First quarter 2022

Financial report

Progress beyond

Forenote

In addition to IFRS accounts, Solvay also presents alternative performance indicators 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, 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 2022 were over €3 billion, a new quarterly record, up +26.1% organically versus Q1 2021, with double-digit sales growth in every business and all regions driven by successful **price actions** (+20% or €475 million) and **volume growth** (+6% or €157 million).
- Structural **cost savings** of €22 million were achieved in Q1 2022, totaling €410 million since 2020, and on track to achieve our €500 million mid-term target ahead of plan.
- Record underlying **EBITDA** in Q1 2022 of €712 million was +20% higher on an organic basis. All three segments delivered double-digit EBITDA growth driven by price and volumes. Price gains in the quarter more than offset €369 million of inflationary cost increases. Solutions was up +35%, with particular strength in Novecare, while Materials was up +21%, and Chemicals was up +15%.
- The underlying **EBITDA margin** in Q1 2022 was 23.3%, similar to full year 2021 level as strong pricing actions offset inflation headwinds.
- Underlying **Net Profit** was €369 million in Q1 2022, up +54% compared to Q1 2021.
- **Free Cash Flow** in Q1 2022 amounted to €216 million, representing a 32.9% conversion ratio, despite higher working capital resulting from strong sales growth. Working capital discipline was maintained throughout the quarter.
- All time record **ROCE** at 12.3%, +477 basis points above the prior year.
- Solvay launched its **fourth growth platform**, dedicated to developing innovative solutions using renewable feedstocks and biotechnology, supporting our sustainability objectives by creating more circular solutions.

Underlying, (in € million)	Q1 2022	Q1 2021	*% yoy*	*% organic*
Net sales	3,055	2,373	+28.8%	+26.1%
EBITDA	712	583	+22.1%	+20.1%
EBITDA margin	23.3%	24.6%	-	-
FCF to shareholders	216	282	-23.6%	-
FCF conversion ratio (LTM)	32.9%	54.8%	-21.9pp	-
ROCE	12.3%	7.5%	+4,77pp	

Ilham Kadri, CEO

"I am pleased to report another set of record results, with strong performance across every business segment. The critical and differentiated solutions that we provide to our customers enabled us to increase prices and more than compensate for the sharp cost increases in raw materials and energy. This performance, together with our continued focus and cash discipline, contributed to a solid Free Cash Flow generation. This enables us to invest in innovation and capacity expansions, to support our customers globally and accelerate topline growth across the midterm. I'm also proud of our returns, which improved significantly versus one year ago thanks to our cost and portfolio actions."

2022 Outlook Increased

Full year underlying EBITDA is now estimated to grow by mid to high single-digits, and Free Cash Flow to shareholders is estimated to exceed €650 million.

Key figures

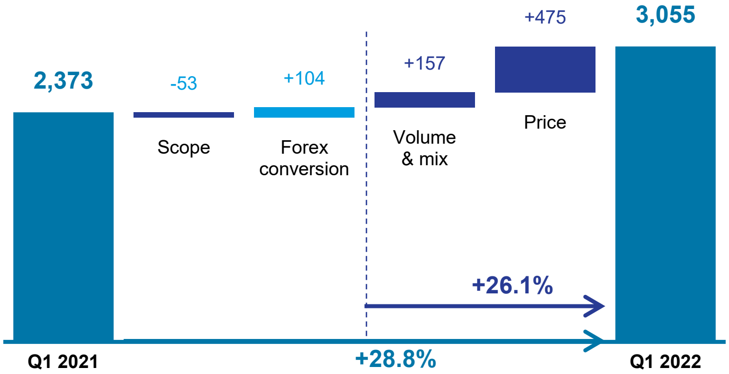
Underlying key figures

(in € million)	Q1 2022	Q1 2021	*% yoy*
Net sales	**3,055**	**2,373**	***+28.8%***
EBITDA	**712**	**583**	***+22.1%***
EBITDA margin	*23.3%*	*24.6%*	*-1.3pp*
EBIT	**526**	**382**	***+37.8%***
Net financial charges	-49	-63	*+21.6%*
Income tax expenses	-96	-70	*-36.9%*
Tax rate	*22.3%*	*23.7%*	*-1.3pp*
Profit from discontinued operations	1	1	*-52.6%*
(Profit) / loss attributable to non-controlling interests	-12	-9	*+25.1%*
Profit / (loss) attributable to Solvay shareholders	**369**	**240**	***+53.7%***
Basic earnings per share (in €)	**3.56**	**2.33**	***+53.0%***
of which from continuing operations	3.56	2.33	*+53.0%*
Capex	-151	-100	*-50.7%*
FCF to Solvay shareholders	216	282	*-23.6%*
FCF conversion ratio (LTM)	32.9%	54.8%	*-21.9pp*
Net financial debt	**3,912**		
Underlying leverage ratio	*1.6*		

Group performance

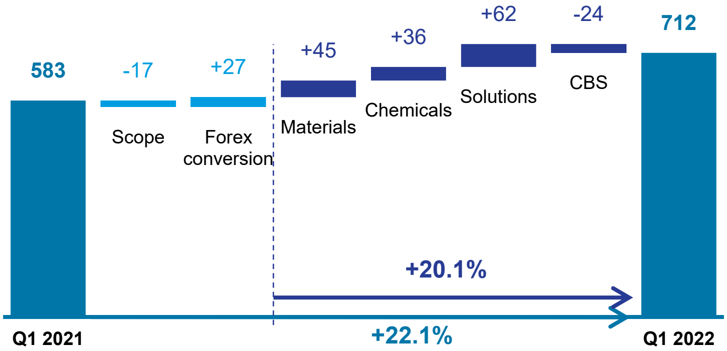
Net sales

Net sales of €3,055 million in Q1 2022 were up 28.8% compared to Q1 2021 (+26.1% organically and +2.2% positive impact from currency and scope). This was driven by strong price actions implemented across businesses as well as higher volumes.



