

Colombes, 29 July 2022

ARKEMA: SECOND-QUARTER 2022 RESULTS

Excellent quarterly results, confirming the soundness of our strategy toward Specialty Materials, and achieved in a very inflationary context. Annual guidance raised despite a more uncertain macroeconomic environment.

- **Sales of €3.2 billion**, up by **32.9%** compared with Q2'21:
 - Benefits of new business developments in high value-added sustainable solutions (batteries, sports, electronics, healthcare, etc.)
 - Selling price adjustments in the face of very significant raw materials, energy and transportation cost inflation
 - Slight decline in volumes relative to last year's high comparison base. Contrasting regional dynamics, robust in North America, down in Europe, and slightly positive in Asia despite the context of lockdowns in China
- **EBITDA** up by a strong **47.5%** compared with Q2'21 to **€705 million**, and a record **EBITDA margin of 22.1%**:
 - Very significant 41.8% growth in Specialty Materials' EBITDA to €600 million (€423 million in Q2'21), supported by each of the three segments, Adhesive Solutions, Advanced Materials and Coating Solutions
 - Intermediates' EBITDA at €129 million (€81 million in Q2'21), benefiting notably from more favorable market conditions overall and from initiatives taken by the Group
- **Adjusted net income** up very strongly by 65.9% to **€443 million**, representing €5.99 per share (€3.50 in Q2'21)
- **Recurring cash flow of €235 million**, reflecting the quality of the Group's financial performance and including an increase in working capital linked to higher prices and traditional seasonality
- **Net debt** tightly controlled at **€2,789 million**, including €700 million in hybrid bonds, representing **1.3x** last-twelve-months **EBITDA**
- **New, more ambitious climate plan** announced on 7 July, with an increased level of commitment, aligned with a **1.5°C trajectory** and now including scope 3 emissions
- Strengthening of the Coating Solutions segment's downstream with **the acquisition of Polimeros Especiales**, one of the leaders in solvent-free acrylic resins in Mexico, which will complement the Group's offering of more environmentally friendly solutions
- **Annual guidance raised significantly** despite a more uncertain macroeconomic environment and weaker demand in Europe: Arkema now aims to achieve in 2022, excluding further significant disruption of the global context, annual EBITDA growth of 17% to 22% at constant scope compared with 2021 (vs. "slight growth" previously), representing an EBITDA of around €2,100 million.

Following Arkema's Board of Directors' meeting held on 28 July 2022 to approve the Group's consolidated financial statements for the first half of 2022, Chairman and CEO Thierry Le Hénaff said:

"The excellent second-quarter performance was achieved in a demanding operating environment, marked by high raw materials inflation, the particular energy context in Europe and disruptions to logistics flows between regions. I would like to thank all of our teams, who contributed to this outstanding financial performance through their commitment and responsiveness, as well as our customers, for engaging in high quality dialogue that enabled us to support them in this complex environment. The Group also continued to benefit from the superior quality of its portfolio of technologies in high performance materials, the opportunities created by the strength of its innovation for sustainable development, and its balanced geographic presence between the three key regions.

Moreover, Arkema is continuing to implement its strategy focused on sustainable growth, with the successful integration of Ashland's adhesives, the announcement of a high-quality bolt-on acquisition in the Coating Solutions segment's downstream, the upcoming start-ups of our major investments in Aurora, North Carolina, and Singapore, and our new climate plan announced in early July, which is aligned with the Paris Agreement and a 1.5°C SBT trajectory.

In a global environment that many observers and experts are qualifying as difficult for the coming months and which incites us to be attentive, the new EBITDA guidance for 2022, which has been significantly raised, is a sign of confidence in the Group's ability to meet the challenges that could arise in the second half of the year."

KEY FIGURES

<i>in millions of euros</i>	Q2'22	Q2'21 ⁽¹⁾	Change	H1'22	H1'21 ⁽¹⁾	Change
Sales	3,184	2,395	+32.9%	6,071	4,621	+31.4%
EBITDA	705	478	+47.5%	1,324	836	+58.4%
Specialty Materials	600	423	+41.8%	1,156	729	+58.6%
Intermediates	129	81	+59.3%	223	156	+42.9%
Corporate	-24	-26		-55	-49	
EBITDA margin	22.1%	20.0%		21.8%	18.1%	
Specialty Materials	21.0%	20.4%		21.2%	18.5%	
Intermediates	40.1%	25.7%		37.6%	23.6%	
Recurring operating income (REBIT)	570	345	+65.2%	1,058	568	+86.3%
REBIT margin	17.9%	14.4%		17.4%	12.3%	
Adjusted net income	443	267	+65.9%	819	426	+92.3%
Adjusted net income per share (in €)	5.99	3.50	+71.1%	11.07	5.58	+98.4%
Recurring cash flow	235	245	-4.1%	261	298	-12.4%
Free cash flow	211	313	-32.6%	188	297	-36.7%
Net debt including hybrid bonds <i>€1,177m as of 31/12/2021</i>	2,789	1,281		2,789	1,281	

