3,562 million**. Volumes grew 1.2%, supported by a positive dynamic in Asia, partially offset by the marked decline in Europe. High Performance Polymers volumes showed good growth, supported notably by the battery, sports, energy and medical markets, but impacted by the slowdown in the automotive market in the second-half, notably in Europe. Performance Additives volumes were stable over the year, despite the impact of the temporary shutdown of our German organic peroxides site following the exceptional flooding of the Danube at the beginning of June. The price effect was a negative 4.4%, mainly reflecting the evolution of raw material prices. The segment's sales benefited also from a 4.7% positive scope effect corresponding to the contribution of PIAM and the currency effect was a negative 1.5%.

EBITDA of **€707 million** was up by 6.2% compared to last year, driven by growth in High Performance Polymers, which benefited from a strong geographical footprint in Asia, the contribution of new applicative developments, for example in sports, PIAM consolidation and the development of fluorospecialties with low emissive impact. Performance Additives were down on last year's high comparison base and were impacted by the temporary shutdown of our German organic peroxides site. The **EBITDA margin** increased significantly by 110 bps and reached **19.8%** compared to 18.7% in 2023.

COATING SOLUTIONS (26% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2024	2023	Change
Sales	2,455	2,402	+2.2%
EBITDA ^(a)	301	327	-8.0%
EBITDA margin ^(a)	12.3%	13.6%	
Recurring operating income (REBIT) ^(a)	174	201	-13.4%
REBIT margin ^(a)	7.1%	8.4%	

(a) Alternative performance indicator : refer to the consolidated financial information at the end of December 2024 available the end of the document for reconciliation tables and definitions, detailed in sections 6 and 8

Coating Solutions **sales** were 2.2% higher compared to last year, and stood at **€2,455 million**, around 30% of which were in acrylic monomers. Volumes increased by 6.8%, driven by the segment's downstream activities, in particular in the industrial coatings and electronics markets, and benefited also from the ramp-up of Sartomer's UV curing resins capacity expansion in China. Volumes were also higher in upstream acrylics in Europe compared to a low comparison base last year, notably supported by the hygiene and water treatment markets. The negative 4.1% price effect reflected the decrease of certain raw material prices compared to last year and unfavorable market conditions in upstream acrylics. The currency effect was limited to a negative 0.5%.

At **€301 million** (€327 million in 2023), **EBITDA** was impacted by low cycle market conditions in upstream acrylics while the EBITDA of downstream activities grew, supported by the increase in volumes and the development of high value-added solutions focused notably on sustainability. In this context, the **EBITDA margin** benefited from the integration in the acrylic chain and stood at **12.3%** (13.6% in 2023).

INTERMEDIATES (8% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	2024	2023	Change
Sales	768	797	-3.6%
EBITDA ^(a)	198	213	-7.0%
EBITDA margin ^(a)	25.8%	26.7%	
Recurring operating income (REBIT) ^(a)	157	170	-7.6%
REBIT margin ^(a)	20.4%	21.3%	

(a) Alternative performance indicator : refer to the consolidated financial information at the end of December 2024 available the end of the document for reconciliation tables and definitions, detailed in sections 6 and 8

Sales in the Intermediates segment were down 3.6% compared to last year at **€768 million**. Volumes decreased by 4.8% reflecting the reduction in existing quotas in refrigerant gases in Europe and the United States, partially compensated by an increase in volumes in acrylics in China. Up 3.1%, prices mainly reflected the increase in refrigerant gases. At a negative 1.2%, the scope effect corresponded to the disposal of non-strategic assets in sebacic acid in China in the fourth quarter and the currency effect was a negative 0.7%.

The segment's **EBITDA** remained at the very solid level of **€198 million**, although down 7.0% compared to last year, the decline in volumes linked to the quota mechanisms in refrigerant gases being largely offset by the increase in prices. Moreover, market conditions stayed at a low point in acrylics in China. In this context, the **EBITDA margin** stood at **25.8%** (26.7% in 2023).

KEY FIGURES FOR FOURTH-QUARTER 2024

<i>in millions of euros</i>	Q4'24	Q4'23	Change
Sales	2,273	2,222	+2.3%
EBITDA ^(a)	324	331	-2.1%
Specialty Materials	311	312	-0.3%
Adhesive Solutions	91	94	-3.2%
Advanced Materials	166	149	+11.4%
Coating Solutions	54	69	-21.7%
Intermediates	24	40	-40.0%
Corporate	-11	-21	
EBITDA margin ^(a)	14.3%	14.9%	
Specialty Materials	14.8%	15.2%	
Adhesive Solutions	13.9%	14.6%	
Advanced Materials	18.8%	17.4%	
Coating Solutions	9.6%	12.5%	
Intermediates	14.5%	24.8%	
Recurring operating income (REBIT) ^(a)	145	174	-16.7%
REBIT margin ^(a)	6.4%	7.8%	
Adjusted net income ^(a)	96	107	-10.3%
Adjusted net income per share (in €) ^(a)	1.27	1.43	-11.2%
Operating income	50	82	-39.0%
Net income - Group share	12	20	-40.0%
Recurring cash flow ^(a)	157	325	-51.7%
Free cash flow ^(a)	148	283	-47.7%

