First quarter 2023

Financial report

Progress beyond

SOLVAY

Contents

Forenote

In addition to IFRS accounts, Solvay also presents alternative performance indicators ("underlying") to provide a more consistent and comparable indication of the Group's underlying financial performance and financial position, as well as cash flows. These indicators provide a balanced view of the Group's operations and are considered useful to investors, analysts and credit rating agencies as these measures provide relevant information on the Group's past or future performance, financial position or cash flows. These indicators are generally used in the sector it operates in and therefore serve as a useful aid for investors to compare the Group's performance with its peers. The underlying performance indicators adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds, classified as equity under IFRS but treated as debt in the underlying statements, for impairments and for other elements that would distort the analysis of the Group's underlying performance. The comments on the results made on pages 3 to 8 are on an underlying basis, unless otherwise stated.

Underlying business review

Highlights

- Net sales in the first quarter of 2023 grew +2.0% organically to €3.2 billion versus Q1 2022 driven by higher prices (+14%), overcoming lower volumes (-12%) due to softer demand across several end markets including batteries for auto, construction, and consumer-driven industries. Pricing measures of €421 million more than offset the €127 million impact from variable cost inflation resulting in €294 million of net price benefit in Q1 2023.
- Underlying EBITDA in Q1 2023 of €839 million was up +22.0% versus Q1 2022 on an organic basis. Growth in Materials (+35%) and Chemicals (+19%) more than offset the decrease in Solutions (-9%). Sequentially, Q1 2023 EBITDA was up +14% versus Q4 2022.
- Underlying EBITDA margin in Q1 2023 reached a new record level at 26.5%, +320 basis points higher than in Q1 2022.
- Underlying net profit was €460 million in Q1 2023, up +24.5% compared to Q1 2022.
- Free cash flow generation of €125 million in Q1 2023 reflects high profits, investments in working capital and capital expenditures, and the benefit of a settlement of litigation.
- Simplified the portfolio with the sale of its 50% stake in RusVinyl, using proceeds to reduce net debt and further strengthen the balance sheet. The leverage ratio is at an historic low of 1.0x.
- ROCE for Q1 2023 reached a record level at 16.7%.

Underlying, (in € million)	Q1 2023	Q1 2022	*% yoy*	*% organic*
Net sales	3,167	3,055	+3.6%	+2.0%
EBITDA	839	712	+18.0%	+22.0%
EBITDA margin	26.5%	23.3%	-	-
FCF to shareholders	125	216	-42.0%	-
FCF conversion ratio (LTM)	30.4%	32.9%	-2.5pp	-
ROCE (LTM)	16.7%	12.3%	+4.4pp	

Ilham Kadri, CEO

"I'm pleased to report that we sustained pricing in the context of a higher cost and weaker demand environment, which supported our strong EBITDA performance. We delivered our 16th consecutive quarter of positive free cash flow notwithstanding increased investments, and we intend to adapt working capital levels whilst ensuring that we continue to meet our customers' needs. We remain focused on investing for growth and further reinforcing our solid foundations as we progress in our journey to separate into two strong, independent companies later this year."

2023 Outlook update

The company increases its full-year underlying EBITDA organic growth estimate from the previously indicated guidance of between -3% and -9% to a range of between +2% and -5% versus 2022. The Free Cash Flow estimate is also increased from around €750 million to around €900 million.

Key figures

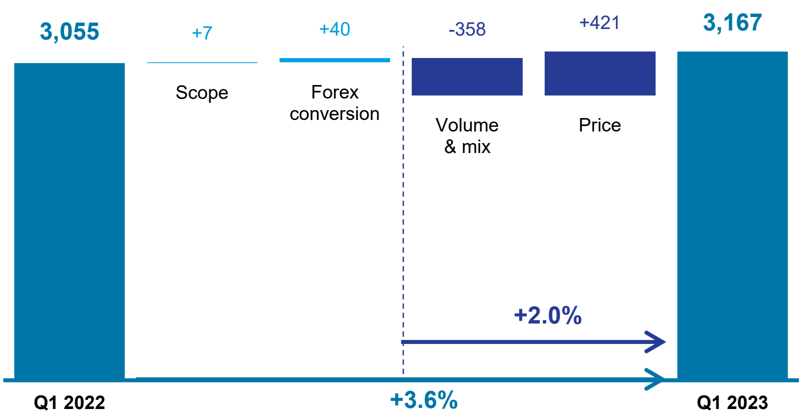
Underlying key figures

(in € million)	Q1 2023	Q1 2022	% yoy
Net sales	**3,167**	**3,055**	***+3.6%***
EBITDA	**839**	**712**	***+18.0%***
EBITDA margin	*26.5%*	*23.3%*	*+3.2pp*
EBIT	**642**	**526**	***+22.2%***
Net financial charges	-48	-49	*+1.6%*
Income tax expenses	-131	-96	*-36.3%*
Tax rate	*22.6%*	*22.3%*	*+0.3pp*
loss from discontinued operations	-1	1	*n.m.*
(Profit) / loss attributable to non-controlling interests	-3	-12	*-77.7%*
Profit / (loss) attributable to Solvay shareholders	**460**	**369**	***+24.5%***
Basic earnings per share (in €)	**4.42**	**3.56**	***+24.3%***
of which from continuing operations	4.43	3.55	*+24.9%*
Capex	212	151	*+40.4%*
FCF to Solvay shareholders from continuing operations	**125**	**216**	***-42.0%***
FCF to Solvay shareholders	125	216	*-41.9%*
FCF conversion ratio (LTM)	30.4%	32.9%	*-2.5pp*
Net financial debt	**3,252**	**3,591**	***-9.4%***
Underlying leverage ratio	*1.0*	*1.1*	*-12.9%*

Group performance

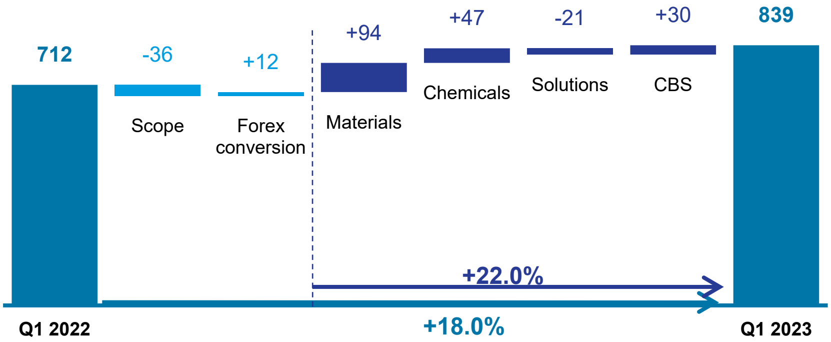
Net sales

Net sales of €3,167 million in Q1 2023 were up +3.6% compared to Q1 2022 (+2.0% organically and +1.6% positive impact from foreign exchange and scope). This was mainly driven by positive pricing across most businesses, and was largely offset by lower volumes.