SECOND-QUARTER 2022 BUSINESS PERFORMANCE

At **€3,184 million**, sales were up by **32.9%** compared with second-quarter 2021. Specialty Materials, at the core of the Group's strategy and which represented 90% of second-quarter 2022 sales, saw volumes decline slightly by 3.4% compared with last year's elevated level. The Group's volumes were down by a moderate 5.3%. The Group benefited from positive growth in the United States, driven by underlying demand that remained well oriented in most end markets, and in Asia despite the lockdowns in China, but is impacted by the slowdown observed in Europe, notably in the construction and automotive markets. The price effect was a positive 28.5%, reflecting mainly raised selling prices to adapt to the very strong increase in raw materials, energy and transportation costs, better market conditions in upstream acrylics and the product mix improvement. The scope effect was a positive 1.6%, as the integration of acquisitions in Specialty Materials, particularly Ashland's performance adhesives, was partly offset by the divestment of PMMA on 3 May 2021. With the significant appreciation of the US dollar and Chinese yuan against the euro, the positive 8.1% currency effect reflects the strength of the Group's positioning in the United States and in China.

EBITDA rose by a very significant 47.5% and reached a historic high of **€705 million** (€478 million in Q2'21). Growing strongly in each of the three segments and thus reflecting the Group's balance, Specialty Materials' EBITDA amounted to €600 million (€423 million in Q2'21), supported in particular by the price effect in a context of continued high inflation, the product mix shift toward innovative, higher value-added solutions for sustainable megatrends, the integration of recent acquisitions in Adhesive Solutions, as well as more favorable market conditions in upstream acrylics. Growth in Intermediates, with EBITDA of €129 million (€81 million in Q2'21), reflects mainly the improvement of market conditions in refrigerant gases, in particular

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

in the Unites States, and in acrylics in Asia, but also the quality of the positioning work carried out by the teams. Despite a lower level of demand than last year and the mechanical dilution of the price effect, the **EBITDA margin** increased by 210 bps, reaching the record level of **22.1%** (20.0% in Q2'21).

Recurring operating income (REBIT) grew by 65.2% compared with the prior-year period, coming in at **€570 million**, and the **REBIT margin** reached 17.9% (14.4% in Q2'21), including recurring depreciation and amortization of €135 million, virtually stable year-on-year.

Adjusted net income increased by a sharp 65.9% to **€443 million**, representing **€5.99** per share. Excluding exceptional items, the tax rate amounted to 21% of recurring operating income.

CASH FLOW AND NET DEBT AT 31 MARCH 2022

Recurring cash flow came to **€235 million** (€245 million in Q2'21). It reflects the Group's excellent operating performance and includes the increase in working capital which reflects the strong inflation in raw materials and energy costs, the higher selling prices, as well as the second quarter's traditional seasonality. At end-June 2022, working capital remained well under control, representing 14.9% of annualized sales (11.9% at end-June 2021 in the context of the post-Covid rebound and sourcing difficulties, and 16.0% at end-June 2019). Recurring cash flow also included recurring capital expenditure of €99 million, virtually stable compared to last year (€93 million).

At **€211 million, free cash flow** included a strong year-on-year decrease in exceptional capital expenditure at €26 million (€64 million in Q2'21), due to the upcoming start-up of the two major projects concerned.

The net cash outflow from portfolio management operations of €11 million in second-quarter 2022 was linked to the acquisition of Ashland's performance adhesives finalized on 28 February 2022. In 2021, the inflow included in particular the proceeds from the divestment of PMMA finalized in May.

At **€2,789 million, net debt** including hybrid bonds was virtually stable compared with end-March 2022 (€2,703 million) and was up significantly relative to end-2021 (€1,177 million). It includes in particular the payment for the acquisition of Ashland's performance adhesives of close to €1.5 billion and the payment of the dividend of €3 per share for a total amount of €222 million. The net debt (including hybrid bonds) to last-twelve-months EBITDA ratio remained well below the 2x threshold, standing at 1.3x.