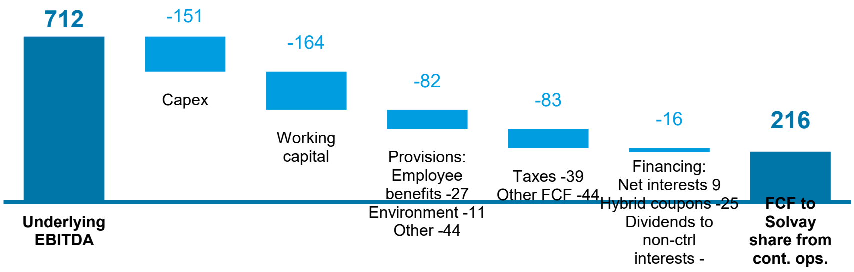
Underlying EBITDA

Underlying EBITDA of €712 million was up 22.1% (+20.1% organically) in Q1 2022 driven mainly by higher prices but also volumes more than offsetting higher fixed costs amid an inflationary environment and re-investment in growth and capability. As a result, the EBITDA margin of 23.3% in the quarter was similar to the 2021 average.



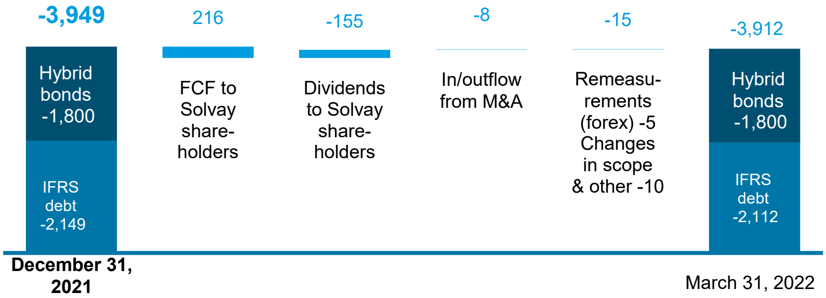
Free cash flow

Free cash flow to shareholders from continuing operations reached €216 million, which marks the 12th consecutive quarter of positive cash generation. The strong EBITDA growth driven by pricing and volumes nearly offset the increase of industrial working capital. Cash flow was €66 million below Q1 2021 as capex was €51 million higher than in Q1 2021, as we continue to invest in our growth. LTM Free Cash flow conversion stood at 32.9%.



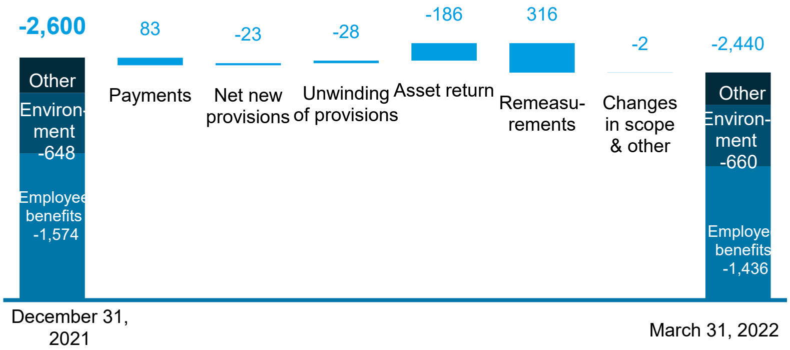
Underlying net debt

Underlying net financial debt was roughly stable at €3.9 billion compared to December 2021, with sustained free cash flow generation of €216 million more than offsetting the interim dividend payment of €155 million.



Provisions

Provisions are down -€160 million to €2.4 billion compared to December 2021. This was mainly driven by higher discount rates.



Performance by segments

Net sales bridge

Net sales Q1		Underlying				
(in € million)	Q1 2021	Scope	Forex conversion	Volume & mix	Price	Q1 2022
Solvay	**2,373**	**-53**	**104**	**156**	**475**	**3,055**
Materials	689	-8	30	82	86	879
Chemicals	791	-14	32	27	204	1,039
Solutions	891	-31	42	47	186	1,135
CBS	3	-	-	-	-	2

Materials

Sales in Q1 2022 were up +27.6% (23.7% organically) driven equally by strong demand and significant price increases.

Sales in Specialty Polymers increased significantly +31.4% (26.1% organically) compared to the first quarter 2021, and +21% sequentially versus the fourth quarter 2021. Record sales reflect continued strong demand in all markets, most notably automotive, batteries, medical devices, and electronics.

Composite Materials sales were up +16.7% (16.4% organically) year on year, and grew +6.3% sequentially versus the fourth quarter 2021. The Aerospace market continues its recovery, driven by higher production of single-aisle aircraft, yet continues to face supply chain challenges.

Segment EBITDA increased +25.6% (20.9% organically) year on year, and +25% sequentially versus Q4 2021, driven by price and volume increases net of higher energy and raw materials costs. This resulted in an EBITDA margin of 29.4%.

Chemicals

First quarter 2022 sales in the segment rose +31.5% (+28.5% organically) driven mainly by price.