(a) Alternative performance indicator : refer to the consolidated financial information at the end of December 2024 available at the end of the document for reconciliation tables and definitions, detailed in sections 6 and 8

Group sales in fourth-quarter 2024 increased by 2.3% compared to last year and stood at **€2,273 million**. Up 3.2%, volumes improved in all segments and remained driven by Asia. They grew in the battery, sports and packaging markets, while the automotive market remained down. The negative 1.9% price effect was in line with the evolution of raw materials and reflected also market conditions in acrylics. The 1.4% positive scope effect corresponded essentially to the acquisition of PIAM in Advanced Materials. The currency effect was limited to a negative 0.4%, the depreciation of Latin American currencies against the euro being offset by the appreciation of the US dollar and Chinese yuan during the fourth quarter.

EBITDA was down slightly by 2.1% year on year, at **€324 million**. It was stable in Specialty Materials and down in Intermediates compared to a high comparison base in refrigerant gases in the fourth quarter of previous year. The **EBITDA margin** was slightly down at **14.3%** (14.9% in Q4'23).

Adhesive Solutions **sales** stood at **€654 million**, up 1.9% compared with fourth-quarter 2023, essentially reflecting the 2.2% positive scope effect which corresponded notably to the consolidation of Dow's laminating adhesives business in December. Volumes were up 0.6%, while the currency effect was limited to a negative 0.8% and the price effect was almost stable at a negative 0.1%.

At **€91 million**, the segment's **EBITDA** was down slightly by 3.2% compared to the particularly high comparison base of the fourth quarter of last year and the **EBITDA margin** stood at **13.9%** (14.6% in Q4'23).

Up 2.8% compared to fourth-quarter 2023, **sales** in the Advanced Materials segment stood at **€881 million**. Volumes were up 2.4%, driven primarily by High Performance Polymers volumes in the battery, sports and

health markets. The negative 2.3% price effect reflected the evolution of raw materials. The positive 3.3 % scope effect corresponded to a contribution of two additional months of PIAM in the fourth quarter of 2024 compared to last year. The impact of the currency effect was low at a negative 0.6%.

The segment's **EBITDA** grew significantly by 11.4% to **€166 million**, driven by High Performance Polymers, which benefited from new developments linked to sustainable megatrends and the contribution of PIAM. Performance Additives were down, impacted notably by the residual effects of the temporary shutdown of the organic peroxides site in Germany. The **EBITDA margin** was sharply up by 140 bps and reached **18.8%** (17.4% in Q4'23).

At **€565 million**, Coating Solutions segment's **sales** were up 2.4% year-on-year, mainly driven by an increase in volumes of 2.6 %, which improved notably in upstream acrylics in Europe compared to a weak comparison base last year, supported in particular by the hygiene and water treatment markets. The price effect was stable, with the good performance of the segment's downstream activities offsetting the unfavorable market conditions in upstream acrylics. The currency effect was limited to a negative 0.2%.

EBITDA was down to **€54 million** (€69 million in Q4'23), essentially impacted by low cycle margins in upstream acrylics, while the EBITDA of the segment's downstream activities were stable compared to last year. The **EBITDA margin** stood at **9.6%** (12.5% in Q4'23).

At **€165 million**, **sales** of the Intermediates segment increased by 2.5% compared to the fourth quarter of 2023. It benefited from a marked increase in volumes of 20.5%, driven mainly by acrylics in Asia, compared to a low point last year. The price effect was a negative 13.0 % compared to a reference base for last year which benefited from particularly favorable dynamics in refrigerant gases in Europe and the United States. The scope effect was a negative 6.2%, corresponding to the disposal of non-strategic assets in sebacic acid in China in the fourth quarter, and the currency effect was a positive 1.2%.

At **€24 million** (€40 million in Q4'23), **EBITDA** was down year-on-year, mainly impacted by refrigerant gases. In this context, the **EBITDA margin** stood at **14.5%** (24.8% in Q4'23).

FOURTH-QUARTER 2024 HIGHLIGHTS

On 2 December 2024, Arkema finalized the acquisition of Dow's flexible packaging laminating adhesives business for an enterprise value of US\$150 million, marking an important milestone in the strategy to strengthen the Group's position in the flexible packaging adhesives market. This acquisition will enable Arkema to ideally complement its existing commercial presence, product offering and technological breadth for flexible packaging. Beyond benefiting from the underlying growth and from the recovery of the market, the Group aims to rapidly capture new growth opportunities. It also expects to deliver a high level of cost and development synergies, which should represent around US\$30 million in EBITDA after 5 years.