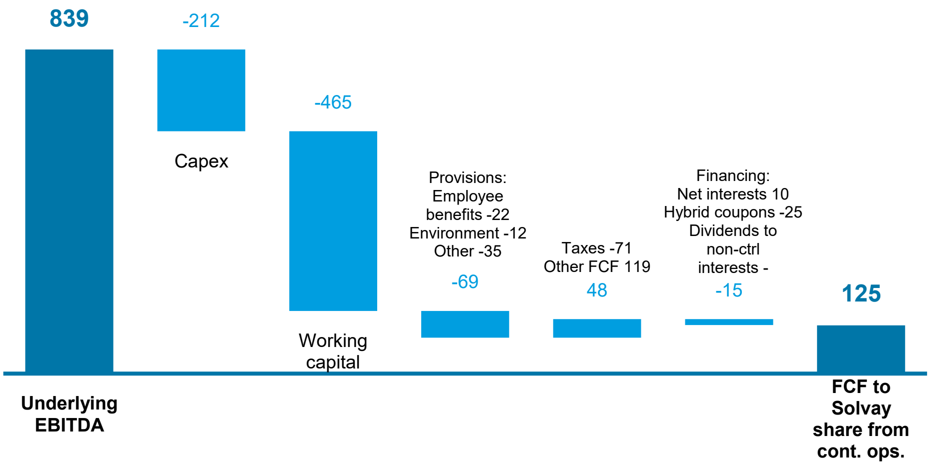
Underlying EBITDA

Underlying EBITDA of €839 million was up +18.0% (+22.0% organically) in Q1 2023 versus Q1 2022, driven by higher prices partly offset by lower volumes and higher fixed costs amid an inflationary environment. Record EBITDA margin was 26.5% in the quarter, 320 basis points higher than in Q1 2022.



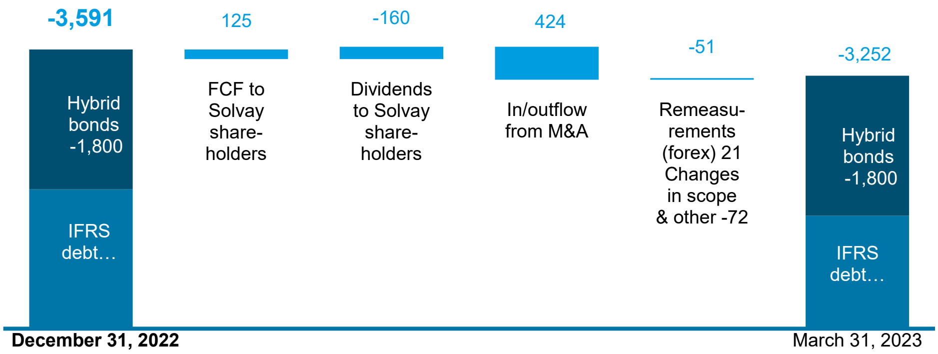
Free cash flow

Free cash flow to shareholders from continuing operations reached €125 million in Q1 2023. This reflects the combination of high profits and the €92 million settlement of litigation, as well as the impact of higher capex investments to support future growth, and higher working capital due to elevated inventories. Working capital intensity is expected to improve in the next two quarters. Free Cash flow conversion over the last twelve months stood at 30.4%.



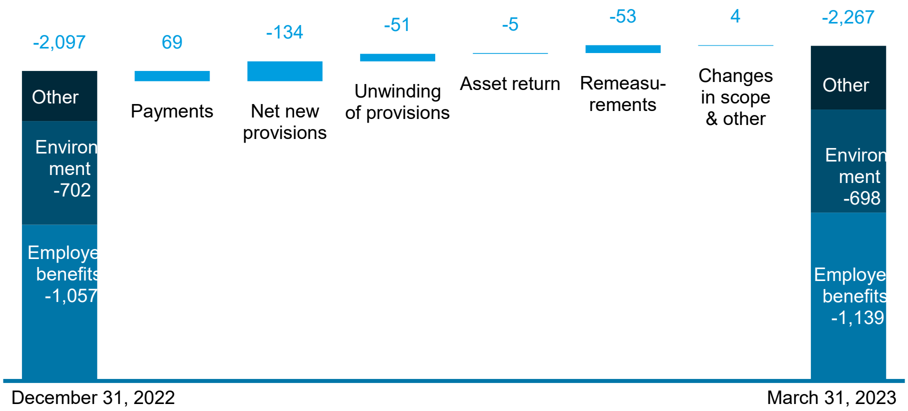
Underlying net debt

Underlying net financial debt decreased €339 million to €3,252 million compared to December 2022 with €432 million of proceeds from the sale of the RusVinyl joint venture substantially offsetting the interim dividend of €160 million.



Provisions

Provisions are higher by €170 million to €2.3 billion compared to December 2022. This was mainly driven by lower discount rates and new provisions of €80 million for restructuring associated with the Group's separation plan.



Performance by segments

Net sales bridge

Net sales Q1

(in € million)	Q1 2022	Scope	Forex conversion	Volume & mix	Price	Q1 2023
Solvay	**3,055**	**7**	**40**	**-358**	**421**	**3,167**
Materials	879	-	5	-16	154	1,022
Chemicals	1,039	19	21	-157	181	1,103
Solutions	1,135	-12	15	-186	87	1,038
CBS	2	-	-	1	-	3

Materials

Sales in Q1 2023 were up +16.3% (+15.6% organically) to €1,022 million driven by higher prices while volume growth in Composite Materials offset reduced demand in Specialty Polymers, mainly from customer destocking.

In Specialty Polymers, sales improved +15.1% (+15.0% organically) primarily due to higher price. Volumes were slightly lower due to reduced demand in batteries, while other markets including automotive (other applications), electronics, and healthcare delivered increased volumes.

Composite Materials sales were up +20.0% (+17.3% organically) year on year due to higher volumes and price. This was driven by the continued recovery of civil aerospace as well as growth in space & defense markets.

Segment EBITDA increased +39.9% (+35.2% organically) and +18.1% sequentially driven largely by price increases net of higher raw material costs. This resulted in an underlying EBITDA margin of 35.4%, significantly higher than 29.4% in Q1 2022.

Chemicals

First quarter net sales were up +6.1% (+2.2% organically) in the segment driven mainly by price and partly offset by lower volumes.

In Soda Ash & Derivatives, sales improved +23.2% (+19.1% organically) versus Q1 2022. Growth was driven by higher pricing, partially offset by lower demand in flat glass for construction, particularly in Europe, while container glass remained resilient.

Peroxides sales were lower by -4.5% (-5.7% organically) as lower volumes more than offset positive pricing in the quarter. Demand softened in chemicals (HPPO) and pulp & paper, while disinfection was resilient.

Silica sales increased +6.7% (+6.3% organically) in the quarter driven by pricing actions that were able to more than compensate for lower volumes.

Coatis sales were down -23.1% (-29.3% organically) in comparison to a very strong Q1 2022 as the business continued to normalize. Sales volumes declined due to lower demand and competitive price-pressure due to imports into Brazil.

Segment EBITDA rose +6.7% (+18.9% organically) and 5.9% sequentially as a result of significant price actions across all businesses except Coatis. This resulted in an underlying EBITDA margin of 27.0% in Q1 2023, essentially flat versus prior year.

Solutions

Sales in the first quarter of 2023 were down -8.5% (-8.7% organically) as a result of lower volumes, partly offset by higher prices.

Sales in Novecare were lower by -14.6% (-13.8% organically) year on year. While pricing remained positive, reduced demand in coatings, agro and consumer markets weighed on volumes.

Special Chem sales increased +4.5% (+4.3% organically) thanks to higher prices which more than compensated for reduced demand in automotive and semiconductor markets.

Technology Solutions sales increased +17.7% (+14.5% organically) due to higher prices and volumes. Strong demand was driven by mining and phosphorus derivatives.