Soda Ash & Derivatives sales increased +32.0% (+29.2% organically) versus the prior year quarter. Successful implementation of price increases and surcharge actions have more than offset rising energy costs, and demand remained solid.

Peroxides sales grew +17.3% (+20.7% organically), compared to Q1 2021 driven mainly by strong demand in the pulp & paper market in North America. Price increases and surcharges were able to offset inflationary impacts.

The Coatis business benefited from the continued momentum that was evident in the second half of 2021, with sales in the quarter up +42.1% (+32.9% organically) as favorable market conditions persisted. The solid demand, particularly in Brazil, was able to compensate for logistics and supply difficulties.

Silica sales grew +34.0% year over year (+29.9% organically) on solid demand and volumes, while price increases have not yet fully offset significant cost inflation.

Segment EBITDA rose +16.4% compared to Q1 2021 (+15% organically), as a result of significant price actions across all businesses, continued favorable market conditions in Coatis, and a stable profit contribution from the Rusvinyl JV. This resulted in an underlying EBITDA margin of 26.9% in Q1 2022.

Solutions

Sales in the first quarter of 2022 were up +27.4% (+25.8% organically) of which 21% came from higher prices and 4.7% from volume growth across markets.

First quarter sales in Novecare increased significantly +27.6% year on year driven by significant increases in pricing on top of demand growth in markets such as agriculture, coatings, and home & personal care.

Oil & gas grew +78.2% year on year, driven by strong demand and higher prices.

Special Chem sales increased +15.1% (organically +18.3%) year on year. Higher sales in electronics were partially offset by lower auto sales due to continued impacts of chip shortages.

Technology Solutions sales increased +13.9% (+7.0% organically) compared to Q1 2021. Growth was driven by higher volumes to the mining industry and increased prices.

Aroma Performance sales increased +28.6% (+23.1% organically) in Q1 2022 versus Q1 2021, setting a new record driven by significant price increases and good demand in food, flavors and fragrance markets.

First quarter EBITDA in the segment was up +37.2% (+35.2% organically) year over year, reflecting both pricing power and the positive demand environment across the core markets. EBITDA margin in the segment was up +1.5pp to 20.9% in Q1 2022, further reflecting our price actions, cost reduction efforts, and portfolio pruning.

Corporate & Business Services

The EBITDA contribution of Corporate and business services in Q1 2022 was a loss of €-64 million. While the energy supply business to third parties did not have an impact in Q1, the increase is due to investments in our growth platforms, digital transformation & cybersecurity, and fixed cost inflation.

Key segment figures

Segment review *(in € million)*	Underlying Q1 2022	Q1 2021	% yoy	% organic
Net sales	**3,055**	**2,373**	***+28.8%***	***+26.1%***
Materials	879	689	*+27.6%*	*+23.7%*
Specialty Polymers	671	511	*+31.4%*	-
Composite Materials	208	178	*+16.7%*	-
Chemicals	1,039	791	*+31.5%*	*+28.5%*
Soda Ash & Derivatives	485	367	*+32.0%*	-
Peroxides	179	152	*+17.3%*	-
Coatis	223	157	*+42.1%*	-
Silica	153	114	*+34.0%*	-
Solutions	1,135	891	*+27.4%*	*+25.8%*
Novecare [1]	452	354	*+27.6%*	-
Special Chem	243	211	*+15.1%*	-
Technology Solutions [1]	151	133	*+13.9%*	-
Aroma Performance	142	110	*+28.6%*	-
Oil & Gas [1]	147	82	*+78.2%*	-
Corporate & Business Services	2	3	*-13.3%*	*+5.8%*
EBITDA	**712**	**583**	***+22.1%***	***+20.1%***
Materials	259	206	*+25.6%*	*+20.9%*
Chemicals	279	240	*+16.4%*	*+15.0%*
Solutions	238	173	*+37.2%*	*+35.2%*
Corporate & Business Services	-64	-36	*-76.8%*	-
EBITDA margin	***23.3%***	***24.6%***	***-1.3pp***	**-**
Materials	*29.4%*	*29.9%*	*-0.5pp*	-
Chemicals	*26.9%*	*30.4%*	*-3.5pp*	-
Solutions	*20.9%*	*19.4%*	*+1.5pp*	-

(1) Sales of Novecare and Technology Solutions in prior periods have been restated to reflect the creation of an Oil & Gas GBU as from July 1, 2021. More information can be found in the note 3 on page 19.

Key IFRS figures

Q1 key figures *(in € million)*	IFRS Q1 2022	IFRS Q1 2021	IFRS % yoy	Underlying Q1 2022	Underlying Q1 2021	Underlying % yoy
Net sales	**3,055**	**2,373**	***+28.8%***	**3,055**	**2,373**	***+28.8%***
EBITDA	**680**	**414**	***+64.3%***	**712**	**583**	***+22.1%***
EBITDA margin				*23.3%*	*24.6%*	*-1.3pp*
EBIT	**457**	**169**	***n.m.***	**526**	**382**	***+37.8%***
Net financial charges	-29	-30	*+4.5%*	-49	-63	*+21.6%*
Income tax expenses	-79	-25	*n.m.*	-96	-70	*-36.9%*
Tax rate				*22.3%*	*24%*	*-1.3pp*
Profit from discontinued operations	-	-	*n.m.*	1	1	*-52.6%*
(Profit) / loss attributable to non-controlling interests	-12	-9	*+27.2%*	-12	-9	*+25.1%*
Profit / (loss) attributable to Solvay shareholders	**337**	**104**	***n.m.***	**369**	**240**	***+53.7%***
Basic earnings per share (in €)	**3.25**	**1.01**	***n.m.***	**3.56**	**2.33**	***+53.0%***
of which from continuing operations	3.25	1.01	*n.m.*	3.56	2.33	*+53.0%*
Capex				-151	-100	*-50.7%*
FCF to Solvay shareholders				216	282	*-23.6%*
Net financial debt				**3,912**		
Underlying leverage ratio				*1.6*		

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.