SUBSEQUENT EVENTS

On 21 January 2025, Arkema presented to the Central Works Council a project to reorganize the activities of its Jarrie site in order to ensure its future by refocusing on hydrogen peroxide, chlorate and perchlorate activities, sectors in which Arkema is one of the world leaders. The Jarrie site has been impacted since 23 October 2024, by the abrupt cessation of its salt supply by its historical supplier Vencorex, which has been placed in receivership by its Thai shareholder PTT GC. This project, which will allow the consolidation and development of Jarrie's major product lines, would result in the shutdown of the chlorine, soda, methyl chloride and technical fluids production activities and the loss of 154 jobs.

On 26 February 2025, Arkema announced a 15% capacity expansion of its PVDF production site in Calvert City, Kentucky, representing an investment of around 20 million US dollars, aligned with the strategy of the Group to increase its global PVDF footprint at a pace and with capabilities that match the development of the market. This expansion, whose startup is planned for mid-2026, will support the increasing demand for locally manufactured high-performance resins for lithium-ion batteries, as well as the growing semiconductor and cable markets.

OUTLOOK

In a macroeconomic environment that remains uncertain and marked by weak demand at the start of the year, the Group will continue to rely on its balanced geographical footprint and the diversity of its end markets to benefit from the different regional dynamics and will continue its cost control actions, as well as the strict management of its operations.

Arkema has also strong development potential thanks to the major growth projects, in which it has recently invested. These include acquisitions in the polyimides sector with PIAM, and in the adhesives sector with Ashland and Dow, as well as the new production capacities in Advanced Materials to serve attractive markets such as bio-based consumer products, new energies, electrification, 3D printing or sports. Building on these projects and the respective dynamics of each region, the Group's sales breakdown should continue to evolve and could reach in the long-term around 40% in North America, 35% in Asia and the rest of the world and 25% in Europe.

Based on these factors, the Group aims for its EBITDA to grow in 2025 and reach between €1.53 billion and €1.67 billion depending on the evolution of macroeconomic conditions, with a first quarter slightly below last year. The Group will benefit from the progressive ramp up during the year of its major projects in Specialty Materials, with a significant additional contribution of around €100 million EBITDA compared to 2024, while Intermediates are expected to decrease. The Group also plans to strongly increase its recurring cash flow to around 600 million euros in 2025.

Arkema will also continue to implement its strategic roadmap unveiled at the Capital Markets Day in September 2023, notably its innovation efforts and the development of high-performance solutions for a less carbon-intensive and more sustainable world, in partnership with its customers.

Further details concerning the Group's 2024 results are provided in the "Full-year 2024 results and outlook" 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 2024 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 have been posted on the Company's website at:
www.arkema.com/global/en/investor-relations/

FINANCIAL CALENDAR

7 May 2025: Publication of first-quarter 2025 results

22 May 2025: Annual general meeting

31 July 2025: Publication of first-half 2025 results

7 November 2025: Publication of third-quarter 2025 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, and 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 2024 as approved by Arkema's Board of Directors on 26 February 2025. Quarterly financial information is not audited.

Information by segment is presented in accordance with Arkema's internal reporting system used by management. Definitions and reconciliation tables for the main alternative performance indicators used by the Group are provided in Sections 6 and 8 to the 31 December 2024 consolidated financial information available at the end of this document.

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 2024, 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 2024 and operates in some 55 countries with 21,150 employees worldwide.

Investor relations contacts

Béatrice Zilm	+33 (0)1 49 00 75 58	beatrice.zilm@arkema.com
James Poutier	+33 (0)1 49 00 73 12	james.poutier@arkema.com
Alexis Noël	+33 (0)1 49 00 74 37	alexis.noel@arkema.com
Colombe Boiteux	+33 (0)1 49 00 72 07	colombe.boiteux@arkema.com

Media contacts

Gilles Galinier	+33 (0)1 49 00 70 07	gilles.galinier@arkema.com
Anne Plaisance	+33 (0)6 81 87 48 77	anne.plaisance@arkema.com

Arkema

420, rue d'Estienne d'Orves
92705 Colombes Cedex
France
T +33 (0)1 49 00 80 80

Follow us on:

 [Twitter.com/Arkema_group](https://twitter.com/Arkema_group)
 [LinkedIn.com/company/arkema](https://www.linkedin.com/company/arkema)

ARKEMA financial statements

Consolidated financial information - At the end of December 2024

Consolidated financial statements as of December 2023 and 2024 have been audited.