Moreover, on 28 July 2022, the Group amended and extended its syndicated line of credit maturing on 29 July 2024. The amount was increased to €1.1 billion and the maturity extended to 28 July, 2027 with two one-year extension options subject to lender approval. The margin is linked to three CSR indicators which now take into account the Group's new objectives.

CLIMATE PLAN

On 7 July 2022, Arkema reinforced its commitment to fight global warming by publishing its new climate plan. In line with the expectations of the Paris Agreement to contain global warming to 1.5°C above pre-industrial levels by the end of the century, the Group has set itself an ambitious target, based on an SBT (Science Based Target) approach, to reduce its scope 1 and 2 greenhouse gas emissions and its scope 3 emissions by 46% by 2030 relative to 2019. Thus, the Group has raised its level of commitment from a trajectory well below 2°C for scopes 1 and 2 to a 1.5°C trajectory across its entire value chain.

This decarbonization target is based on energy efficiency and the evolution of the energy mix for scopes 1 and 2, as well as, for scope 3, on the reduction of the most emissive activities, innovation contributing to a reduction in greenhouse gas emissions and suppliers' commitment to climate action. Moreover, this target will be supported by an increase in investments contributing to decarbonization, which could reach €400 million by 2030 and which will be included in the Group's recurring capital expenditure envelope.

SECOND-QUARTER 2022 PERFORMANCE BY SEGMENT

ADHESIVE SOLUTIONS (25% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q2'22	Q2'21	Change
Sales	779	575	+35.5%
EBITDA	111	82	+35.4%
EBITDA margin	14.2%	14.3%	
Recurring operating income (REBIT)	92	65	+41.5%
REBIT margin	11.8%	11.3%	

Sales in the Adhesive Solutions segment totaled **€779 million**, up 35.5% compared with second-quarter 2021. The scope effect was a positive 17.7%, reflecting the successful integration of Ashland’s performance adhesives. Prices rose by a sharp 17.4%, in response to very elevated raw materials, energy and logistics cost inflation. Compared with last year’s high comparison base, volumes decreased by 6.2%, up strongly in the United States and in Asia but impacted by the slowdown in the construction and DIY market in Europe. The currency effect was a positive 6.6%.

At **€111 million**, **EBITDA** for the segment was up by a significant 35.4% compared with second-quarter 2021 (€82 million), driven in particular by the discipline in adjusting selling prices in the face of cost inflation, the evolution of the product mix toward higher value-added solutions, as well as by the very good performance of Ashland’s adhesives right from the first months of its integration. The **EBITDA margin** was stable year-on-year at **14.2%** despite the mechanical dilutive effect of price increases of some 200 bps.

ADVANCED MATERIALS (35% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q2'22	Q2'21 ⁽¹⁾	Change
Sales	1,113	785	+41.8%
EBITDA	282	184	+53.3%
EBITDA margin	25.3%	23.4%	
Recurring operating income (REBIT)	215	116	+85.3%
REBIT margin	19.3%	14.8%	

Up by a very strong 41.8% compared with second-quarter 2021, **sales** in the Advanced Materials segment amounted to **€1,113 million**. Volumes decreased moderately by 4.1% year-on-year, impacted by the slowdown in Europe, logistics disruptions and lockdowns in China. With the exception of the automotive market, which continued to be impacted by component shortages, demand remained well oriented in most of the segment’s key end markets. The price effect, coming in at + 38.4%, was highly positive in both of the segment’s Business Lines. This reflects the Group’s selling price increases in a highly inflationary context for raw materials and energy, and a product mix that continues to evolve favorably thanks to the development of innovative, high performance solutions in batteries, lightweighting, sports, bio-based materials, healthcare, electronics, etc. The 0.8% negative scope effect was attributable to the divestment of the epoxides business, partly offset by the impact of the acquisition of Agiplast, and the currency effect was a positive 8.3%.

At **€282 million**, the segment’s **EBITDA** was up by 53.3% on the prior-year period, and the **EBITDA margin** reached the high level of **25.3%**, reflecting mainly the growth in demand for solutions coming from the

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

Group’s innovation, the strength of positions developed in the United States and in China, which benefit from favorable exchange rates, and a particular tightness in the availability of certain product lines.