Aroma Performance sales decreased -30.1% (-31.1% organically), as volume declined due to lower demand for vanillin used in the flavors and fragrance market.

Oil & Gas Solutions sales decreased -17.4% (-17.9% organically) versus the previous year quarter mainly driven by lower natural gas drilling activity in the US due to a significant decline in natural gas prices.

First quarter EBITDA in the segment fell -7.9% (-8.6% organically) year over year reflecting the lower volumes, but on a sequential basis was up +25.4% versus Q4 2022. EBITDA margin for the segment in Q1 was 21.1%, essentially flat versus prior year.

Corporate & Business Services

Corporate and Business services reported a loss of €-39 million to Group EBITDA in Q1 2023. The majority of the €25 million improvement year over year is due to the continued stabilization of the energy business.

Key segment figures

Segment review (in € million)	Underlying Q1 2023	Q1 2022	% yoy	% organic
Net sales	**3,167**	**3,055**	***+3.6%***	***+2.0%***
Materials	1,022	879	*+16.3%*	*+15.6%*
Specialty Polymers	773	671	*+15.1%*	-
Composite Materials	249	208	*+20.0%*	-
Chemicals	1,103	1,039	*+6.1%*	*+2.2%*
Soda Ash & Derivatives	598	485	*+23.2%*	-
Peroxides	171	179	*-4.5%*	-
Coatis	172	223	*-23.1%*	-
Silica	163	153	*+6.7%*	-
Solutions	1,038	1,135	*-8.5%*	*-8.7%*
Novecare	386	452	*-14.6%*	-
Special Chem	250	240	*+4.5%*	-
Technology Solutions	182	154	*+17.7%*	-
Aroma Performance	99	142	*-30.1%*	-
Oil & Gas	121	147	*-17.4%*	-
Corporate & Business Services	3	2	*+58.0%*	*+63.3%*
EBITDA	**839**	**712**	***+18.0%***	***+22.0%***
Materials	362	259	*+39.9%*	*+35.2%*
Chemicals	298	279	*+6.7%*	*+18.9%*
Solutions	219	238	*-7.9%*	*-8.6%*
Corporate & Business Services	-39	-64	*+38.5%*	-
EBITDA margin	***26.5%***	***23.3%***	***+3.2pp***	-
Materials	*35.4%*	*29.4%*	*+6.0pp*	-
Chemicals	*27.0%*	*26.9%*	*+0.2pp*	-
Solutions	*21.1%*	*20.9%*	*+0.1pp*	-

Key IFRS figures

Q1 key figures (in € million)	IFRS Q1 2023	IFRS Q1 2022	IFRS % yoy	Underlying Q1 2023	Underlying Q1 2022	Underlying % yoy
Net sales	**3,167**	**3,055**	***+3.6%***	**3,167**	**3,055**	***+3.6%***
EBITDA	**628**	**680**	***-7.6%***	**839**	**712**	***+18.0%***
EBITDA margin				*26.5%*	*23.3%*	*+3.2pp*
EBIT	**394**	**457**	***-13.8%***	**642**	**526**	***+22.2%***
Net financial charges	-30	-29	*-4.8%*	-48	-49	*+1.6%*
Income tax expenses	-114	-79	*-44.7%*	-131	-96	*-36.3%*
Tax rate				*22.6%*	*22.3%*	*+0.3pp*
loss from discontinued operations	-	-	*n.m.*	-1	1	*n.m.*
(Profit) / loss attributable to non-controlling interests	-3	-12	*-77.7%*	-3	-12	*-77.7%*
Profit / (loss) attributable to Solvay shareholders	**246**	**337**	***-27.0%***	**460**	**369**	***+24.5%***
Basic earnings per share (in €)	**2.37**	**3.25**	***-27.1%***	**4.42**	**3.56**	***+24.3%***
of which from continuing operations	2.37	3.25	*-27.0%*	4.43	3.55	*+24.9%*
Capex				212	151	*+40.4%*
FCF to Solvay shareholders from continuing operations				**125**	**216**	***-42.0%***
FCF to Solvay shareholders				125	216	*-41.9%*
Net financial debt				**3,252**		
Underlying leverage ratio				*1.0*		

Supplementary information

Reconciliation of alternative performance metrics

Solvay measures its financial performance using alternative performance metrics, which can be found below. Solvay believes that these measurements are useful for analyzing and explaining changes and trends in its historical results of operations, as they allow performance to be compared on a consistent basis. Definitions of the different metrics presented here are included in the glossary at the end of this financial report.

Underlying tax rate		Underlying	
(in € million)		**Q1 2023**	**Q1 2022**
Profit / (loss) for the period before taxes	a	594	477
Earnings from associates & joint ventures	b	13	46
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	-	-
Income taxes	d	-131	-96
Underlying tax rate	e = -d/(a-b-c)	**22.6%**	**22.3%**

Free cash flow (FCF)			
(in € million)		**Q1 2023**	**Q1 2022**
Cash flow from operating activities	a	321	382
of which voluntary pension contributions	b		
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	c	-29	-6
Cash flow from investing activities	d	227	-145
Acquisition (-) of subsidiaries	e	-2	-
Acquisition (-) of investments - Other	f	-7	-3
Loans to associates and non-consolidated companies	g	-19	-8
Sale (+) of subsidiaries and investments	h	432	-5
Recognition of factored receivables	i	-	-1
Payment of lease liabilities	j	-30	-28
FCF	k = a-b-c+d-e-f-g-h-i+j	**140**	**232**
Net interests paid	l	10	9
Coupons paid on perpetual hybrid bonds	m	-25	-25
FCF to Solvay shareholders	n = k+l+m	**125**	**216**
FCF to Solvay shareholders from continuing operations	o = n-n	**125**	**216**
FCF to Solvay shareholders from continuing operations (LTM)	p	**1,004**	**776**
Dividends paid to non-controlling interests from continuing operations (LTM)	q	-17	-43
Underlying EBITDA (LTM)	r	3,356	2,485
FCF conversion ratio (LTM)	s = (p-q)/r	30.4%	32.9%

Net working capital		2023	2022
(in € million)		**March 31**	**December 31**
Inventories	a	2,253	2,109
Trade receivables	b	2,035	2,026
Other current receivables	c	1,396	1,628
Trade payables	d	-1,963	-2,296
Other current liabilities	e	-1,314	-1,499
Net working capital	f = a+b+c+d+e	**2,407**	**1,969**
Quarterly total sales	g	3,608	3,907
Annualized quarterly total sales	h = 4*g	14,432	15,626
Net working capital / quarterly total sales	i = f / h	**16.7%**	**12.6%**

Capital expenditure (capex)

(in € million)		Q1 2023	Q1 2022
Acquisition (-) of tangible assets	a	-160	-105
Acquisition (-) of intangible assets	b	-22	-18
Payment of lease liabilities	c	-30	-28
Capex	d = a+b+c	**-212**	**-151**
Underlying EBITDA	e	**839**	**712**
Cash conversion	f = (d+e)/e	**74.7%**	**78.8%**