Tax rate *(in € million)*		Underlying Q1 2022	 Q1 2021
Profit / (loss) for the period before taxes	a	477	319
Earnings from associates & joint ventures	b	46	29
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	c	-	-7
Income taxes	d	-96	-70
Tax rate	e = -d/(a-b-c)	**22%**	**24%**

Free cash flow (FCF) *(in € million)*		Q1 2022	Q1 2021
Cash flow from operating activities	a	382	303
of which voluntary pension contributions	b	-	-102
of which cash flow related to portfolio management	c	-6	-
Cash flow from investing activities	d	-145	7
Acquisition (-) of subsidiaries	e	-	-2
Acquisition (-) of investments - Other	f	-3	-1
Loans to associates and non-consolidated companies	g	-8	7
Sale (+) of subsidiaries and investments	h	-5	77
Recognition of factored receivables	i	-1	-
Payment of lease liabilities	j	-28	-22
FCF	k = a-b-c+d-e-f-g-h-i+j	**232**	**308**
Net interests paid	l	9	-7
Coupons paid on perpetual hybrid bonds	m	-25	-19
FCF to Solvay shareholders	n = k+l+m	**216**	**282**
FCF to Solvay shareholders from continuing operations (LTM)	o	**776**	**1,043**
Dividends paid to non-controlling interests from continuing operations (LTM)	p	-43	-31
Underlying EBITDA (LTM)	q	2,485	1,959
FCF conversion ratio (LTM)	r = (o-p)/q	**32.9%**	**54.8%**

Net working capital *(in € million)*		2022 March 31	2021 December 31
Inventories	a	2,002	1,745
Trade receivables	b	2,180	1,805
Other current receivables	c	2,841	2,004
Trade payables	d	-2,301	-2,131
Other current liabilities	e	-2,925	-2,051
Net working capital	f = a+b+c+d+e	**1,797**	**1,372**
Sales	g	3,693	3,277
Annualized quarterly total sales	h = 4*g	14,772	13,108
Net working capital / sales	i = f / h	**12.2%**	**10.5%**

Capital expenditure (capex)

(in € million)		Q1 2022	Q1 2021
Acquisition (-) of tangible assets	a	-105	-64
Acquisition (-) of intangible assets	b	-18	-14
Payment of lease liabilities	c	-28	-22
Capex	d = a+b+c	**-151**	**-100**
Underlying EBITDA	e	**712**	**583**
Cash conversion	f = (d+e)/e	**78.8%**	**82.8%**

Net financial debt

(in € million)		2022 March 31	2021 December 31
Non-current financial debt	a	-2,596	-2,576
Current financial debt	b	-921	-773
IFRS gross debt	c = a+b	-3,518	-3,349
Underlying gross debt	d = c+h	-5,318	-5,149
Other financial instruments (current + non-current)	e	371	259
Cash & cash equivalents	f	1,034	941
Total cash and cash equivalents	g = e+f	1,405	1,199
IFRS net debt	i = c+g	**-2,112**	**-2,149**
Perpetual hybrid bonds	h	-1,800	-1,800
Underlying net debt	j = i+h	**-3,912**	**-3,949**
Underlying EBITDA (LTM)	k	2,485	2,356
Underlying leverage ratio	l = -j/k	**1.6**	**1.7**

ROCE

(in € million)		Q1 2022 As calculated	Q1 2021 As calculated
EBIT	a	1,745	1,121
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	b	-148	-169
Numerator	c = a+b	**1,597**	**952**
WC industrial	d	1,685	1,556
WC Other	e	-110	-230
Property, plant and equipment	f	4,861	4,836
Intangible assets	g	2,101	2,241
Right-of-use assets	h	451	412
Investments in associates & joint ventures	i	607	504
Other investments	j	42	45
Goodwill	k	3,362	3,322
Denominator	l = d+e+f+g+h+i+j+k	**13,000**	**12,685**
ROCE	***m = c/l***	***12.3%***	***7.5%***