COATING SOLUTIONS (30% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q2'22	Q2'21	Change
Sales	960	712	+34.8%
EBITDA	207	157	+31.8%
EBITDA margin	21.6%	22.1%	
Recurring operating income (REBIT)	175	128	+36.7%
REBIT margin	18.2%	18.0%	

Sales in the Coating Solutions segment were up by 34.8% compared with Q2'21 and came in at **€960 million**, around 35% of which were in acrylic monomers. In a still highly inflationary environment, the price effect was a positive 26.7%, reflecting price increases for downstream products (resins and additives), as well as more favorable conditions in upstream acrylics. While benefiting from a significant increase in the United States, volumes nevertheless fell by a slight 0.4%, impacted by the slowdown in Europe and lockdowns in China. The currency effect was a positive 8.5%.

In this context, the segment’s **EBITDA** rose by a sharp 31.8% year-on-year to **€207 million**, and the **EBITDA margin** reached an excellent level at **21.6%**. Moreover, the segment’s performance was driven by the product mix improvement toward higher value-added and more environmentally friendly solutions, particularly photocure resins in new energies, electronics and 3D printing, as well as powders and rheology additives.

INTERMEDIATES (10% OF TOTAL GROUP SALES)

<i>in millions of euros</i>	Q2'22	Q2'21 ⁽¹⁾	Change
Sales	322	315	+2.2%
EBITDA	129	81	+59.3%
EBITDA margin	40.1%	25.7%	
Recurring operating income (REBIT)	114	64	+78.1%
REBIT margin	35.4%	20.3%	

Sales in the Intermediates segment rose by a slight 2.2% to **€322 million** despite an 18.4% negative scope effect linked to the residual impact of the divestment of the PMMA business in May 2021. The price effect was a positive 29.2%, supported by the good momentum in refrigerant gases, particularly in the United States, and more favorable market conditions in acrylics in Asia. Volumes were down by 18.1% due to the mechanical effect of quotas in the United States in fluorogases, and the impact in acrylics of lockdown measures in China, particularly at the beginning of the quarter. The currency effect was a positive 9.5%.

In this context, the segment’s **EBITDA** grew by a significant 59.3% compared with Q2'21 to **€129 million**. The **EBITDA margin** reached **40.1%** (25.7% in Q2'21), reflecting the much-improved performance of refrigerant gases compared with the low comparison base last year, and tightness in upstream acrylics in Asia.

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

OUTLOOK FOR 2022

The second half is marked by a context of risks of lockdowns in China, geopolitical tensions linked to the war in Ukraine, concerns regarding the availability and price of natural gas and electricity in Europe, as well as the significant increase in the level of inflation, which are all factors that could weigh on demand going forward.

In this context, the Group will benefit from its balanced geographic presence and will remain attentive to the evolution of market conditions. Moreover, it will ensure to take inflation into account in its selling prices, strictly manage its fixed costs and inventories, and pursue its innovation in high performance materials.

Despite the uncertain macroeconomic environment and the decline in volumes observed in Europe, Arkema is raising its annual targets and now aims to achieve in 2022, excluding further significant disruption of the global context, annual EBITDA growth at constant scope of 17% to 22% compared with 2021 (vs. “slight growth” previously), representing an EBITDA of around €2,100 million.

The Group is also reaffirming its confidence in its ability to achieve the ambitious targets it has set for 2024 and will continue to implement its strategic roadmap for sustainable development. Arkema will thus leverage its bolt-on acquisition policy, its industrial capacity expansions to support its customers’ growth in high-potential markets, its numerous initiatives in CSR, and lastly the strength of its innovation which should enable the company to generate €1.5 billion of new revenues from 2019 to 2030 around its five large R&D platforms.

Further details concerning the Group’s second-quarter 2022 results are provided in the “Second-quarter 2022 results and outlook” presentation and the “Factsheet” document, both available on Arkema’s website at: www.arkema.com/global/en/investor-relations/

REGULATORY INFORMATION

The half-year financial report for the six months ended 30 June 2022 is available on the Group’s website (www.arkema.com) under Investors/Financials/Financial results.