Net financial debt

(in € million)		2023 March 31	2022 December 31
Non-current financial debt	a	-2,437	-2,450
Current financial debt	b	-505	-510
IFRS gross debt	c = a+b	-2,942	-2,959
Underlying gross debt	d = c+h	-4,742	-4,759
Other financial instruments (current + non-current)	e	229	236
Cash & cash equivalents	f	1,261	932
Total cash and cash equivalents	g = e+f	1,490	1,168
IFRS net debt	i = c+g	**-1,452**	**-1,791**
Perpetual hybrid bonds	h	-1,800	-1,800
Underlying net debt	j = i+h	**-3,252**	**-3,591**
Underlying EBITDA (LTM)	k	3,356	3,229
Underlying leverage ratio	l = -j/k	**1.0**	**1.1**

ROCE

(in € million)		Q1 2023 As calcu-lated	Q1 2022 As calcu-lated
EBIT (LTM)	a	2,543	1,745
Accounting impact from EUAs and amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-149	-148
Numerator	c = a+b	**2,394**	**1,597**
WC industrial	d	2,190	1,685
WC Other	e	-32	-110
Property, plant and equipment	f	5,231	4,861
Intangible assets	g	2,116	2,101
Right-of-use assets	h	485	451
Investments in associates & joint ventures	i	776	607
Other investments	j	41	42
Goodwill	k	3,515	3,362
Denominator	l = d+e+f+g+h+i+j+k	**14,323**	**13,000**
ROCE	***m = c/l***	***16.7%***	***12.3%***

Reconciliation of underlying income statement indicators

In addition to IFRS accounts, Solvay also presents underlying Income Statement performance indicators to provide a more consistent and comparable indication of Solvay's economic performance. These figures adjust IFRS figures for the non-cash Purchase Price Allocation (PPA) accounting impacts related to acquisitions, for the coupons of perpetual hybrid bonds classified as equity under IFRS but treated as debt in the underlying statements, and for other elements to generate a measure that avoids distortion and facilitates the appreciation of performance and comparability of results over time.

Q1 consolidated income statement	Q1 2023			Q1 2022		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**3,608**	**-**	**3,608**	**3,693**	**-**	**3,693**
of which revenues from non-core activities	441	-	441	638	-	638
of which net sales	3,167	-	3,167	3,055	-	3,055
Cost of goods sold	-2,515	-	-2,515	-2,804	-	-2,804
Gross margin	**1,093**	**-**	**1,093**	**889**	**-**	**889**
Commercial costs	-88	-	-88	-76	-	-76
Administrative costs	-249	-	-249	-256	-	-256
Research & development costs	-97	1	-96	-79	1	-78
Other operating gains & losses	-67	36	-31	-34	35	1
Earnings from associates & joint ventures	21	-7	13	44	2	46
Result from portfolio management & major restructuring [1]	-289	289	-	-9	9	-
Result from legacy remediation & major litigations [2]	69	-69	-	-22	22	-
EBITDA	**628**	**211**	**839**	**680**	**32**	**712**
Depreciation, amortization & impairments	-235	38	-197	-223	37	-186
EBIT	**394**	**249**	**642**	**457**	**69**	**526**
Net cost of borrowings	-15	3	-13	-22	-	-22
Coupons on perpetual hybrid bonds	-	-20	-20	-	-20	-20
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-	-	-	-	-
Cost of discounting provisions	-16	-	-16	-7	-	-7
Result from equity instruments measured at fair value	1	-1	-	-	-	-
Profit / (loss) for the period before taxes	**363**	**231**	**594**	**428**	**49**	**477**
Income taxes	-114	-17	-131	-79	-17	-96
Profit / (loss) for the period from continuing operations	**249**	**214**	**463**	**349**	**32**	**380**
Profit / (loss) for the period from discontinued operations	-	-1	-1	-	-	1
Profit / (loss) for the period	**249**	**213**	**462**	**349**	**32**	**381**
attributable to Solvay share	246	213	460	337	32	369
attributable to non-controlling interests	3	-	3	12	-	12
Basic earnings per share (in €)	2.37	2.05	4.42	3.25	0.31	3.56
of which from continuing operations	2.37	2.06	4.43	3.25	0.30	3.55
Diluted earnings per share (in €)	2.35	2.03	4.38	3.25	0.31	3.55
of which from continuing operations	2.35	2.04	4.38	3.24	0.30	3.54

[1] The Q1 2023 Result from portfolio management & major restructuring includes a capital loss of €174 million mainly related to the recycling of historical currency translation balances on the sale of the Group's 50% stake in the RusVinyl joint venture. The Q1 2023 amount also includes an €80 million restructuring provision that was recognized in the context of the Group's separation plan.
[2] In Q1 2023, €92 million relates to a final settlement of litigation in relation to Solvay's claims of environmental breaches by Edison.

EBITDA on an IFRS basis totaled €628 million, versus €839 million on an underlying basis. The difference of €211 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €289 million to adjust for the "*Result from portfolio management and major restructuring*" (excluding depreciation, amortization and impairment elements), including the loss on RusVinyl disposal and the restructuring and other costs incurred for the project aimed at the separation of the Group into two independent, publicly listed companies and other restructuring initiatives.
- €-70 million to adjust for the "*Result from legacy remediation and major litigations*", mainly due to the settlement by Edison in relation to environmental breaches.
- €7 million to exclude contribution to equity earnings of RusVinyl, disposed in the quarter.

EBIT on an IFRS basis totaled €394 million, versus €642 million on an underlying basis. The difference of €249 million is explained by the above-mentioned €211 million adjustments at the EBITDA level and €38 million of "*Depreciation, amortization & impairments*". The latter consist of:

- €36 million to adjust for the non-cash impact of purchase price allocation (PPA), consisting of amortization charges on intangible assets, which are adjusted in "*Research & development costs*" for €1 million, and in "*Other operating gains & losses*" for €36 million.
- €2 million to adjust for the impact of impairment of other non-performing assets in "*Results from portfolio management and major restructuring*"

Net financial charges on an IFRS basis were €-30 million versus €-49 million on an underlying basis. The €-19 million adjustment made to IFRS net financial charges mainly consists of:

- €-20 million reclassification of coupons on perpetual hybrid bonds, which are treated as dividends under IFRS, and as financial charges in underlying results.
- €-1 million for the net impact of increasing discount rates on the valuation of environmental liabilities in the period.

Income taxes on an IFRS basis were €-114 million, versus €-131 million on an underlying basis. The €-17 million adjustment mainly relates to the adjustments of the earnings before taxes described above.

Profit / (loss) attributable to Solvay shareholders was €246 million on an IFRS basis and €460 million on an underlying basis. The delta of €213 million reflects the above-mentioned adjustments to EBIT, net financial charges and income taxes.