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 2022			Q1 2021		
(in € million)	IFRS	Adjust-ments	Under-lying	IFRS	Adjust-ments	Under-lying
Sales	**3,693**	**-**	**3,693**	**2,604**	**-**	**2,604**
of which revenues from non-core activities	638	-	638	231	-	231
of which net sales	3,055	-	3,055	2,373	-	2,373
Cost of goods sold	-2,804	-	-2,804	-1,869	-	-1,869
Gross margin	**889**	**-**	**889**	**735**	**-**	**735**
Commercial costs	-76	-	-76	-71	-	-71
Administrative costs	-256	-	-256	-220	-	-220
Research & development costs	-79	1	-78	-94	1	-93
Other operating gains & losses	-34	35	1	-36	38	2
Earnings from associates & joint ventures	44	2	46	29	-1	29
Result from portfolio management & major restructuring	-9	9	-	-161	161	-
Result from legacy remediation & major litigations	-22	22	-	-14	14	-
EBITDA	**680**	**32**	**712**	**414**	**169**	**583**
Depreciation, amortization & impairments	-223	37	-186	-245	43	-201
EBIT	**457**	**69**	**526**	**169**	**213**	**382**
Net cost of borrowings	-22	-	-22	-26	-	-26
Coupons on perpetual hybrid bonds	-	-20	-20	-	-20	-20
Interests and realized foreign exchange gains (losses) on the RusVinyl joint venture	-	-	-	-	-7	-7
Cost of discounting provisions	-7	-	-7	-4	-5	-9
Profit / (loss) for the period before taxes	**428**	**49**	**477**	**139**	**180**	**319**
Income taxes	-79	-17	-96	-25	-45	-70
Profit / (loss) for the period	**349**	**32**	**381**	**113**	**136**	**250**
attributable to Solvay share	337	32	369	104	136	240
attributable to non-controlling interests	12	-	12	9	-	9
Basic earnings per share (in €)	3.25	0.31	3.56	1.01	1.32	2.33
of which from continuing operations	3.25	0.31	3.56	1.01	1.32	2.33
Diluted earnings per share (in €)	3.25	0.31	3.55	1.01	1.32	2.32
of which from continuing operations	3.25	0.31	3.55	1.01	1.32	2.32

EBITDA on an IFRS basis totaled €680 million, versus €712 million on an underlying basis. The difference of €32 million is explained by the following adjustments to IFRS results, which are done to improve the comparability of underlying results:

- €-2 million in "*Earnings from associates & joint ventures*" for Solvay's share in the financial charges of the Rusvinyl joint venture and the foreign exchange losses on the €-denominated debt of the joint venture, due to the lower RUB against the EUR over the period. These elements are reclassified in "*Net financial charges*".
- €8 million to adjust for the "*Result from portfolio management and major restructuring*", excluding depreciation, amortization and impairment elements, mainly related to restructuring provisions.
- €22 million to adjust for the "*Result from legacy remediation and major litigations*", primarily legal fees related to major litigations.

EBIT on an IFRS basis totaled €457 million, versus €526 million on an underlying basis. The difference of €69 million is explained by the above-mentioned €32 million adjustments at the EBITDA level and €37 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 €35 million.
- €2 million to adjust for the impact of impairments reported in "*Result from portfolio management and major restructuring*" resulting primarily from the impairment of non performing assets.

Net financial charges on an IFRS basis were €-29 million versus €-49 million on an underlying basis. The €-20 million adjustment made to IFRS net financial charges 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.

Income taxes on an IFRS basis were €-79 million, versus €-96 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 €337 million on an IFRS basis and €369 million on an underlying basis. The delta of €32 million reflects the above-mentioned adjustments to EBIT, net financial charges and income taxes. There was no impact from non-controlling interests.

Condensed consolidated financial statements[1]

Consolidated income statement

(in € million)	IFRS Q1 2022	IFRS Q1 2021
Sales	**3,693**	**2,604**
of which revenues from non-core activities [2]	638	231
of which net sales	3,055	2,373
Cost of goods sold	-2,804	-1,869
Gross margin	**889**	**735**
Commercial costs	-76	-71
Administrative costs	-256	-220
Research & development costs	-79	-94
Other operating gains & losses	-34	-36
Earnings from associates & joint ventures	44	29
Result from portfolio management & major restructuring [3]	-9	-161
Result from legacy remediation & major litigations	-22	-14
EBIT	**457**	**169**
Cost of borrowings	-25	-28
Interest on loans & short term deposits	3	2
Cost of discounting provisions	-7	-4
Profit / (loss) for the period before taxes	**428**	**139**
Income taxes	-79	-25
Profit / (loss) for the period	**349**	**113**
attributable to Solvay share	337	104
attributable to non-controlling interests	12	9
Weighted average of number of outstanding shares, basic	103,714,179	103,276,287
Weighted average of number of outstanding shares, diluted	103,901,262	103,454,065
Basic earnings per share (in €)	3.25	1.01
of which from continuing operations	3.25	1.01
Diluted earnings per share (in €)	3.25	1.01
of which from continuing operations	3.25	1.01

Consolidated statement of comprehensive income

(in € million)	IFRS Q1 2022	IFRS Q1 2021
Profit / (loss) for the period	**349**	**113**
Gains and losses on hedging instruments in a cash flow hedge [4]	219	-11
Currency translation differences from subsidiaries & joint operations	190	244
Share of other comprehensive income of associates and joint ventures	7	11
Recyclable components	417	244
Gains and losses on equity instruments measured at fair value through other comprehensive income	6	3
Remeasurement of the net defined benefit liability [5]	89	273
Non-recyclable components	94	276
Income tax relating to recyclable and non-recyclable components	-89	-46
Other comprehensive income/(loss), net of related tax effects	**422**	**474**
Total comprehensive income/(loss)	**771**	**588**
attributable to Solvay share	757	574
attributable to non-controlling interests	14	13

[1] Unaudited.
[2] The increase in revenues from non-core activities is mainly related to higher gas and electricity prices.
[3] Q1 2021 Result from portfolio management & major restructuring mainly relates to the €150 million provision in relation with the strategic transformation announced in February 2021, resulting in a net reduction of approximately 500 roles.
[4] 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.
[5] The remeasurement of the net defined benefit liability of €89 million (€273 million in Q1 2021) was mainly due to increase of discount rates applicable to post-employment provisions in the Euro-zone, the UK and US, partly offset by the return on plan assets.