1. CONSOLIDATED INCOME STATEMENT

	<u>4th quarter 2024</u>	<u>4th quarter 2023</u>
<i>(In millions of euros)</i>		
<hr/>		
Sales	2,273	2,222
Operating expenses	(1,873)	(1,797)
Research and development expenses	(71)	(71)
Selling and administrative expenses	(225)	(213)
Other income and expenses	(54)	(59)
Operating income	50	82
Equity in income of affiliates	(2)	(2)
Financial result	(20)	(26)
Income taxes	(20)	(31)
Net income	8	23
Attributable to non-controlling interests	(4)	3
Net income - Group share	12	20
<i>Earnings per share (amount in euros)</i>	<i>0.15</i>	<i>0.27</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>0.15</i>	<i>0.27</i>

	<u>End of December 2024</u>	<u>End of December 2023</u>
<i>(In millions of euros)</i>		
<hr/>		
Sales	9,544	9,514
Operating expenses *	(7,605)	(7,554)
Research and development expenses *	(278)	(275)
Selling and administrative expenses	(920)	(874)
Other income and expenses	(155)	(130)
Operating income	586	681
Equity in income of affiliates	(6)	(9)
Financial result	(73)	(70)
Income taxes	(150)	(177)
Net income	357	425
Attributable to non-controlling interests	3	7
Net income - Group share	354	418
<i>Earnings per share (amount in euros)</i>	<i>4.51</i>	<i>5.39</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>4.49</i>	<i>5.36</i>

**Includes a correction of Q3'24 data (transfer between "Operating expenses" and "Research and development expenses")*

2. CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	<u>4th quarter 2024</u>	<u>4th quarter 2023</u>
<i>(In millions of euros)</i>		
Net income	8	23
Hedging adjustments	(13)	6
Other items	—	—
Deferred taxes on hedging adjustments and other items	0	1
Change in translation adjustments	237	(155)
Other recyclable comprehensive income	224	(148)
Impact of remeasuring unconsolidated investments	(2)	—
Actuarial gains and losses	4	(41)
Deferred taxes on actuarial gains and losses	(1)	8
Other non-recyclable comprehensive income	1	(33)
Total other comprehensive income	225	(181)
Total comprehensive income	233	(158)
Attributable to non-controlling interest	(18)	(2)
Total comprehensive income - Group share	251	(156)

	<u>End of December 2024</u>	<u>End of December 2023</u>
<i>(In millions of euros)</i>		
Net income	357	425
Hedging adjustments	(3)	(45)
Other items	—	—
Deferred taxes on actuarial gains and losses	(1)	3
Change in translation adjustments	153	(189)
Other recyclable comprehensive income	149	(231)
Impact of remeasuring unconsolidated investments	(3)	—
Actuarial gains and losses	8	(22)
Deferred taxes on actuarial gains and losses	(2)	4
Other non-recyclable comprehensive income	3	(18)
Total other comprehensive income	152	(249)
Total comprehensive income	509	176
Attributable to non-controlling interest	(22)	0
Total comprehensive income - Group share	531	176

3. CONSOLIDATED CASH FLOW STATEMENT

End of December 2024

End of December 2023

(In millions of euros)

Net income	357	425
Depreciation, amortization and impairment of assets	802	718
Other provisions and deferred taxes	2	(30)
(Gains)/Losses on sales of long-term assets	(1)	(34)
Undistributed affiliate equity earnings	7	10
Change in working capital	(87)	158
Other changes	41	25
Cash flow from operating activities	1,121	1,272
Intangible assets and property, plant, and equipment additions	(761)	(634)
Change in fixed asset payables	34	(44)
Acquisitions of operations, net of cash acquired	(150)	(714)
Increase in long-term loans	(132)	(71)
Total expenditures	(1,009)	(1,463)
Proceeds from sale of intangible assets and property, plant and equipment	10	14
Change in fixed asset receivables	(7)	(1)
Proceeds from sale of operations, net of cash transferred	3	32
Repayment of long-term loans	63	63
Total divestitures	69	108
Cash flow from investing activities	(940)	(1,355)
Issuance/(Repayment) of shares and paid-in surplus	63	—
Acquisition/sale of treasury shares	(35)	(32)
Issuance of hybrid bonds	399	—
Redemption of hybrid bonds	(400)	—
Dividends paid to parent company shareholders	(261)	(253)
Interest paid to bearers of subordinated perpetual notes	(16)	(16)
Dividends paid to non-controlling interests and buyout of minority interests	(2)	(3)
Increase in long-term debt	502	1,096
Decrease in long-term debt	(791)	(85)
Increase / (Decrease) in short-term debt	334	(191)
Cash flow from financing activities	(207)	516
Net increase/(decrease) in cash and cash equivalents	(26)	433
Effect of exchange rates and changes in scope	(6)	20
Cash and cash equivalents at beginning of period	2,045	1,592
Cash and cash equivalents at end of the period	2,013	2,045

4. CONSOLIDATED BALANCE SHEET

31 December 2024

31 December 2023

(In millions of euros)