Condensed interim consolidated financial statements[1]

Consolidated income statement

(in € million)	IFRS Q1 2023	IFRS Q1 2022
Sales	**3,608**	**3,693**
of which revenues from non-core activities [2]	441	638
of which net sales	3,167	3,055
Cost of goods sold	-2,515	-2,804
Gross margin	**1,093**	**889**
Commercial costs	-88	-76
Administrative costs	-249	-256
Research & development costs	-97	-79
Other operating gains & losses	-67	-34
Earnings from associates & joint ventures	21	44
Result from portfolio management & major restructuring [3]	-289	-9
Result from legacy remediation & major litigations [4]	69	-22
EBIT	**394**	**457**
Cost of borrowings	-25	-25
Interest on loans & short term deposits	11	3
Other gains & losses on net indebtedness	-1	-
Cost of discounting provisions	-16	-7
Result from equity instruments measured at fair value	1	-
Profit / (loss) for the period before taxes	**363**	**428**
Income taxes	-114	-79
Profit / (loss) for the period from continuing operations	**249**	**349**
attributable to Solvay share	246	337
attributable to non-controlling interests	3	12
Profit / (loss) for the period from discontinued operations	-	-
Profit / (loss) for the period	**249**	**349**
attributable to Solvay share	246	337
attributable to non-controlling interests	3	12
Weighted average of number of outstanding shares, basic	103,861,801	103,714,179
Weighted average of number of outstanding shares, diluted	105,004,460	103,901,262
Basic earnings per share (in €)	2.37	3.25
of which from continuing operations	2.37	3.25
Diluted earnings per share (in €)	2.35	3.25
of which from continuing operations	2.35	3.24

Consolidated statement of comprehensive income

(in € million)	IFRS Q1 2023	IFRS Q1 2022
Profit / (loss) for the period	**249**	**349**
Gains and losses on hedging instruments in a cash flow hedge [5]	*-19*	*219*
Currency translation differences from subsidiaries & joint operations [6]	*-82*	*190*
Share of other comprehensive income of associates and joint ventures [7]	*165*	*7*
Recyclable components	64	417
Gains and losses on equity instruments measured at fair value through other comprehensive income	*-*	*6*
Remeasurement of the net defined benefit liability [8]	*-10*	*89*
Non-recyclable components	-10	94
Income tax relating to recyclable and non-recyclable components	11	-89
Other comprehensive income/(loss), net of related tax effects	**65**	**422**
Total comprehensive income/(loss)	**314**	**771**
attributable to Solvay share	311	757
attributable to non-controlling interests	3	14

[1] Unaudited.
[2] The decrease in revenues from non-core activities is mainly related to lower gas and electricity prices.
[3] The Q1 2023 Result from portfolio management & major restructuring includes a capital loss of €174 million mainly related to the recycling of historical currency translation balances on the sale of the Group's 50% stake in the RusVinyl joint venture. The Q1 2023 amount also includes an €80 million restructuring provision that was recognized in the context of the Group's separation plan.
[4] In Q1 2023, €92 million relates to a final settlement of litigation in relation to Solvay's claims of environmental breaches by Edison.
[5] The gains and losses on hedging instruments in a cash flow hedge were mainly resulting from the increase in the gas price in Q1 2022.
[6] Q1 2023 currency translation differences are mainly due to the USD devaluation against EUR.
[7] The increase in the Share of other comprehensive income of associates and joint ventures in Q1 2023 mainly results from the recycling of the accumulated currency translation adjustments related to the sale of the RusVinyl Equity investment.
[8] The remeasurement of the net defined benefit liability of €-10 million (€89 million in Q1 2022) was mainly due to the decrease of discount rates in Q1 2023 applicable to post-employment provisions in the Euro-zone and US, partially offset by the return on plan assets.

Consolidated statement of cash flows

(in € million)	IFRS Q1 2023	IFRS Q1 2022
Profit / (loss) for the period	249	349
Adjustments to profit / (loss) for the period	670	309
Depreciation, amortization & impairments	235	223
Earnings from associates & joint ventures	-21	-44
Additions & reversals of provisions [1]	134	23
Other non-operating and non-cash items [2]	176	-1
Net financial charges	31	28
Income tax expenses	115	79
Changes in working capital	-462	-157
Uses of provisions	-69	-83
Dividends received from associates & joint ventures	4	3
Income taxes paid (excluding income taxes paid on sale of investments)	-71	-39
Cash flow from operating activities	**321**	**382**
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	-29	-6
Acquisition (-) of subsidiaries	-2	-
Acquisition (-) of investments - Other	-7	-3
Loans to associates and non-consolidated companies	-19	-8
Sale (+) of subsidiaries and investments [3]	432	-5
Acquisition (-) of tangible and intangible assets (capex)	-182	-123
of which property, plant and equipment	-160	-105
of which intangible assets	-22	-18
Sale (+) of property, plant and equipment & intangible assets	3	1
Changes in non-current financial assets	-	-7
Cash flow from investing activities	**227**	**-145**
Acquisition (-) / sale (+) of treasury shares	11	11
Increase in borrowings	51	32
Repayment of borrowings	-49	-23
Changes in other financial assets [4]	9	-107
Payment of lease liabilities	-30	-28
Net interests paid	10	9
Coupons paid on perpetual hybrid bonds	-25	-25
Dividends paid	-160	-156
of which to Solvay shareholders	-160	-155
Other [5]	-35	123
Cash flow from financing activities	**-217**	**-164**
Net change in cash and cash equivalents	330	73
Currency translation differences	-1	21
Opening cash balance	932	941
Closing cash balance	**1,261**	**1,034**

[1] Additions & reversals of provisions includes €80 million recognized in Q1 2023 related to the restructuring provision in the context of the separation plan.
[2] Other non-operating and non-cash items in Q1 2023 mainly relates to the €174 million capital loss on the sale of the Group's 50% stake in the RusVinyl joint venture.
[3] Sale of subsidiaries and investments in Q1 2023 mainly relates to the cash proceeds received of €432 million on the sale of the Group's 50% stake in the RusVinyl joint venture.
[4] Changes in other financial assets in Q1 2022 mainly relates to initial deposit margin calls of €-125 million.
[5] In Q1 2022, the Other cash flow from financing activities mainly relate to excess margin calls ("out of the money" instruments) of €130 million.

Consolidated statement of financial position

(in € million)	2023 March 31	2022 December 31
Intangible assets	1,979	2,048
Goodwill	3,447	3,472
Property, plant and equipment	5,275	5,311
Right-of-use assets	481	474
Equity instruments measured at fair value	77	71
Investments in associates & joint ventures [1]	386	809
Other investments	37	37
Deferred tax assets	973	932
Loans & other assets [2]	489	466
Other financial instruments	30	30
Non-current assets	**13,173**	**13,651**
Inventories	2,253	2,109
Trade receivables	2,035	2,026
Income tax receivables	104	108
Other financial instruments	199	206
Other receivables [2]	1,396	1,628
Cash & cash equivalents	1,261	932
Current assets	**7,248**	**7,010**
Total assets	**20,421**	**20,661**
Share capital	1,588	1,588
Share premiums	1,170	1,170
Other reserves	8,146	7,846
Non-controlling interests	63	61
Total equity	**10,967**	**10,664**
Provisions for employee benefits	1,139	1,057
Other provisions	724	743
Deferred tax liabilities	548	558
Financial debt	2,437	2,450
Other liabilities [2]	221	303
Non-current liabilities	**5,069**	**5,111**
Other provisions [3]	404	297
Financial debt	505	510
Trade payables	1,963	2,296
Income tax payables	194	119
Dividends payables	5	165
Other liabilities [2]	1,314	1,499
Current liabilities	**4,385**	**4,885**
Total equity & liabilities	**20,421**	**20,661**

[1] The decrease in Investments in associates & joint ventures is driven by the sale of the Group's 50% equity stake in the RusVinyl joint venture (€428 million).
[2] The overall decrease is largely driven by the fair value adjustments of energy-related financial assets and liabilities due to price decreases in gas and electricity in Q1 2023. As the fair value adjustments are on sale and purchase contracts of energy, they impact both assets and liabilities. Loans & other assets reflect a slight increase, which is mainly related to the favorable return on plan assets due to the decrease in discount rates in Q1 2023.
[3] The increase in Other provisions is mainly related to the recognition of an €80 million restructuring provision in the context of the Group's separation plan.