Consolidated statement of cash flows

(in € million)	IFRS Q1 2022	IFRS Q1 2021
Profit / (loss) for the period	349	113
Adjustments to profit / (loss) for the period	309	444
Depreciation, amortization & impairments	223	245
Earnings from associates & joint ventures	-44	-29
Additions & reversals of provisions	23	185
Other non-operating and non-cash items	-1	-11
Net financial charges	28	29
Income tax expenses	79	25
Changes in working capital	-157	-67
Uses of provisions	-83	-63
Use of provisions for additional voluntary contributions (pension plans)	-	-102
Dividends received from associates & joint ventures	3	18
Income taxes paid (excluding income taxes paid on sale of investments)	-39	-40
Cash flow from operating activities	**382**	**303**
of which cash flow related to internal portfolio management and excluded from Free Cash Flow	-6	-
Acquisition (-) of subsidiaries	-	-2
Acquisition (-) of investments - Other	-3	-1
Loans to associates and non-consolidated companies	-8	7
Sale (+) of subsidiaries and investments	-5	77
Acquisition (-) of tangible and intangible assets (capex)	-123	-78
of which property, plant and equipment	-105	-64
of which intangible assets	-18	-14
Sale (+) of property, plant and equipment & intangible assets	1	10
Changes in non-current financial assets	-7	-7
Cash flow from investing activities	**-145**	**7**
Acquisition (-) / sale (+) of treasury shares	11	37
Increase in borrowings	32	161
Repayment of borrowings	-23	-3
Changes in other financial assets [1]	-107	-10
Payment of lease liabilities	-28	-22
Net interests paid	9	-7
Coupons paid on perpetual hybrid bonds	-25	-19
Dividends paid	-156	-155
of which to Solvay shareholders	-155	-155
Other [2]	123	-11
Cash flow from financing activities	**-164**	**-30**
Net change in cash and cash equivalents	73	280
Currency translation differences	21	-2
Opening cash balance	941	1,009
Closing cash balance	**1,034**	**1,287**

[1] Changes in other financial assets in Q1 2022 mainly relates to initial deposit margin calls of €-125 million.
[2] In Q1 2021, the Other cash flow from financing activities of €-11 million mainly includes the payment for the purchase of the EBRD shares in the Solvay holding of the Rusvinyl Joint Venture, following the exercise of the Solvay call option (€-52m) and cash inflows related to margin calls (€+36m). In Q1 2022, they mainly relate to excess margin calls ("out of the money" instruments) of €130 million.

Consolidated statement of financial position

(in € million)	2022 March 31	2021 December 31
Intangible assets	2,097	2,103
Goodwill	3,412	3,379
Property, plant and equipment	4,994	4,943
Right-of-use assets	472	466
Equity instruments measured at fair value	120	114
Investments in associates & joint ventures	687	637
Other investments	43	42
Deferred tax assets	763	779
Loans & other assets [1]	728	754
Other financial instruments	30	30
Non-current assets	**13,346**	**13,216**
Inventories	2,002	1,745
Trade receivables	2,180	1,805
Income tax receivables	117	109
Other financial instruments	341	229
Other receivables [1]	2,841	2,004
Cash & cash equivalents	1,034	941
Current assets	**8,515**	**6,833**
Total assets	**21,861**	**20,049**
Share capital	1,588	1,588
Share premiums	1,170	1,170
Other reserves	6,728	5,982
Non-controlling interests	125	112
Total equity	**9,610**	**8,851**
Provisions for employee benefits	1,436	1,574
Other provisions	741	724
Deferred tax liabilities	521	462
Financial debt [2]	2,596	2,576
Other liabilities [1]	377	331
Non-current liabilities	**5,670**	**5,666**
Other provisions	263	302
Financial debt [2]	921	773
Trade payables	2,301	2,131
Income tax payables	164	115
Dividends payables	5	160
Other liabilities [1]	2,925	2,051
Current liabilities	**6,580**	**5,531**
Total equity & liabilities	**21,861**	**20,049**

[1] The increase is largely driven by the fair value adjustments of energy-related financial assets and liabilities due to price increases in gas and electricity. As the fair value adjustments are on sale and purchase contracts of energy, they impact both assets and liabilities.
[2] The increase in current financial debt mainly relates to the excess margin calls.

(in € million)	Share capital	Share premiums	Treasury shares	Perpetual hybrid bonds	Retained earnings	Currency translation differences	Equity instruments measured at fair value	Cash flow hedges	Defined benefit pension plans	Total other reserves	Non-controlling interests	Total equity
Balance on December 31, 2020	**1,588**	**1,170**	**-286**	**1,786**	**4,985**	**-1,153**	**12**	**14**	**-919**	**4,439**	**106**	**7,304**
Profit / (loss) for the period	-	-	-	-	104	-	-	-	-	104	9	113
Items of other comprehensive income	-	-	-	-	-	251	2	-9	226	470	4	474
Comprehensive income	**-**	**-**	**-**	**-**	**104**	**251**	**2**	**-9**	**226**	**574**	**13**	**588**
Cost of stock options	-	-	-	-	2	-	-	-	-	2	-	2
Dividends	-	-	-	-	-	-	-	-	-	-	-1	-2
Coupons of perpetual hybrid bonds	-	-	-	-	-19	-	-	-	-	-19	-	-19
Sale (acquisition) of treasury shares	-	-	37	-	-	-	-	-	-	37	-	37
Other	-	-	-	-	-10	-	-	-	10	-	-	-
Balance on March 31, 2021	**1,588**	**1,170**	**-249**	**1,786**	**5,062**	**-902**	**14**	**5**	**-683**	**5,033**	**118**	**7,909**
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 stock options	-				1					1		1
Dividends	-									-	-1	-1
Coupons of perpetual hybrid bonds	-				-25					-25		-25
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**

Q1 2022 Equity increased by € 196 million after currency translation differences mainly due to the USD and BRL revaluation against EUR in the quarter.