	31 December 2024	31 December 2023
ASSETS		
Goodwill	3,071	3,040
Other intangible assets, net	2,373	2,416
Property, plant and equipment, net	4,227	3,730
Investments in equity affiliates	11	13
Other investments	50	52
Deferred tax assets	155	157
Other non-current assets	327	251
TOTAL NON-CURRENT ASSETS	10,214	9,659
Inventories	1,348	1,208
Accounts receivable	1,312	1,261
Other receivables and prepaid expenses	201	170
Income taxes recoverable	101	142
Current financial derivative assets	20	32
Cash and cash equivalents	2,013	2,045
Assets held for sale	—	—
TOTAL CURRENT ASSETS *	4,995	4,858
TOTAL ASSETS	15,209	14,517
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	761	750
Paid-in surplus and retained earnings	6,439	6,304
Treasury shares	(22)	(21)
Translation adjustments	348	170
SHAREHOLDERS' EQUITY - GROUP SHARE	7,526	7,203
Non-controlling interests	235	252
TOTAL SHAREHOLDERS' EQUITY	7,761	7,455
Deferred tax liabilities	435	436
Provisions for pensions and other employee benefits	391	397
Other provisions and non-current liabilities	456	416
Non-current debt	3,680	3,734
TOTAL NON-CURRENT LIABILITIES	4,962	4,983
Accounts payable	1,074	1,036
Other creditors and accrued liabilities	424	392
Income tax payables	82	83
Current financial derivative liabilities	32	27
Current debt	874	541
Liabilities associated with assets held for sale	—	—
TOTAL CURRENT LIABILITIES	2,486	2,079
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	15,209	14,517

* Includes a correction of Total Current Assets for 31 December 2023

5. CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(In millions of euros)</i>	Shares issued						Treasury shares		Shareholders' equity - Group share	Non-controlling interests*	Shareholders' equity
	Number	Amount	Paid-in surplus	Hybrid bonds	Retained earnings	Translation adjustments	Number	Amount			
At 1st January 2024	75,043,514	750	1,067	700	4,537	170	(228,901)	(21)	7,203	252	7,455
Cash dividend	—	—	—	—	(277)	—	—	—	(277)	(2)	(279)
Issuance of share capital	1,017,317	11	50	—	—	—	—	—	61	—	61
Capital reduction by cancellation of treasury shares	—	—	—	—	—	—	—	—	—	—	—
Acquisition/sale of treasury shares	—	—	—	—	—	—	(404,485)	(35)	(35)	—	(35)
Grants of treasury shares to employees	—	—	—	—	(34)	—	376,226	34	0	—	0
Share-based payments	—	—	—	—	40	—	—	—	40	—	40
Issuance of hybrid bonds	—	—	—	400	(1)	—	—	—	399	—	399
Redemption of hybrid bonds	—	—	—	(400)	—	—	—	—	(400)	—	(400)
Other	—	—	—	—	4	—	—	—	4	7	11
Transactions with shareholders	—	11	50	0	(268)	—	(28,259)	(1)	(208)	5	(203)
Net income	—	—	—	—	354	—	—	—	354	3	357
Total income and expense recognized directly through equity	—	—	—	—	(1)	178	—	—	177	(25)	152
Total comprehensive income	—	—	—	—	353	178	—	—	531	(22)	509
At 31 December 2024	76,060,831	761	1,117	700	4,622	348	(257,160)	(22)	7,526	235	7,761

6. ALTERNATIVE PERFORMANCE INDICATORS

The Group uses performance indicators that are not directly defined in the consolidated financial statements under IFRS and which are used as monitoring and analysis tools. The purpose of these indicators is to provide additional information to illustrate the Group's financial performance and its various activities, notably by eliminating exceptional or non-recurring items in certain cases, to ensure period-on-period comparability. In some cases, the indicators may also provide a consistent basis for comparison with the financial performance of our peers. A reconciliation with the aggregates of the IFRS consolidated financial statements is presented in this note.

RECURRING OPERATING INCOME (REBIT) AND EBITDA

(In millions of euros)	End of December 2024	End of December 2023	4 th quarter 2024	4 th quarter 2023
OPERATING INCOME	586	681	50	82
- 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	(154)	(128)	(41)	(33)
- Other income and expenses	(155)	(130)	(54)	(59)
RECURRING OPERATING INCOME (REBIT)	895	939	145	174
- Recurring depreciation and amortization of property, plant and equipment and intangible assets	(637)	(562)	(179)	(157)
EBITDA	1,532	1,501	324	331

Details of depreciation and amortization of property, plant and equipment and intangible assets:

(In millions of euros)	End of December 2024	End of December 2023	4 th quarter 2024	4 th quarter 2023
Depreciation and amortization of property, plant and equipment and intangible assets	(802)	(718)	(220)	(206)
Of which: Recurring depreciation and amortization of property, plant and equipment and intangible assets	(637)	(562)	(179)	(157)
Of which: 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	(154)	(128)	(41)	(33)
Of which: Impairment included in other income and expenses	(11)	(28)	0	(16)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

(In millions of euros)	End of December 2024	End of December 2023	4 th quarter 2024	4 th quarter 2023
NET INCOME - GROUP SHARE	354	418	12	20
- 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	(154)	(128)	(41)	(33)
- Other income and expenses	(155)	(130)	(54)	(59)
- Other income and expenses attributable to non-controlling interests	—	—	—	—
- Taxes on 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	34	30	9	7
- Taxes on other income and expenses	21	14	4	0
- One-time tax effects	(8)	(21)	(2)	(2)
ADJUSTED NET INCOME	616	653	96	107
Weighted average number of ordinary shares	74,869,439	74,647,205		
Weighted average number of potential ordinary shares	75,204,737	75,043,514		
ADJUSTED EARNINGS PER SHARE (in euros)	8.23	8.75	1.27	1.43
DILUTED ADJUSTED EARNINGS PER SHARE (in euros)	8.19	8.70	1.27	1.42