Consolidated statement of changes in equity

(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Revaluation reserve (fair value): Equity instruments measured at fair value	Revaluation reserve (fair value): Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
Balance on December 31, 2021	**1,588**	**1,170**	**-232**	**1,786**	**5,467**	**-645**	**23**	**3**	**-421**	**5,982**	**112**	**8,851**
Profit / (loss) for the period	-	-	-	-	337	-	-	-	-	337	12	349
Items of other comprehensive income	-	-	-	-	-	196	4	160	60	420	2	422
Comprehensive income	**-**	**-**	**-**	**-**	**337**	**196**	**4**	**160**	**60**	**757**	**14**	**771**
Cost of share-based payment plans	-	-	-	-	1	-	-	-	-	1	-	1
Dividends	-	-	-	-	-	-	-	-	-	-	-1	-1
Coupons of perpetual hybrid bonds	-	-	-	-	-25	-	-	-	-	-25	-	-25
Sale (acquisition) of treasury shares	-	-	11	-	-	-	-	-	-	11	-	11
Other	-	-	-	-	2	-	-	-	-	2	-	2
Balance on March 31, 2022	**1,588**	**1,170**	**-221**	**1,786**	**5,782**	**-450**	**27**	**163**	**-361**	**6,728**	**125**	**9,610**
Balance on December 31, 2022	**1,588**	**1,170**	**-225**	**1,786**	**6,854**	**-318**	**4**	**76**	**-332**	**7,846**	**61**	**10,664**
Profit / (loss) for the period	-	-	-	-	246	-	-	-	-	246	3	249
Items of other comprehensive income	-	-	-	-	-	84	-	-15	-3	65	-	65
Comprehensive income	**-**	**-**	**-**	**-**	**246**	**84**	**-**	**-15**	**-3**	**311**	**3**	**314**
Cost of share-based payment plans	-	-	-	-	3	-	-	-	-	3	-	3
Coupons of perpetual hybrid bonds	-	-	-	-	-25	-	-	-	-	-25	-	-25
Sale (acquisition) of treasury shares	-	-	11	-	-	-	-	-	-	11	-	11
Balance on March 31, 2023	**1,588**	**1,170**	**-213**	**1,786**	**7,078**	**-235**	**4**	**60**	**-335**	**8,146**	**63**	**10,967**

Notes to the condensed interim consolidated financial statements

1. General information and significant events

Solvay is a public limited liability company governed by Belgian law and listed on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on May 3, 2023.

Edison

In February 2023, Solvay received compensation of €91.6 million after decisions by the International Chamber of Commerce's arbitration tribunal, the Swiss Supreme Court, and the Milan Court of Appeal, all of which ruled in favor of Solvay. The outcome follows more than 10 years of legal proceedings in relation to Solvay's claims of environmental breaches by Edison, a subsidiary of EDF, in the context of Solvay's acquisition of the Italian company Ausimont in 2002.

The compensation relates to costs, losses and damages suffered by Solvay up to the end of 2016. Additional arbitration procedures are currently ongoing regarding costs, losses and damages suffered by Solvay from January 2017 onwards. Solvay is confident in the merits of its claim for additional significant compensation for damage in this second phase and expects proceedings to conclude in 2024.

RusVinyl

On March 24, 2023, the Group announced the completion of the sale of its 50% stake in RusVinyl, an independent joint venture in Russia, to its joint venture partner, Sibur. At the time of closing, the Group received €432 million in cash proceeds in Belgium, which has been reported as cash flow from investing activities in Q1 2023. A capital loss of €174 million has been recognized in Q1 2023, mainly reflecting recycling of the historical currency translation balances to the consolidated income statement.

Separation plan

On March 15, 2022, the Group announced its plans to separate into two independent publicly traded companies:

- EssentialCo (Solvay SA) would comprise leading mono-technology businesses including Soda Ash, Peroxides, Silica and Coatis, which are reported as the Company's Chemicals segment, as well as the Special Chem business. These businesses generated approximately €6 billion in net sales in 2022.
- SpecialtyCo would comprise the Company's currently reported Materials segment, including its high-growth, high-margin Specialty Polymers, its high-performance Composites business, as well as the majority of its Solutions segment, including Novecare, Technology Solutions, Aroma Performance, and Oil & Gas. These businesses combined generated approximately €8 billion in net sales in 2022.

The transaction is subject to general market conditions and customary closing conditions, including final approval by Solvay's Board of Directors, consent of certain financing providers and shareholder approval at an extraordinary general meeting, and is expected to be completed in December 2023. The Board of Directors of Solvac, Solvay's long-standing reference shareholder, has confirmed its support of Solvay's transaction.

Under the separation plan, the shares of SpecialtyCo are expected to be admitted to trading on Euronext Brussels and Euronext Paris upon completion of the transaction, while Solvay's shareholders would retain their current shares of Solvay SA, which will continue to be listed on Euronext Brussels and Euronext Paris.

While the Group is actively taking steps to prepare for the partial demerger and anticipates that the transaction will be completed in December 2023, the Group considers the specialty businesses do not meet the criteria under IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* (IFRS 5) to be classified as discontinued operations at March 31, 2023. This judgment is taken on the basis that the abovementioned consents and approvals have not yet been obtained. These approvals are anticipated to occur in the course of 2023. Management will further assess the IFRS 5 criteria at each reporting period.

Restructuring provision

In the context of the Group's plan to separate into two independent publicly traded companies, a new restructuring initiative was launched in Q1 2023. This initiative will lead to the net suppression of approximately 200 roles by the end of 2023. As a consequence, a restructuring provision of €80 million was recognized in Q1 2023.

Energy

In Q1 2023, the Group had several one-time events relating to its energy activity. They generated a net favorable impact of approximately €11 million in the Corporate and Business Services segment of the Group.

2. Accounting policies

Solvay prepares its condensed consolidated interim financial statements on a quarterly basis, in accordance with IAS 34 *Interim Financial Reporting* using the same accounting policies as those adopted for the preparation of the consolidated financial statements for the year ended December 31, 2022. They do not include all the information required for the preparation of the annual consolidated financial statements and should be read in conjunction with the consolidated financial statements for the year ended December 31, 2022. The consolidated financial statements for 2022 were published in early April 2023.

The critical accounting judgments and key sources of estimation uncertainty included in the 2022 annual report remain applicable. Relevant updates on specific topics are included in these notes and should be read together with the 2022 annual report.

There was one amendment that became effective as of January 1, 2023, which applies to the Group. An assessment was made and this amendment had no impact on the Group's condensed consolidated financial statements.

Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12
The amendments to IAS 12 *Income Tax* narrow the scope of the initial recognition exception, so that it no longer applies to transactions that give rise to equal taxable and deductible temporary differences such as leases and decommissioning liabilities.

There are other IFRS amendments applicable for the first time in 2023, but do not have a material impact on or are not relevant for, the condensed consolidated financial statements of the Group and therefore have not been disclosed.