FINANCIAL CALENDAR

10 November 2022: Publication of third-quarter 2022 results

23 February 2023: Publication of full-year 2022 results

DISCLAIMER

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

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

Such statements are based on management’s current views and assumptions that could ultimately prove inaccurate and are subject to risk factors such as (but not limited to) changes in raw materials prices, currency fluctuations, the pace at which cost-reduction projects are implemented, developments in the Russian offensive in Ukraine, developments in the Covid-19 situation, and changes in general economic and financial

conditions. Arkema does not assume any liability to update such forward-looking statements whether as a result of any new information or any unexpected event or otherwise. Further information on factors which could affect Arkema's financial results is provided in the documents filed with the French Autorité des marchés financiers.

Balance sheet, income statement and cash flow statement data, as well as data relating to the statement of changes in shareholders' equity and information by segment included in this press release are extracted from the condensed consolidated financial statements at 30 June 2022 as approved by Arkema's Board of Directors on 28 July 2022. Quarterly financial information is not audited.

Information by segment is presented in accordance with Arkema's internal reporting system used by management.

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

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

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

Building on its unique set of expertise in materials science, **Arkema** offers a portfolio of first-class technologies to address ever-growing demand for new and sustainable materials. With the ambition to become in 2024 a pure player in Specialty Materials, the Group is structured into 3 complementary, resilient and highly innovative segments dedicated to Specialty Materials -Adhesive Solutions, Advanced Materials, and Coating Solutions- accounting for some 85.5% of Group sales in 2021, 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 2021, and operates in some 55 countries with 20,200 employees worldwide.

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ARKEMA financial statements

Consolidated financial information - At the end of June 2022

Consolidated financial statements as of December 2021 have been audited.

CONSOLIDATED INCOME STATEMENT

<i>(In millions of euros)</i>	<u>2nd quarter 2022</u>	<u>2nd quarter 2021</u>
Sales	3,184	2,395
Operating expenses	(2,350)	(1,812)
Research and development expenses	(67)	(58)
Selling and administrative expenses	(218)	(197)
Other income and expenses	(35)	732
Operating income	514	1,060
Equity in income of affiliates	(0)	2
Financial result	(6)	(15)
Income taxes	(106)	(220)
Résultat net des activités poursuivies	402	827
Résultat net des activités abandonnées	-	-
Net income	402	827
Attributable to non-controlling interests	1	1
Net income - Group share	401	826
Dont résultat net - part du Groupe des activités poursuivies	401	826
Dont résultat net - part du Groupe des activités abandonnées	-	-
<i>Earnings per share (amount in euros)</i>	<i>5.42</i>	<i>10.82</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>5.40</i>	<i>10.76</i>

<i>(In millions of euros)</i>	<u>1st half 2022</u>	<u>1st half 2021</u>
Sales	6,071	4,621
Operating expenses	(4,485)	(3,581)
Research and development expenses	(133)	(119)
Selling and administrative expenses	(435)	(387)
Other income and expenses	(70)	708
Operating income	948	1,242
Equity in income of affiliates	(1)	1
Financial result	(14)	(28)
Income taxes	(201)	(263)
Net income	732	952
Attributable to non-controlling interests	2	2
Net income - Group share	730	950
<i>Earnings per share (amount in euros)</i>	<i>9.80</i>	<i>12.38</i>
<i>Diluted earnings per share (amount in euros)</i>	<i>9.76</i>	<i>12.31</i>

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(In millions of euros)</i>	<u>2nd quarter 2022</u>	<u>2nd quarter 2021</u>
Net income	402	827
Hedging adjustments	17	(10)
Other items	-	-
Deferred taxes on hedging adjustments and other items	(3)	-
Change in translation adjustments	237	(23)
Other recyclable comprehensive income	251	(33)
Impact of remeasuring unconsolidated investments	-	(2)
Actuarial gains and losses	65	6
Deferred taxes on actuarial gains and losses	(10)	(1)
Other non-recyclable comprehensive income	55	3
Autres éléments du résultat global	306	(30)
Autres éléments du résultat global des activités abandonnées	-	-
Total income and expenses recognized directly in equity	306	(30)
Total comprehensive income	708	797
Attributable to non-controlling interest	2	1
Total comprehensive income - Group share	706	796

<i>(In millions of euros)</i>	<u>1st half 2022</u>	<u>1st half 2021</u>
Net income	732	952
Hedging adjustments	16	(25)
Other items	-	-
Deferred taxes on hedging adjustments and other items	(3)	-
Change in translation adjustments	327	92
Other recyclable comprehensive income	340	67
Impact of remeasuring unconsolidated investments	(1)	(2)
Actuarial gains and losses	115	67
Deferred taxes on actuarial gains and losses	(19)	(14)
Other non-recyclable comprehensive income	95	51
Total income and expenses recognized directly in equity	435	118
Total comprehensive income	1,167	1,070
Attributable to non-controlling interest	3	3
Total comprehensive income - Group share	1,164	1,067