RECURRING CAPITAL EXPENDITURE

(In millions of euros)	End of December 2024	End of December 2023	4 th quarter 2024	4 th quarter 2023
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	761	634	325	268
- Exceptional capital expenditure	—	26	—	9
- Investments relating to portfolio management operations	—	—	—	—
- Capital expenditure with no impact on net debt	—	—	—	—
RECURRING CAPITAL EXPENDITURE	761	608	325	259

CASH FLOWS AND EBITDA TO CASH CONVERSION RATE

(In millions of euros)	End of December 2024	End of December 2023	4 th quarter 2024	4 th quarter 2023
Cash flow from operating activities	1,121	1,272	407	462
+ Cash flow from investing activities	(940)	(1,355)	(394)	(843)
NET CASH FLOW	181	(83)	13	(381)
- Net cash flow from portfolio management operations	(177)	(708)	(135)	(664)
FREE CASH FLOW	358	625	148	283
Exceptional capital expenditure	—	(26)	—	(9)
- Non-recurring cash flow	(61)	(110)	(9)	(33)
RECURRING CASH FLOW	419	761	157	325
- Recurring capital expenditure	(761)	(608)	(325)	(259)
OPERATING CASH FLOW	1,180	1,369	482	584

(In millions of euros)	End of December 2024	End of December 2023
RECURRING CASH FLOW	419	761
EBITDA	1,532	1,501
EBITDA TO CASH CONVERSION RATE	27.3%	50.7%

(In millions of euros)	End of December 2024	End of December 2023
OPERATING CASH FLOW	1,180	1,369
EBITDA	1,532	1,501
EBITDA TO OPERATING CASH CONVERSION RATE	77.0 %	91.2 %

NET DEBT

<i>(In millions of euros)</i>	<u>End of December 2024</u>	<u>End of December 2023</u>
Non-current debt	3,680	3,734
+ Current debt	874	541
- Cash and cash equivalents	2,013	2,045
NET DEBT	2,541	2,230
+ Hybrid bonds	700	700
NET DEBT AND HYBRID BONDS	3,241	2,930
EBITDA	1,532	1,501
NET DEBT AND HYBRID BONDS TO EBITDA RATIO	2.12	1.95

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of December 2024</u>	<u>End of December 2023</u>
Inventories	1,348	1,208
+ Accounts receivable	1,312	1,261
+ Other receivables including income taxes recoverable	302	312
+ Current financial derivative assets	20	32
- Accounts payable (operating suppliers)	1,074	1,036
- Other liabilities including income taxes	506	475
- Current financial derivative liabilities	32	27
WORKING CAPITAL	1,370	1,275

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of December 2024</u>	<u>End of December 2023</u>
Goodwill, net	3,071	3,040
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	6,600	6,146
+ Investments in equity affiliates	11	13
+ Other investments and other non-current assets	377	303
+ Working capital	1,370	1,275
CAPITAL EMPLOYED	11,429	10,777
Adjustment *	-	-1,038
ADJUSTED CAPITAL EMPLOYED	11,429	9,739

* In 2023, capital employed of PIAM, consolidated at the end of the year and with no material contribution to income for the year. No adjustment in 2024 for the acquisition of Dow's flexible packaging laminating adhesives, as the capital employed relating to this business is not material for the Group.

RETURN ON CAPITAL EMPLOYED (ROCE)

<i>(In millions of euros)</i>	<u>End of December 2024</u>	<u>End of December 2023</u>
Recurring operating income (REBIT)	895	939
Capital employed	11,429	10,777
RETURN ON CAPITAL EMPLOYED (ROCE)	7.8 %	8.7 %

RETURN ON ADJUSTED CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of December 2024</u>	<u>End of December 2023</u>
Recurring operating income (REBIT)	895	939
Adjusted capital employed	11,429	9,739
RETURN ON ADJUSTED CAPITAL EMPLOYED	7.8 %	9.6 %

7. INFORMATION BY SEGMENT

4th quarter 2024

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	654	881	565	165	8	2,273
EBITDA ^(a)	91	166	54	24	(11)	324
Recurring depreciation and amortization of property, plant and equipment and intangible assets ^(a)	(24)	(108)	(34)	(9)	(4)	(179)
Recurring operating income (REBIT) ^(a)	67	58	20	15	(15)	145
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	(27)	(13)	(1)	—	—	(41)
Other income and expenses	(18)	(25)	2	5	(18)	(54)
Operating income	22	20	21	20	(33)	50
Equity in income of affiliates	—	(2)	—	—	—	(2)
Intangible assets and property, plant, and equipment additions	41	183	70	7	24	325
Of which: recurring capital expenditure ^(a)	41	183	70	7	24	325

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 ^(a)	94	149	69	40	(21)	331
Recurring depreciation and amortization of property, plant and equipment and intangible assets ^(a)	(25)	(93)	(32)	(5)	(2)	(157)
Recurring operating income (REBIT) ^(a)	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 ^(a)	34	150	53	13	9	259

(a) Alternative performance indicator: refer to sections 6 and 8 for reconciliation tables and definitions.