3. Segment information

Solvay is organized in the following operating segments:
Materials offer a unique portfolio of high-performance polymers and composite technologies used primarily in sustainable mobility applications. Its solutions enable weight reduction and enhance performance while improving CO_2 and energy efficiency. Major markets served include next-generation mobility in automotive and aerospace, healthcare and electronics.
Chemicals host chemical intermediate businesses focused on mature and resilient markets. Solvay is a world leader in soda ash and peroxides and major markets served include building and construction, consumer goods and food. Its Silica and Coatis businesses are also high quality assets with strong positions in their markets.
Solutions offer a unique formulation & application expertise through customized specialty formulations for surface chemistry & liquid behavior, maximizing yield and efficiency of the processes they are used in while minimizing the eco-impact. Novecare, Technology Solutions, Aroma, Special Chem and Oil & Gas focus on specific areas such as resources (improving the extraction yield of metals, minerals and oil), industrial applications (such as coatings) or consumer goods and healthcare (including vanillin and guar for home and personal care).
Corporate & Business Services includes corporate and other business services, such as Group research & innovation or energy services, whose mission is to optimize energy consumption and reduce CO_2 emissions.

Reconciliation of segment, underlying and IFRS data

(in € million)	Q1 2023	Q1 2022
Net sales	**3,167**	**3,055**
Materials	1,022	879
Chemicals	1,103	1,039
Solutions	1,038	1,135
Corporate & Business Services	3	2
Underlying EBITDA	**839**	**712**
Materials	362	259
Chemicals	298	279
Solutions	219	238
Corporate & Business Services	-39	-64
Underlying depreciation, amortization & impairments	-197	-186
Underlying EBIT	**642**	**526**
Accounting impact from EUAs and amortization & depreciation of purchase price allocation (PPA) from acquisitions	-37	-36
Net financial charges of the RusVinyl joint venture	7	-2
Result from portfolio management & major restructuring	-289	-9
Result from legacy remediation & major litigations	69	-22
EBIT	**394**	**457**
Net financial charges	-30	-29
Profit / (loss) for the period before taxes	**363**	**428**
Income taxes	-114	-79
Profit / (loss) for the period from continuing operations	**249**	**349**
Profit / (loss) for the period from discontinued operations	-	-
Profit / (loss) for the period	**249**	**349**
attributable to non-controlling interests	3	12
attributable to Solvay share	**246**	**337**

The non-cash PPA impacts can be found in the reconciliation table on page 11.

4. Financial Instruments

Valuation techniques

Compared to December 31, 2022, there are no changes in valuation techniques.

Fair value of financial instruments measured at amortized cost

For all financial instruments not measured at fair value in Solvay's consolidated statement of financial position, the fair value of those financial instruments as of March 31, 2023, is not significantly different from the ones published in Note F32 of the consolidated financial statements for the year ended December 31, 2022.

Financial instruments measured at fair value

For financial instruments measured at fair value in Solvay's consolidated statement of financial position, the fair value of those instruments as of March 31, 2023 decreased Other receivables by €0.2 billion and Other liabilities by €0.3 billion when compared to December 31, 2022. The main driver of the decreases is the fluctuation in electricity and gas prices during the period.

5. Events after the reporting period

There were no major events after the reporting period.

6. Declaration by responsible persons

Ilham Kadri, Chief Executive Officer, and Karim Hajjar, Chief Financial Officer, of the Solvay Group, declare that to the best of their knowledge:

- The condensed consolidated financial information, prepared in accordance with IAS 34 *Interim Financial Reporting* as adopted by the European Union, reflects a faithful image of the assets and liabilities, financial situation and results of the Solvay Group;
- The management report contains a faithful presentation of significant events occurring during the first three months of 2023, and their impact on the condensed consolidated financial information;
- The main risks and uncertainties are in accordance with the assessment disclosed in the Risk Management section of the Solvay 2022 Annual Integrated Report, taking into account the current economic and financial environment.

Glossary

Adjustments: Each of these adjustments made to the IFRS results is considered to be significant in nature and/or value. Excluding these items from the profit metrics provides readers with relevant additional information on the Group's underlying performance over time because it is consistent with how the business' performance is reported to the Board of Directors and the Executive Committee. These adjustments consist of:

- Results from portfolio management and major restructurings,
- Results from legacy remediation and major litigations,
- Amortization of intangible assets resulting from Purchase Price Allocation (PPA) and inventory step-up in gross margin,
- Net financial results related to changes in discount rates, coupons of hybrid bonds deducted from equity under IFRS and debt management impacts (mainly including gains/(losses)) related to the early repayment of debt,
- Adjustments of equity earnings for impairment gains or losses, unrealized foreign exchange gains or losses on debt and contribution to IFRS equity earnings of equity investments disposed of in the period,
- Results from equity instruments measured at fair value,
- Gains and losses, related to the management of the CO_2 hedges not accounted for as Cash Flow Hedge, deferred in adjustments until the maturity of the economic hedge
- Tax effects related to the items listed above and tax expense or income of prior years

All adjustments listed above apply to both continuing and discontinuing operations, and include the impacts on non-controlling interests

Basic earnings per share: Net income (Solvay's share) divided by the weighted average number of shares, after deducting own shares purchased to cover stock option programs.

Capital expenditure (capex): Cash paid for the acquisition of tangible and intangible assets presented in cash flows from investing activities, and cash paid on the lease liabilities (excluding interests paid), presented in cash flows from financing activities. This indicator is used to manage capital employed in the Group.

Cash conversion: Is a ratio used to measure the conversion of EBITDA into cash. It is defined as (Underlying EBITDA + Capex from continuing operations) / Underlying EBITDA.

CFROI: Cash Flow Return on Investment measures the cash returns of Solvay's business activities. Movements in CFROI levels are relevant indicators for showing whether economic value is being added, though it is accepted that this measure cannot be benchmarked or compared with industry peers. The definition uses a reasonable estimate (management estimate) of the replacement cost of assets and avoids accounting distortions, e.g. for impairments. It is calculated as the ratio between recurring cash flow and invested capital, where:

- Recurring cash flow = Underlying EBITDA + (Dividends from associates and joint ventures − Underlying Earnings from associates and joint ventures) + Recurring capex + Recurring income taxes;
- Invested capital = Replacement value of goodwill & fixed assets + Net working capital + Carrying amount of associates and joint ventures;
- Recurring capex is normalized at 2.3% of the Replacement value of fixed assets net of Goodwill;
- Recurring income taxes are normalized at 28% of (Underlying EBIT − Underlying Earnings from associates and joint ventures).

CGU: Cash-generating unit

CTA: Currency Translation Adjustment

Diluted earnings per share: Net income (Solvay's share) divided by the weighted average number of shares adjusted for the effects of dilution.

Discontinued operations: Component of the Group which the Group has disposed of or which is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations;
- Is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or
- Is a subsidiary acquired exclusively with a view to resale.

EBIT: Earnings before interest and taxes. Performance indicator that is a measure of the Group's operating profitability irrespective of the funding's structure.

EBITDA: Earnings before interest and taxes, depreciation and amortization. The Group has included EBITDA as an alternative performance indicator because management believes that the measure provides useful information to assess the Group's operating profitability as well as the Group's ability to generate operating cash flows.

Extra-financial indicators: Indicators used that measure the sustainability performance of the company in complement to financial indicators. Solvay has selected 10 indicators that are included in the ONE Planet initiative. For more information, we refer to the last available annual report available on www.solvay.com

Free cash flow: Cash flows from operating activities (excluding cash flows linked to acquisitions or disposals of subsidiaries, cash outflows of Voluntary Pension Contributions, as they are deleveraging in nature as a reimbursement of debt and cash flows related to internal management of portfolio such as one-off external costs of internal carve-out and related taxes…), cash flows from investing activities (excluding cash flows from or related to acquisitions and disposals of subsidiaries), and other investments, and excluding loans to associates and non-consolidated investments, and recognition of factored receivables), payment of lease liabilities, and increase/decrease of borrowings related to environmental remediation. Prior to the adoption of IFRS 16, operating lease payments were included within free cash flow. Following the application of IFRS 16, because leases are generally considered to be operating in nature, free cash flow incorporates the payment of the lease liability (excluding the interest expense). Excluding this item in the free cash flow would result in a significant improvement of free cash flow compared to prior periods, whereas the operations themselves have not been affected by the implementation of IFRS 16. It is a measure of cash generation, working capital efficiency and capital discipline of the Group.