INFORMATION BY SEGMENT

2nd quarter 2022*

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	779	1,113	960	322	10	3,184
EBITDA	111	282	207	129	(24)	705
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(19)	(67)	(32)	(15)	(2)	(135)
Recurring operating income (REBIT)	92	215	175	114	(26)	570
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	(15)	(5)	(1)	-	-	(21)
Other income and expenses	(14)	(19)	(0)	(2)	0	(35)
Operating income	63	191	174	112	(26)	514
Equity in income of affiliates	-	(0)	-	(0)	-	(0)
Intangible assets and property, plant, and equipment additions	12	84	24	3	2	125
Of which: recurring capital expenditure	12	58	24	3	2	99

2nd quarter 2021*

(In millions of euros)

	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	575	785	712	315	8	2,395
EBITDA	82	184	157	81	(26)	478
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(17)	(68)	(29)	(17)	(2)	(133)
Recurring operating income (REBIT)	65	116	128	64	(28)	345
Depreciation and amortization related to the revaluation of property, plant and equipment and intangible assets as part of the allocation of the purchase price of businesses	(12)	(3)	(2)	-	-	(17)
Other income and expenses	(23)	(134)	(3)	904	(12)	732
Operating income	30	(21)	123	968	(40)	1,060
Equity in income of affiliates	-	2	-	(0)	-	2
Intangible assets and property, plant, and equipment additions	13	122	14	5	4	158
Of which: recurring capital expenditure	13	58	13	5	4	93

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

INFORMATION BY SEGMENT

End of June 2022*

<i>(In millions of euros)</i>	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	1,449	2,188	1,822	593	19	6,071
EBITDA	201	556	399	223	(55)	1,324
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(36)	(134)	(63)	(30)	(3)	(266)
Recurring operating income (REBIT)	165	422	336	193	(58)	1,058
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	(28)	(9)	(3)	-	-	(40)
Other income and expenses	(32)	(22)	(0)	(2)	(14)	(70)
Operating income	105	391	333	191	(72)	948
Equity in income of affiliates	-	(1)	-	0	-	(1)
Intangible assets and property, plant, and equipment additions	27	160	39	5	6	237
Of which: recurring capital expenditure	27	94	39	5	6	171

End of June 2021*

<i>(In millions of euros)</i>	Adhesive Solutions	Advanced Materials	Coating Solutions	Intermediates	Corporate	Total
Sales	1,130	1,537	1,279	661	14	4,621
EBITDA	168	326	235	156	(49)	836
Recurring depreciation and amortization of property, plant and equipment and intangible assets	(32)	(135)	(58)	(39)	(4)	(268)
Recurring operating income (REBIT)	136	191	177	117	(53)	568
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	(24)	(7)	(3)	-	-	(34)
Other income and expenses	(29)	(142)	(13)	904	(12)	708
Operating income	83	42	161	1,021	(65)	1,242
Equity in income of affiliates	-	1	-	(0)	-	1
Intangible assets and property, plant, and equipment additions	28	211	25	14	7	285
Of which: recurring capital expenditure	28	94	22	14	7	165

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

CONSOLIDATED CASH FLOW STATEMENT

End of June 2022

End of June 2021

(In millions of euros)

Operating cash flows

Net income	732	952
Depreciation, amortization and impairment of assets	326	421
Other provisions and deferred taxes	(22)	47
(Gains)/losses on sales of long-term assets	(4)	(949)
Undistributed affiliate equity earnings	2	(1)
Change in working capital	(518)	(43)
Other changes	15	6
Cash flow from operating activities	531	433

Investing cash flows

Intangible assets and property, plant, and equipment additions	(237)	(285)
Change in fixed asset payables	(99)	(36)
Acquisitions of operations, net of cash acquired	(1,493)	(42)
Increase in long-term loans	(40)	(16)
Total expenditures	(1,869)	(379)
Proceeds from sale of intangible assets and property, plant, and equipment	6	6
Proceeds from sale of operations, net of cash transferred	-	1,120
Proceeds from sale of unconsolidated investments	-	4
Repayment of long-term loans	13	9
Total divestitures	19	1,139
Cash flow from investing activities	(1,850)	760