7. INFORMATION BY SEGMENT

End of December 2024

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	2,722	3,562	2,455	768	37	9,544
EBITDA ^(a)	412	707	301	198	(86)	1,532
Recurring depreciation and amortization of property, plant and equipment and intangible assets ^(a)	(89)	(371)	(127)	(41)	(9)	(637)
Recurring operating income (REBIT) ^(a)	323	336	174	157	(95)	895
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	(108)	(40)	(6)	—	—	(154)
Other income and expenses	(43)	(89)	2	4	(29)	(155)
Operating income	172	207	170	161	(124)	586
Equity in income of affiliates	—	(6)	—	—	—	(6)
Intangible assets and property, plant, and equipment additions	89	459	141	21	51	761
Of which: recurring capital expenditure ^(a)	89	459	141	21	51	761

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 ^(a)	380	666	327	213	(85)	1,501
Recurring depreciation and amortization of property, plant and equipment and intangible assets ^(a)	(87)	(300)	(126)	(43)	(6)	(562)
Recurring operating income (REBIT) ^(a)	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 ^(a)	82	363	115	28	20	608

(a) Alternative performance indicator: refer to sections 6 and 8 for reconciliation tables and definitions.

8. DEFINITIONS OF ALTERNATIVE PERFORMANCE INDICATORS

- **Recurring depreciation and amortization of property, plant and equipment and intangible assets**

This alternative performance indicator corresponds to depreciation, amortization and impairment of property, plant and equipment and intangible assets before taking into account:

- i. 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, and
- ii. impairment included in other income and expenses.

The indicator facilitates period-to-period comparisons by eliminating non-recurring items.

- **Working capital**

This alternative performance indicator corresponds to the net amount of current assets and liabilities relating to operating activities, capital expenditure and financing activities. It reflects the Group's short-term financing requirements resulting from cash flow timing differences between outflows and inflows relating to operating activities.

- **Capital employed**

This alternative performance indicator corresponds to the sum of the following:

- i. the net book value of goodwill,
- ii. the net book value of intangible assets (excluding goodwill) and property, plant and equipment,
- iii. the amount of investments in equity affiliates,
- iv. the amount of other investments and other non-current assets, and
- v. working capital.

Capital employed is used to analyze the amount of capital invested by the Group to conduct its business.

- **Adjusted capital employed**

This alternative performance indicator corresponds to capital employed adjusted for divestments and acquisitions, to ensure consistency between the numerator and denominator items used to calculate ROCE.

In the case of an announced divestment of a business announced and not finalized by 31 December, the operating income of this business remains consolidated in the income statement, and is therefore included in the calculation of REBIT, whereas items relating to capital employed are classified as assets/liabilities held for sale and are therefore excluded from the calculation of capital employed. To ensure consistency between the numerator and denominator items used to calculate ROCE, capital employed at 31 December is increased by the capital employed relating to the business being sold.

When an acquisition is finalized during the year, operating results are only consolidated in the income statement from the date of acquisition, and not for the full year, while capital employed is recognized in full at 31 December. When the acquisition has not generated a material contribution to the year's earnings, in order to ensure consistency between the numerator and denominator items used to calculate ROCE, capital employed at 31 December is reduced by the capital employed relating to the acquired business, unless they are considered as not material.

- **Net debt**

This alternative performance indicator corresponds to the sum of current and non-current debt less cash and cash equivalents.

- **Net debt and hybrid bonds**

This alternative performance indicator corresponds to the amount of net debt and hybrid bonds.

- **Net debt and hybrid bonds to EBITDA ratio**

This alternative performance indicator corresponds to the ratio of net debt and hybrid bonds to EBITDA. The indicator measures the level of debt in relation to the Group's operating performance, and provides a consistent basis for comparison with our peers.

- **Earnings Before Interest Taxes Depreciation & Amortization (EBITDA)**

The IFRS item most similar to this alternative performance indicator is operating income.

The indicator corresponds to operating income before taking into account:

- i. recurring depreciation and amortization of property, plant and equipment and intangible assets,
- ii. other income and expenses, and
- iii. 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.

This indicator is used to assess the Group's operating profitability and its ability to generate operating cash flow before changes in working capital, capital expenditure and cash flow from financing and tax expenses. It also facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers.

- **Recurring cash flow**

This alternative performance indicator corresponds to free cash flow excluding non-recurring or exceptional items, i.e., non-recurring cash flow and exceptional capital expenditure. The indicator enables period-to-period comparisons by eliminating the impact of exceptional or non-recurring items and portfolio management, and provides a consistent basis for comparison with our peers. It is used to assess the Group's ability to generate cash to finance its shareholder returns, non-recurring or exceptional items and acquisitions.