Free cash flow to Solvay shareholders: Free cash flow after payment of net interests, coupons of perpetual hybrid bonds and dividends to non-controlling interests. This represents the cash flow available to Solvay shareholders, to pay their dividend and/or to reduce the net financial debt.

Free cash flow conversion: Calculated as the ratio between the free cash flow to Solvay shareholders of the last rolling 12 months (before netting of dividends paid to non-controlling interest) and underlying EBITDA of the last rolling 12 months.

GBU: Global business unit.

HPPO: Hydrogen peroxide propylene oxide, new technology to produce propylene oxide using hydrogen peroxide.

IFRS: International Financial Reporting Standards.

LTM: Last twelve months

Leverage ratio: Net debt / underlying EBITDA of last 12 months. Underlying leverage ratio = underlying net debt / underlying EBITDA of last 12 months.

Mandatory contributions to employee benefits plans: For funded plans, contributions to plan assets corresponding to amounts required to be paid during the respective period, in accordance with agreements with trustees or regulation, as well as, for unfunded plans, benefits paid to beneficiaries.

Net cost of borrowings: cost of borrowings netted with interest on loans and short-term deposits, as well as other gains (losses) on net indebtedness.

Net financial debt: Non-current financial debt + current financial debt − cash & cash equivalents − other financial instruments (current and non-current). Underlying net debt reclassifies as debt 100% of the hybrid perpetual bonds, considered as equity under IFRS. It is a key measure of the strength of the Group's financial position and is widely used by credit rating agencies.

Net financial charges: Net cost of borrowings, and costs of discounting provisions (namely, related to post-employment benefits and Health Safety and Environmental liabilities).

Net pricing: The difference between the change in sales prices versus the change in variable costs.

Net sales: Sales of goods and value added services corresponding to Solvay's know-how and core business. Net sales exclude Revenue from non-core activities.

Net working capital: Includes inventories, trade receivables and other current receivables, netted with trade payables and other current liabilities.

OCI: Other Comprehensive Income.

Operational deleveraging: Reduction of liabilities (net debt or provisions) through operational performance only, i.e. excluding impacts from acquisitions and divestitures, as well as remeasurement impacts (changes of foreign exchange, inflation, mortality and discount rates).

Organic growth: Growth of Net sales or underlying EBITDA excluding scope changes (related to small M&A not leading to restatements) and forex conversion effects. The calculation is made by rebasing the prior period at the business scope and forex conversion rate of the current period.

PA: Polyamide, polymer type.

pp: Unit of percentage points, used to express the evolution of ratios.

PPA: Purchase Price Allocation (PPA) accounting impacts related to acquisitions, primarily for Rhodia and Cytec.

Pricing power: The ability to create positive net pricing.

PSU: Performance Share Unit.

PVC: Polyvinyl chloride, polymer type.

Research & innovation: Research & development costs recognized in the income statement and as capital expenditure before deduction of related subsidies, royalties and depreciation and amortization expense. It measures the total cash effort in research & innovation, regardless of whether the costs were expensed or capitalized.

Research & innovation intensity: Ratio of Research & innovation / net sales

Result from legacy remediation and major litigations: It includes:

- The remediation costs not generated by on-going production facilities (shut-down of sites, discontinued productions, previous years' pollution), and
- The impact of significant litigations

Results from portfolio management and major restructuring: It includes:

- Gains and losses on the sale of subsidiaries, joint operations, joint ventures, and associates that do not qualify as discontinued operations;
- Acquisition costs of new businesses;
- One-off operating costs related to internal management of portfolio (carve-out of major lines of businesses);
- Gains and losses on the sale of real estate not directly linked to an operating activity;
- Restructuring charges driven by portfolio management and by major reorganization of business activities, including impairment losses resulting from the shutdown of an activity or a plant;
- Impairment losses resulting from testing of Cash Generating Units (CGUs);

It excludes non-cash accounting impact from amortization and depreciation resulting from the purchase price allocation (PPA) from acquisitions.

Revenue from non-core activities: Revenues primarily comprising commodity and utility trading transactions and other revenue, considered to not correspond to Solvay's know-how and core business.

ROCE: Return on Capital Employed, calculated as the ratio between underlying EBIT (before adjustment for the amortization of PPA) and capital employed. Capital employed consists of net working capital, tangible and intangible assets, goodwill, rights-of-use assets, investments in associates & joint ventures and other investments, and is taken as the average of the situation at the end of the last 4 quarters.

SBTi: Science-based target initiative

SOP: Stock Option Plan.

SPM: The Sustainable Portfolio Management tool is integrated into the Solvay Way framework (linked to five practices). It serves as a strategic tool for developing information on our portfolio and analyzing the impacts of sustainability megatrends on our businesses.

Underlying: Underlying results are deemed to provide a more comparable indication of Solvay's fundamental performance over the reference periods. They are defined as the IFRS figures adjusted for the "Adjustments" as defined above. They provide readers with additional information on the Group's underlying performance over time as well as the financial position and they are consistent with how the business' performance and financial position are reported to the Board of Directors and the Executive Committee.

Underlying Tax rate: Income taxes / (Result before taxes – Earnings from associates & joint ventures) – all determined on an Underlying basis. The adjustment of the denominator regarding associates and joint ventures is made as these contributions are already net of income taxes. This provides an indication of the tax rate across the Group.

Voluntary pension contributions: Contributions to plan assets in excess of Mandatory Contributions to employee benefits plans. These payments are discretionary and are driven by the objective of value creation. These voluntary contributions are excluded from free cash flow as they are deleveraging in nature as a reimbursement of debt.

WACC: Weighted Average Cost of Capital

yoy: Year on year comparison.

Contacts

Investor relations

Jodi Allen
+1 609 860 4608

Geoffroy d'Oultremont
+32 2 320 7975

Bisser Alexandrov
+32 2 264 36 87

Alex Sokolowski
+32 2 264 1168

Imtiyaz Lokhandwala
+1 609 860 3959

investor.relations@solvay.com

Media relations

Nathalie Van Ypersele
+32 478 20 10 62

Martial Tardy
+32 475 83 01 14

Peter Boelaert
+32 479 30 91 59

media.relations@solvay.com

About Solvay
Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 22,000 employees in 61 countries, Solvay bonds people, ideas and elements to reinvent progress. The Group seeks to create sustainable shared value for all, notably through its Solvay One Planet plan crafted around three pillars: protecting the climate, preserving resources and fostering better life. The Group's innovative solutions contribute to safer, cleaner, and more sustainable products found in homes, food and consumer goods, planes, cars, batteries, smart devices, health care applications, water and air purification systems. Founded in 1863, Solvay today ranks among the world's top three companies for the vast majority of its activities and delivered net sales of €13.4 billion in 2022. Solvay is listed on Euronext Brussels and Paris (SOLB). Learn more at www.solvay.com.

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