Notes to the condensed consolidated financial statements

1. General information and significant events

Solvay is a public limited liability company governed by Belgian law and quoted on Euronext Brussels and Euronext Paris. These condensed consolidated financial statements were authorized for issue by the Board of Directors on May 3, 2022.

Dombasle

Solvay and Veolia are launching the construction of an industrial energy transition project, "Dombasle Énergie", which aims to replace coal with refuse-derived fuel (RDF) for the production of clean and competitive energy for the historical Dombasle-sur-Meurthe plant, as from 2024. In this regard, Solvay holds a 10% share in an equity accounted investment. The project, which is valued at €225 million, is financed largely through non-recourse debt executed in February 2022 and government subsidies.

Tavaux PVDF

On February 1, 2022, the Group announced a €300 million investment to build a fully integrated and digitalized PVDF operation which will increase capacity at Solvay's site in Tavaux, France to 35 kilotons – making it the largest PVDF production site in Europe. This investment will be completed by December 2023 and reinforces Solvay's global leadership in this field, positioning it to capitalize on the growing demand for electric and hybrid vehicles.

Separation plan

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

- EssentialCo 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 €4.1 billion in net sales in 2021.
- 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 €6.0 billion in net sales in 2021.

Each company would have a tailored capital structure that best supports its value creation objectives. SpecialtyCo would be committed to a strong investment-grade rating. The company would have full financial flexibility at the time of separation to fund its growth plan. EssentialCo would maintain a prudent financial policy to support cash generation. The current investment grade rating of Solvay SA is intended to be preserved until the separation. Solvay SA is committed to offer current USD and EUR senior and hybrid bondholders the option to be transferred to SpecialtyCo in due time. The dividend at the outset is intended to be aligned with Solvay's current level.

Under the separation plan, Solvay's shareholders would retain their current shares of Solvay stock, which will continue to be listed on Euronext Brussels and Euronext Paris. The separation would be effected by means of a partial demerger of Solvay whereby the specialty businesses will be spun off to SpecialtyCo. Solvay shareholders at the time of separation would receive shares in SpecialtyCo pro rata to their shareholding in Solvay SA. The shares of each company would be expected to be listed on Euronext Brussels and Euronext Paris. The company expects to structure the separation in a manner that would be tax efficient for a significant majority of shareholders in key jurisdictions.

The composition of the Boards and management teams, as well as naming for each company, will be provided at a later date.

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 the second half of 2023. The Board of Directors of Solvac, Solvay's long-standing reference shareholder, has confirmed its support of Solvay's transaction.

Financial implication of the Russia/Ukraine Crisis

As a result of the conflict taking place in Ukraine, Solvay announced on March 7, 2022, the suspension of its operations and new investments in Russia as well as the dividend payments from Rusvinyl, an independent 50:50 joint venture operating in the chlorovinyls business in Russia.

This decision restricted Q1 2022 sales in Russia to €11 million (Q1 2021 sales were €16 million and full-year 2021 sales were €66 million).

The main Group assets in Russia comprise the Rusvinyl joint venture with Sibur, with a carrying amount of €310 million at the end of Q1 2022, based on the closing exchange rate of 91 RUB/EUR.

Given the exceptional nature of the current situation in Russia and because it is too soon to establish with confidence the possible impacts on projected cash flows, an impairment test was not performed in Q1 2022 on the Rusvinyl equity investment.

The Group will continue to monitor the situation and will carefully assess whether developments have a significant impact on the Group accounts.

Financial implication of rising energy prices

The volatility in gas and electricity prices experienced by the Group can largely be attributed to the conflict in Ukraine, which has impacted the financial statements of Solvay in several ways including:

- Increased non-core trading revenues
- Favorably impacted gas and electricity cash flow hedges recorded in other comprehensive income
- Substantially increased the fair value adjustments of energy-related financial assets and liabilities due to the price increases in gas and electricity. As the fair value adjustments are on sale and purchase contracts of energy, they impact both assets and liabilities.
- Increased raw material and logistics costs

The Group will continue to monitor the inflationary pressure and manage the impacts on the financial statements. – See the Underlying Business Review for additional information.

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, 2021. 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, 2021. The consolidated financial statements for 2021 were published in early April 2022.

The critical accounting judgments and key sources of estimation uncertainty included in the 2021 annual report remain applicable. Relevant updates on specific topics are included in these notes and should be read together with the 2021 annual report.

Property, plant and equipment: Proceeds before Intended Use – Amendments to IAS 16

In May 2020, the IASB issued an amendment to IAS 16 *Property, plant and equipment* (effective 1 January 2022) which prohibits entities from deducting from the cost of an item of property, plant and equipment, any proceeds of the sale of items produced while bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Instead an entity recognizes the proceeds from selling such items, and the costs of producing those items, in profit or loss. This amendment did not have more than an insignificant impact on the Group's condensed consolidated interim financial statements.