- **Free cash flow**

This alternative performance indicator corresponds to net cash flow before taking into account net cash flow from portfolio management operations. It enables period-to-period comparisons by eliminating portfolio management, and provides a consistent basis for comparison with our peers.

- **Net cash flow**

This alternative performance indicator corresponds to the sum of two IFRS items, cash flow from operations and cash flow from net investments. It provides an estimate of Group cash flow before changes in cash flow from financing activities.

- **Net cash flow from portfolio management operations**

This alternative performance indicator corresponds to cash flows from acquisitions and divestments as described in notes 3.2.2 "Acquisitions during the year" and 3.3 "Business divestments".

- **Non-recurring cash flow**

This alternative performance indicator corresponds to cash flow from other income and expenses, as described in note 6.1.5 "Other income and expenses".

- **Operating cash flow**

This alternative performance indicator corresponds to free cash flow before taking into account intangible assets and property, plant and equipment additions, adjusted for non-recurring cash flows. It is used to assess the Group's ability to generate cash to finance its intangible assets and property, plant and equipment additions, shareholder returns and acquisitions. It corresponds to and replaces the "Operating cash flow" indicator defined at the Capital Markets Day on 27 September 2023.

- **Recurring capital expenditure**

The IFRS item most similar to this alternative performance indicator is intangible assets and property, plant and equipment additions. Recurring capital expenditure includes all intangible assets and property, plant and equipment additions, adjusted for exceptional capital expenditure, investments linked to portfolio management operations and investments with no impact on net debt (financed by third parties). This indicator enables period-to-period comparisons by eliminating exceptional items, and provides a consistent basis for comparison with our peers.

- **Exceptional capital expenditure**

Alternative performance indicator corresponding to a very limited number of capital expenditure items for major development projects that the Group presents separately in its financial communication due to their size and nature.

- **REBIT margin**

This alternative performance indicator corresponds to the recurring operating income (REBIT) to sales ratio. It facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers.

- **EBITDA margin**

This alternative performance indicator corresponds to the EBITDA to sales ratio. It facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers. It is also one of the financial performance criteria linked to performance share plans.

- **Recurring operating income (REBIT)**

The IFRS item most similar to this alternative performance indicator is operating income. The indicator corresponds to operating income before taking into account:

- i. 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, and
- ii. other income and expenses.

The indicator assesses the Group's operating profitability before tax and excluding non-recurring items, whatever the financing structure, since it does not take into account financial result. It facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers.

- **Adjusted net income**

The IFRS item most similar to this alternative performance indicator is net income – Group share. This indicator corresponds to net income – Group share before non-recurring items. Exceptional or non-recurring items correspond to:

- i. other income and expenses, net of applicable taxes,
- ii. 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, net of applicable taxes, and
- iii. one-time tax effects unrelated to other income and expenses and relating to events that are exceptional in terms of frequency and amount, such as the recognition or impairment of deferred tax assets, or the impact of a change in tax rates on deferred taxes.

This indicator enables us to assess the Group's profitability by taking account of not only operating items, but also the Group's financing structure and income taxes. It facilitates period-to-period comparisons by eliminating non-recurring items, and provides a consistent basis for comparison with our peers.

- **Adjusted earnings per share**

This alternative performance indicator is calculated by dividing adjusted net income for the period by the weighted average number of ordinary shares outstanding during the period.

- **Diluted adjusted earnings per share**

This alternative performance indicator corresponds to earnings per share adjusted for the dilutive effect of all potential ordinary shares. It is calculated by dividing adjusted net income for the period by the weighted average number of potential ordinary shares outstanding during the period.

- **Return on capital employed (ROCE)**

This alternative performance indicator corresponds to the ratio of recurring operating income (REBIT) for the period to capital employed at the end of the period. It is used to assess the profitability of capital expenditure over time.

- **Return on adjusted capital employed**

This alternative performance indicator corresponds to the ratio of recurring operating income (REBIT) for the period to the adjusted capital employed at the end of the period. It is used to assess the profitability of capital expenditure over time, by adjusting items relating to capital employed acquired during the period or in the course of disposal to bring them into line with the items used in REBIT.

- **EBITDA to cash conversion rate**

This alternative performance indicator corresponds to the ratio of recurring cash flow to EBITDA. The indicator is used to assess the Group's ability to generate cash to finance, in particular, returns to shareholders, exceptional capital expenditure and acquisitions.

- **EBITDA to operating cash conversion rate**

This alternative performance indicator corresponds to the ratio of operating cash flow to EBITDA. The indicator provides a consistent basis for comparison between periods and with our peers, whatever the growth strategy adopted, whether external growth through acquisitions or internal growth through capital expenditure. It is also one of the financial performance criteria linked to performance share plans. It corresponds to and replaces the "Operating cash conversion rate" indicator defined at the Capital Markets Day on 27 September 2023.