Financing cash flows

Issuance (repayment) of shares and paid-in surplus	-	-
Purchase of treasury shares	(2)	(104)
Issuance of hybrid bonds	-	-
Redemption of hybrid bonds	-	-
Dividends paid to parent company shareholders	(222)	(191)
Interest paid to bearers of subordinated perpetual notes	(5)	(4)
Dividends paid to non-controlling interests	(1)	(1)
Increase in long-term debt	3	6
Decrease in long-term debt	(37)	(26)
Increase / (Decrease) in short-term debt	648	(30)
Cash flow from financing activities	384	(350)
Net increase/(decrease) in cash and cash equivalents	(935)	843
Effect of exchange rates and changes in scope	(8)	(15)
Cash and cash equivalents at beginning of period	2,285	1,587
Cash and cash equivalents at end or the period	1,342	2,415

CONSOLIDATED BALANCE SHEET

30 June 2022

31 December 2021

(In millions of euros)

	<u>30 June 2022</u>	<u>31 December 2021</u>
ASSETS		
Goodwill	3,259	1,925
Intangible assets, net	1,712	1,517
Property, plant and equipment, net	3,231	3,031
Equity affiliates: investments and loans	29	29
Other investments	52	52
Deferred tax assets	134	144
Other non-current assets	258	218
TOTAL NON-CURRENT ASSETS	8,675	6,916
Inventories	1,662	1,283
Accounts receivable	1,945	1,432
Other receivables and prepaid expenses	208	181
Income tax receivables	88	91
Other current financial assets	63	109
Cash and cash equivalents	1,342	2,285
Assets held for sale	4	4
TOTAL CURRENT ASSETS	5,312	5,385
TOTAL ASSETS	13,987	12,301
LIABILITIES AND SHAREHOLDERS' EQUITY		
Share capital	743	767
Paid-in surplus and retained earnings	5,973	5,598
Treasury shares	(34)	(305)
Translation adjustments	569	243
SHAREHOLDERS' EQUITY - GROUP SHARE	7,251	6,303
Non-controlling interests	50	47
TOTAL SHAREHOLDERS' EQUITY	7,301	6,350
Deferred tax liabilities	362	342
Provisions for pensions and other employee benefits	376	493
Other provisions and non-current liabilities	453	443
Non-current debt	2,698	2,680
TOTAL NON-CURRENT LIABILITIES	3,889	3,958
Accounts payable	1,400	1,274
Other creditors and accrued liabilities	456	430
Income tax payables	173	155
Other current financial liabilities	35	52
Current debt	733	82
Liabilities related to assets held for sale	-	0
TOTAL CURRENT LIABILITIES	2,797	1,993
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	13,987	12,301

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 1 January 2022	76,736,476	767	1,272	700	3,626	243	(2,779,553)	(305)	6,303	47	6,350
Cash dividend	-	-	-	-	(227)	-	-	-	(227)	(1)	(228)
Issuance of share capital	-	-	-	-	-	-	-	-	-	-	-
Capital decrease by cancellation of treasury shares	(2,450,435)	(24)	(246)	-	-	-	2,450,435	270	-	-	-
Purchase of treasury shares	-	-	-	-	-	-	(20,000)	(2)	(2)	-	(2)
Grants of treasury shares to employees	-	-	-	-	(3)	-	32,123	3	-	-	-
Sale of treasury shares	-	-	-	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	-	13	-	-	-	13	-	13
Issuance of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-
Redemption of hybrid bonds	-	-	-	-	-	-	-	-	-	-	-
Other	-	-	-	-	-	-	-	-	-	1	1
Transactions with shareholders	(2,450,435)	(24)	(246)	-	(217)	-	2,462,558	271	(216)	-	(216)
Net income	-	-	-	-	730	-	-	-	730	2	732
Total income and expense recognized directly through equity	-	-	-	-	108	326	-	-	434	1	435
Comprehensive income	-	-	-	-	838	326	-	-	1,164	3	1,167
At 30 June 2022	74,286,041	743	1,026	700	4,247	569	(316,995)	(34)	7,251	50	7,301