Onerous Contracts – Costs of Fulfilling a Contract – Amendments to IAS 37

In May 2020, the IASB issued amendments to IAS 37 *Provisions, Contingent Liabilities and Contingent Assets* (effective 1 January 2022) to specify which costs an entity needs to include when assessing whether a contract is onerous or loss-making. The amendments apply a 'directly related cost approach'. The costs that relate directly to a contract to provide goods or services include both incremental costs (e.g., the costs of direct labor and materials) and an allocation of costs directly related to contract activities (e.g., depreciation of equipment used to fulfill the contract as well as costs of contract management and supervision). General and administrative costs do not relate directly to a contract and are excluded unless they are explicitly chargeable to the counterparty under the contract. This amendment did not have more than an insignificant impact on the Group's condensed consolidated interim financial statements.

Fees in the "10 per cent" test for derecognition of financial liabilities – Amendments to IFRS 9

In May 2020, the IASB issued an amendment to IFRS 9 *Financial Instruments* (effective 1 January 2022) that clarifies the fees that an entity includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability. These fees include only those paid or received between the borrower and the lender, including fees paid or received by either the borrower or lender on the other's behalf. This amendment did not have more than an insignificant impact on the Group's condensed consolidated interim financial statements.

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, Coatis and RusVinyl businesses are also high quality assets with strong positions in their markets. This segment provides resilient cash flows and the company selectively invests in these businesses to become the #1 cash conversion chemical player.
- **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 2022	Q1 2021
Net sales	**3,055**	**2,373**
Materials	879	689
Chemicals	1,039	791
Solutions	1,135	891
Corporate & Business Services	2	3
Underlying EBITDA	**712**	**583**
Materials	259	206
Chemicals	279	240
Solutions	238	173
Corporate & Business Services	-64	-36
Underlying depreciation, amortization & impairments	-186	-201
Underlying EBIT	**526**	**382**
Non-cash accounting impact from amortization & depreciation of purchase price allocation (PPA) from acquisitions	-36	-38
Net financial charges and remeasurements of equity book value of the RusVinyl joint venture	-2	1
Result from portfolio management & major restructuring	-9	-161
Result from legacy remediation & major litigations	-22	-14
EBIT	**457**	**169**
Net financial charges	-29	-30
Profit / (loss) for the period before taxes	**428**	**139**
Income taxes	-79	-25
Profit / (loss) for the period from continuing operations	**349**	**113**
Profit / (loss) for the period from discontinued operations	-	-
Profit / (loss) for the period	**349**	**113**
attributable to non-controlling interests	12	9
attributable to Solvay shareholders	**337**	**104**

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

The Oil & Gas GBU was created on July 1, 2021, regrouping activities that were previously included in Novecare and Technology Solutions. The following table presents restated figures for these GBUs for 2021 and 2022 to date.

Net sales (in € million)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	Q1 2022
Novecare (excl. Oil & Gas)	354	375	384	433	452
Special Chemicals	211	210	209	210	243
Technology Solutions (excl. Oil & Gas)	133	139	145	143	151
Aroma Performance	110	110	119	135	142
Oil & Gas	83	91	107	137	147
Solutions	**891**	**925**	**964**	**1,058**	**1,135**

4. Financial Instruments

Valuation techniques

Compared to December 31, 2021, 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, 2022, is not significantly different from the ones published in Note F32 of the consolidated financial statements for the year ended December 31, 2021.

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, 2022, is not significantly different from the ones as published in the Note F32 of the consolidated financial statements for the year ended December 31, 2021.

The evolution in fair values have increased Other receivables by €0.8 billion and Other liabilities by €0.6 billion when compared to December 31, 2021. The main driver of the increases is due to the rise in electricity and gas prices during the period.

5. Events after the reporting period

On May 4, Solvay announced the acquisition of the 20% minority stake of AGC in the Soda Ash JV operated in Green River, WY, USA, building on its leadership position in trona-based soda ash production. There were no material events after the reporting period.

At a cash purchase price of $120 million, this transaction will be significantly value accretive to Solvay, with a post tax cash return on capital in excess of 15%. The transaction is expected to be completed on May 4, 2022.

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 2022, 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 2021 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 and unrealized foreign exchange gains or losses on debt,
- Results from equity instruments measured at fair value through other comprehensive income,
- 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);

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 and cash outflows of Voluntary Pension Contributions, as they are deleveraging in nature as a reimbursement of debt), cash flows from investing activities (excluding cash flows from or related to acquisitions and disposals of subsidiaries, cash flows related to internal management of portfolio (one-off costs of internal carve-out, related taxes...) 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. 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 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 – interests & realized foreign exchange results on RusVinyl joint venture) – 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.

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Safe harbor

This press release may contain forward-looking information. Forward-looking statements describe expectations, plans, strategies, goals, future events or intentions. The achievement of forward-looking statements contained in this press release is subject to risks and uncertainties relating to a number of factors, including general economic factors, interest rate and foreign currency exchange rate fluctuations, changing market conditions, product competition, the nature of product development, impact of acquisitions and divestitures, restructurings, products withdrawals, regulatory approval processes, all-in scenario of R&I projects and other unusual items. Consequently, actual results or future events may differ materially from those expressed or implied by such forward-looking statements. Should known or unknown risks or uncertainties materialize, or should our assumptions prove inaccurate, actual results could vary materially from those anticipated. Solvay undertakes no obligation to publicly update or revise any forward-looking statements.

About Solvay

Solvay is a science company whose technologies bring benefits to many aspects of daily life. With more than 21,000 employees in 64 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 €10.1 billion in 2021. Solvay is listed on Euronext Brussels and Paris (SOLB). Learn more at www.solvay.com.

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