ALTERNATIVE PERFORMANCE INDICATORS

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

RECURRING OPERATING INCOME (REBIT) AND EBITDA

<i>(In millions of euros)</i>	End of June 2022	End of June 2021	2 nd quarter 2022	2 nd quarter 2021
OPERATING INCOME	948	1,242	514	1,060
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(40)	(34)	(21)	(17)
- Other income and expenses	(70)	708	(35)	732
RECURRING OPERATING INCOME (REBIT)	1,058	568	570	345
- Recurring depreciation and amortization of tangible and intangible assets	(266)	(268)	(135)	(133)
EBITDA	1,324	836	705	478

Details of depreciation and amortization of tangible and intangible assets:

<i>(In millions of euros)</i>	End of June 2022	End of June 2021	2 nd quarter 2022	2 nd quarter 2021
Depreciation and amortization of tangible and intangible assets	(326)	(421)	(172)	(275)
Of which: Recurring depreciation and amortization of tangible and intangible assets	(266)	(268)	(135)	(133)
Of which: Depreciation and amortization related to the revaluation of assets as part of the allocation of the purchase price of businesses	(40)	(34)	(21)	(17)
Of which: Impairment included in other income and expenses	(20)	(119)	(16)	(125)

ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE

<i>(In millions of euros)</i>	End of June 2022	End of June 2021	2 nd quarter 2022	2 nd quarter 2021
NET INCOME - GROUP SHARE	730	950	401	826
- Depreciation and amortization related to the revaluation of tangible and intangible assets as part of the allocation of the purchase price of businesses	(40)	(34)	(21)	(17)
- Other income and expenses	(70)	708	(35)	732
- 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	8	8	4	4
- Taxes on other income and expenses	7	(158)	4	(160)
- One-time tax effects	6	-	6	-
ADJUSTED NET INCOME	819	426	443	267
- Weighted average number of ordinary shares	73,954,187	76,338,552	0	0
- Weighted average number of potential ordinary shares	74,286,041	76,736,476	0	0
ADJUSTED EARNINGS PER SHARE (in euros)	11.07	5.58	5.99	3.50
DILUTED ADJUSTED EARNINGS PER SHARE (in euros)	11.02	5.55	5.96	3.48

RECURRING CAPITAL EXPENDITURE

<i>(In millions of euros)</i>	End of June 2022	End of June 2021	2 nd quarter 2022	2 nd quarter 2021
INTANGIBLE ASSETS AND PROPERTY, PLANT, AND EQUIPMENT ADDITIONS	237	285	125	158
- Exceptional capital expenditure	66	117	26	64
- Investments relating to portfolio management operations	-	-	-	-
- Capital expenditure with no impact on net debt	-	3	0	1
RECURRING CAPITAL EXPENDITURE	171	165	99	93

CASH FLOWS

<i>(In millions of euros)</i>	End of June 2022	End of June 2021	2 nd quarter 2022	2 nd quarter 2021
Cash flow from operating activities	531	433	381	282
+ Cash flow from investing activities	(1,850)	760	(181)	943
NET CASH FLOW	(1,319)	1,193	200	1,225
- Net cash flow from portfolio management operations	(1,507)	896	(11)	912
FREE CASH FLOW	188	297	211	313
Exceptional capital expenditure	(66)	(117)	(26)	(64)
- Non-recurring cash flow	(7)	116	2	132
RECURRING CASH FLOW	261	298	235	245

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.

NET DEBT

<i>(In millions of euros)</i>	<u>End of June 2022</u>	<u>End of December 2021</u>
Non-current debt	2,698	2,680
+ Current debt	733	82
- Cash and cash equivalents	1,342	2,285
NET DEBT	2,089	477
+ Hybrid bonds	700	700
NET DEBT AND HYBRID BONDS	2,789	1,177

WORKING CAPITAL

<i>(In millions of euros)</i>	<u>End of June 2022</u>	<u>End of December 2021</u>
Inventories	1,662	1,283
+ Accounts receivable	1,945	1,432
+ Other receivables including income taxes	296	272
+ Other current financial assets	63	109
- Accounts payable	1,400	1,274
- Other liabilities including income taxes	629	585
- Other current financial liabilities	35	52
WORKING CAPITAL	1,902	1,185

CAPITAL EMPLOYED

<i>(In millions of euros)</i>	<u>End of June 2022</u>	<u>End of December 2021</u>
Goodwill, net	3,259	1,925
+ Intangible assets (excluding goodwill), and property, plant and equipment, net	4,943	4,548
+ Investments in equity affiliates	29	29
+ Other investments and other non-current assets	310	270
+ Working capital	1,902	1,185
CAPITAL EMPLOYED	10,443	7,957